



## London Borough of Enfield

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<b>Report Title</b>	Meridian Thirteen Development Strategy
<b>Report to:</b>	Cllr Nesil Caliskan
<b>Date of Report:</b>	21 <sup>st</sup> March 2024
<b>Directors:</b>	Ian Davis – CEO Penny Halliday – Director of Meridian Water
<b>Report Author:</b>	Nicola Dale – nicola.dale@enfield.gov.uk
<b>Ward(s) affected:</b>	Upper Edmonton
<b>Key Decision Number:</b>	KD5665
<b>Classification:</b>	Part 1 & 2 (Para 3)
<b>Reason for exemption</b>	Information relating to the financial or business affairs of any particular person (including the authority holding that information).

### Purpose of Report

1. To seek approval from the Leader, Cllr Nesil Caliskan, to commence the marketing and procurement of the Meridian Thirteen land parcel to seek a development partner.
2. To set out the detailed due diligence and soft market testing completed.
3. The report provides the Portfolio Holder with the development, financial and placemaking hurdles relevant to the M13 land parcel.

### Recommendations

- I. To approve the Procurement Strategy and the launch of the M13 site to market.
- II. To note the proposed Development Strategy for the M13 land parcel, supported by detailed due diligence and soft market testing.
- III. To note the development, financial and placemaking hurdles detailed.

## Background and Options

### Background

#### 4. Meridian Water Project Objectives

- Highest quality of design and place-making throughout
- 10,000 new mixed tenure homes
- Target of 6,000 new quality jobs
- New facilities to include restaurants, schools, community facilities, parks, health, leisure, culture
- Local people to be the principal beneficiaries
- Lifting Edmonton wards out of top 10% most deprived
- A legacy to be proud of in 50 years
- Highest environmental sustainability standards

#### 5. The Meridian Water site is made up of a number of parcels.

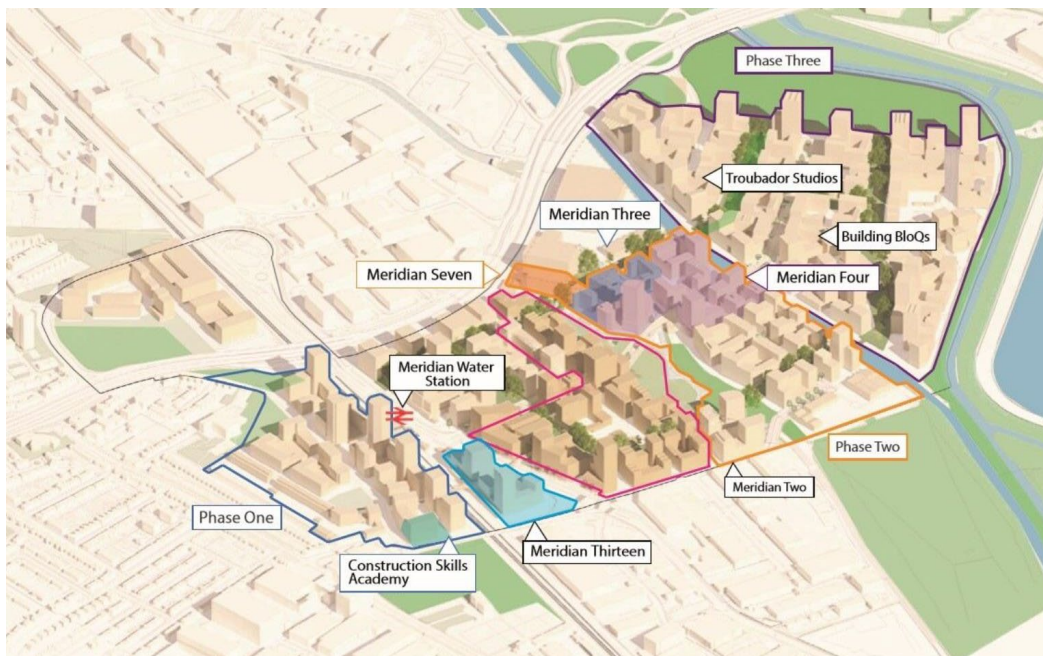


Fig. Meridian Water site

#### 6. M13 sites within Phase One of the Meridian Water development area.

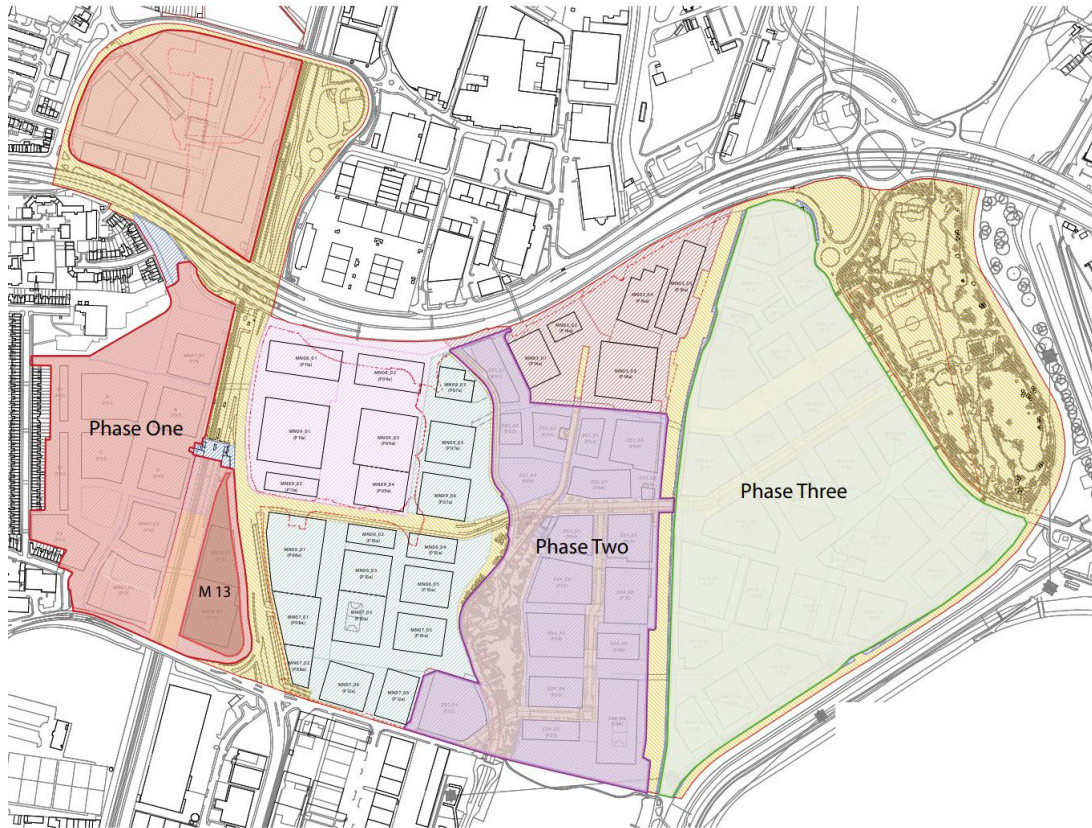


Fig. Phasing Plan

7. Refer to Part 2
8. M13 is located in the south-west of the Meridian Water site, immediately south of the Meridian Water Train station and is a total of 3.6 acres / 14,569 msq.. It is bordered to the west by a train line and Meridian One – the first parcel within Phase One - and to the east by Angel Edmonton Road and land owned by Ikea.
9. M13 is located in a prominent position within the wider Meridian Water project and acts as a gateway site connecting the new train station with future proposed development to the east.
10. In close proximity to M13, Ikea have closed the store previously operating on the site to the east and marketed the plot for sale. Negotiation with interested parties is ongoing.
11. M13 is the next development opportunity within the Meridian Water site to be brought to the market.

### Use

12. The M13 site has previously been advertised for meanwhile use on two separate occasions, March, and October 2019. Neither advert generated a significant financial bid to support the meanwhile use of the site.

13. The site has since been leased to numerous parties for open storage. Currently the south of the site is leased to Energetik until March 2024. The north is being advertised.

#### Previous reports

14. In April 2023 Cabinet approval (KD5463) was given for the 2023 Financial Model as the primary financial tool for the Meridian Water project.
15. Cabinet also delegated authority to the Director of Development (Meridian Water) to appoint advisors to work up a detailed Delivery Strategy for M4, Teardrop (M13) and Meridian Seven (M7) to optimise the financial position of each parcel.
16. In addition, authority was delegated to the Portfolio Holder for Meridian Water to commence the marketing and procurement of M13, M4 and M7 to seek development partners following detailed due diligence and soft market testing. The Portfolio holder report will contain development, financial and placemaking hurdles.

#### Strategic Infrastructure Works

17. The Council has entered into a Grant Determination Agreement (GDA) with the Department for Levelling Up, Housing and Communities (DLUHC) for £195m of HIF funding to deliver the first phase of strategic infrastructure works in Meridian Water.
18. Part of this funding is to pay for the HIF Street works strategic road and flood alleviation works, as well as bridges, parks and utilities.
19. The Street Works unlock key parcels in Phase 2 of Meridian Water for development. It's impact on M13 is limited to upgrades along the Angel Edmonton Road such as the introduction of a cycle lane and new entrance points to the Ikea site.

#### **Preferred Option and Reasons for Preferred Option**

20. M13 is a key gateway site within the Meridian Water regeneration area, immediately south of the Meridian Water train station. It presents a unique opportunity to set the tone for the wider development to those arriving by train.
21. A high-quality, optimised, development on this site is important to ensure the regeneration premium presented in the MW financial model is achieved.
22. This requirement for quality needs to be balanced against the need to maximise the land receipt to the Council; understanding that the two are intrinsically linked.

#### Work completed to date

23. A consultant team has been appointed. Browne Jacobson (BJ) providing external legal support, Newbridge Advisors providing viability and strategic regeneration support and Weston Williamson + Partners (WW+P) providing capacity study and graphic support.
24. A title report has been drafted and legal advice provided.
25. Engagement with UKPN, Cadent Gas and Thames Water are ongoing to ensure the site's legal context is clear for the Council and bidders. The title report will be updated to reflect the outcome of this engagement.
26. WW+P have produced a capacity study assessing the sites potential to deliver homes and retail uses and to identify key areas for public space and placemaking.
27. Investor facing CGI's presenting the potential of the site have been produced to support the site's marketing. Community engagement visuals are ongoing. Their production is to facilitate conversations with Enfield colleagues, residents, and businesses owners.
28. A Development Brief for the site has been produced, detailing the sites objectives and the Council's vision for the MW development.
29. A viability assessment has been completed to inform the Council's understanding of the potential value of the land.
30. The team has engaged in soft market testing (SMT) to gauge the market's response to the site's capacity, the proposed Development Agreement (DA) Structure, and the proposed Procurement Strategy.
31. An Enfield colleagues and resident engagement programme has been drafted to inform key stakeholders of the progress being made on the site and the approach to delivery of homes.
32. Legal and development due diligence work has been undertaken to inform the proposed Procurement and Delivery Strategies, as well as the proposed DA structure, presented below.

#### Town Planning

33. M13 does not benefit from any detailed or outline planning consents.
34. The Meridian West SPD (adopted July 2023) is supportive of residential development with height around Meridian Water train station and the north of the M13 land parcel.
35. The site lies within the Upper Lee Valley Opportunity area and forms part of the Edmonton Leaside Area Action Plan (ELAAP) area.
36. There is also an emerging Draft Enfield Local Plan heading towards Regulation 19 towards the back end of 2024. Within the draft plan M13 forms part of the PL5 Meridian Water placemaking area. Development of M13 is supported by a dedicated site allocation.

37. M13 is identified as being appropriate for tall buildings close to the station and would support residential and non-residential uses.

### Use

38. It is proposed that the site is brought forward for permanent, residential-led, mixed-use development.
39. A residential use will generate the greatest value for the site and aligns with the Meridian Water objective of delivering 10,000 homes.
40. A residential use also suits the gateway nature of the site and its proximity to the station, ensuring activation of public spaces around this key transport node, enhancing safety for commuters through natural surveillance.
41. This residential use will be supported by a mix of public facing facilities, such a food and beverage establishments as well as shops and services. This maximises activity throughout the day and evening increasing footfall and improving safety.
42. A series of amenity spaces will be provided that support residents and the public. Resident gardens at podium, ground, and roof level, compliant with planning policy, will sit alongside a neighbourhood street and a station square that will funnel station footfall into the east of Meridian Water.
43. Capacity studies completed by Weston Williamson + Partners have identified a base-case and optimised RIBA stage 1 proposal which indicates between 500 – 630 new homes can be accommodated on the site.

### Objectives

44. Following the identification of the key uses for the M13 site a series of development objectives have been drafted to create a framework for decision making.
45. Below are the six key objectives for the site, these have directly informed the Development and Procurement Strategy recommendations, as well as the proposed DA structure, as set out in this report.
46. **Maximise land receipt** to the Council;
47. **Deliver high quality sustainable design** with distinct character to showcase this residential-led site as a gateway to Meridian Water;
48. **Commitment to the long-term quality of the scheme**, with high quality placemaking and robust estate management approach;
49. **Provide a mix of housing tenures**, affordable to Londoners at a range of incomes;
50. **Deliver at pace and maintain momentum** to deliver homes and active ground floor uses; and

51. **Provide engaging non-residential uses** and attractive public realm that will drive additional public footfall and enhance the location as a gateway to Meridian Water.
52. These development objectives have been assessed against the Council's Plan 2023-26 and the defined Priorities and Principles to ensure they align in their targeted outcomes.
53. The Development Partner selected will be required to evidence how they align with these project objectives and can ensure their delivery as part of the bidding process.

#### Delivery route

54. The proposed Delivery Route for the M13 land parcel is informed by the site's development objectives listed above.
55. There are a range of delivery routes available to the Council for land parcel M13, each with a different risk profile and level of control for the Council
56. As maximising a capital receipt for the Council and ensuring quality for this gateway site are both key development objectives the selected delivery route needs to strike an equal balance between these competing priorities.
57. Direct delivery of the development would offer the Council the greatest degree of control over quality and programme, however this delivery route also presents the greatest financial, development and reputational risk to the Council.
58. Direct delivery by the Council does not represent cost efficiency as the scheme would not benefit from the economies of scale and secured supplied chains available to developers. It also opens the Council up to risks such as further increases in construction costs and fluctuations in labour supply and supply chains.
59. It is for this reason Direct Delivery has been discounted as a delivery route for M13, as it does not align with the development objective of maximising the land receipt for the Council, nor does it reduce other risk exposure.
60. Delivering the site through a Joint Venture with a development partner where each party take on equal development risk would increase the land receipt available to the Council for M13 and reduce the development risk (relative to Direct Delivery) the Council would take.
61. However, the administrative set up required for the establishment of a Joint Venture vehicle would not be appropriate for the size of the M13 parcel.
62. A Joint Venture would also still open the Council up to a degree of financial and development risk that in the current economic climate is

considered inappropriate. It is for this reason that a Joint Venture delivery route has been discounted.

63. On the other end of the spectrum would be a land disposal. A land disposal would allow the Council to sell the land quickly as procurement regulations do not apply to a land sale, ensuring a land receipt within the next 12 months.
64. A land disposal would however give the Council very limited control (particularly as a landowner), instead being able to rely only on those controls already in place through the planning system (available to the Council as planning authority), to influence the outcome of the development. This includes programme, design and uses.
65. Due to the key gateway nature of M13 and its importance in ensuring the target regeneration premium stated within the financial model, a land disposal is not considered appropriate for the delivery of the M13 parcel.
66. The current economic climate would also limit the capital receipt the land can generate in the short term and there is value in delaying the payment for the land to a point where land values have increased, and the economic landscape is more stable.
67. It is therefore proposed that the M13 land parcel is delivered through a DA.
68. A DA entails a disposal (usually long leasehold) of the land to a development partner who will pay a land receipt for this land interest and deliver the development defined by a number of controls the Council (as landowner) stipulate within the DA itself.
69. A DA also gives the Council the flexibility to define the controls they want and balance this against their aspirations for a land receipt, giving the Council greater power to configure the agreement in a manner that best reflects the development's objectives.

#### Procurement Strategy

70. Any procurement(s) for goods, works and services necessary for the delivery of M13 must be in compliance with the Council's constitution and the Public Contract Regulations 2015 (PCR)
71. Where applicable, the Council, as a contracting authority, must adhere to the rules set out in the PCR. The proposed DA (characterised as a works contract for the purposes of the PCR) will place a legally enforceable written obligation upon the selected development partner to carry out specified works.
72. The procurement of the development partner for the delivery of M13 will be an 'above threshold' procurement for the purposes of the PCR as it will exceed the relevant financial threshold above which the procurement of a



'works contract' (i.e. £5,372,609) must comply with the full rigour of the PCR.

73. In conducting the procurement, the Council will be bound to observe the general principles enshrined in the PCR, namely openness, transparency, non-discrimination, and confidentiality.
74. The use of a developer framework has been discounted to ensure the opportunity is open to the widest range of development partners. A wider range of bidders will increase competition and is likely to maximise the capital receipt to the Council. The use of a developer framework would also unduly constrain the Council in terms of its ability to configure bespoke contract documents for the delivery of M13.
75. The PCR set out the procedures that may be used by the Council for the procurement.
76. The two procedures considered most appropriate for this procurement in line with the above are:
  - a. Regulation 29 - Competitive procedure with negotiation (CPN); and
  - b. Regulation 30 - Competitive dialogue (CD)
77. An open procedure or restricted procedure procurement have been discounted as options as neither offer sufficient flexibility. Under these procedures no dialogue or negotiation takes place with interested parties (but clarifications are permitted)
78. Further to this, under these procedures, any decision to amend the form of contractual documents issued (i.e. the DA and ancillary documents) would apply to all tenderers and therefore hinder the ability to elicit fine-tuned proposals from each tenderer.
79. As noted above, either CD or CPN would be more appropriate for this project. There are similarities between the two procedures. Both require dialogue (in the case of competitive dialogue) and negotiation (in the case of competitive dialogue) with a minimum of three bidders.
80. Both enable dialogue (or negotiation) in successive stages. Both require a written report justifying the use of competitive dialogue or CPN in accordance with Regulation 84 of PCR.
81. The procedures are similar, the relevant factors when deciding which procedure to adopt are as follows:
  - a. Accepting initial tenders – CPN allows the Council to not enter into negotiations if they are happy with initial tenders (considered very unlikely for M13). Under CD, the Council must continue to dialogue until it can identify a solution capable of acceptance.
  - b. Setting minimum requirements – under CPN, the Council must define “minimum requirements” to be met by all tenderers. These minimum requirements cannot be negotiated. Under CD, the

Council may discuss all aspects of the procurement with the bidders. This provides greater flexibility and, accordingly, entails less risk of breaching procurement law by compromising a minimum requirement.

- c. Clarifying final tenders or negotiating tenders at preferred bidder stage - Under CPN there is no ability to clarify final tenders. The Council may only 'verify the final tenders are in conformity with the "minimum requirements". CD allows final tenders to be 'clarified, specified and optimised at the request of the contracting authority'. Under CD, the Council can also confirm financial commitments or other terms contained in the tender at preferred bidder stage
82. The requirement to define minimum requirements under CPN poses 2 key risks:
- a. delay to the programme to get to issue noting the not inconsiderable task of framing these requirements correctly, and
  - b. risk that such minimum requirements are incorrectly framed, and the Council is then limited as to its negotiation ability.
83. Considering risks noted above, this report's recommendation is that the CD procedure is utilised for this project. It is expected that this procurement will be comprised of five key stages as set out below:
- a. Planning and pre-market engagement - ongoing
  - b. Advertisement and selection
  - c. Competitive dialogue
  - d. Final tenders
  - e. Preferred bidder selection and award of contract
84. In electing to adopt a competitive dialogue procedure under the PCR, the Council must be satisfied that one of the grounds for using that procedure apply; here the justification (under regulation 26) being that the contract cannot be awarded without prior negotiation because of specific circumstances related to the nature, the complexity, or the legal and financial make-up or because of risks attaching to them. Browne Jacobson have advised that (based on the emerging Development Strategy / Procurement Strategy / DA Structure) the Council has a robust basis for citing this justification in relation to the M13 development partner procurement.
85. The Council will request both a commercial / financial and qualitative bid component as part of the CD procedure. These components will be scored and weighted and will determine the successful bidder.
86. The procurement process will not require bidders to submit a design proposal that will be scored and assessed as part of the bid. This is to speed up the procurement process and reduce the costs to bidders.

87. Soft market testing has demonstrated support for this approach from the market. This will likely increase the number of bidders, creating greater competition, which may result in a greater land receipt for the Council.
88. To ensure the selected bidder can deliver on design quality, proven track record and evidence of delivery of high-quality schemes with similar contexts will become a focus of the selection stage and similar themes will also subsequently form a core part of the qualitative part of the procurement process / evaluation.
89. Newbridge Advisors have worked with the Council to develop a bespoke approach to assessing interested parties' economic and financial standing (EFS) at selection stage has been configured incorporating ratio assessment, credit assessment and a discretionary third step including provision of alternative security (such as a parent company guarantee).
90. The proposed EFS approach is a deviation from the standard selection questionnaire questions set out by Government (in PPN 03/23). However, such deviation is (as per advice from Browne Jacobson) permitted by the PCR and related guidance.

#### DA Structure

91. The proposed DA between the Council and the selected development partner has been developed with Newbridge Advisors who have been advising on regeneration and delivery strategy and Browne Jacobson (the Council's external legal advisors).
92. The recommendation presented in this report reflects the current economic position of high inflation, high interest rates, high build cost inflation and low land values.
93. The structure seeks to mitigate against the current challenging economic position by deferring payment points to where planning risk has been removed and value added through a satisfactory consent, alongside what is anticipated to be a more stable economic position, represented by greater land values.
94. The Council is therefore seeking a collaborative partnership with the selected development partner and aims to be practical in how its development controls are structured, including:
  - a. approval of planning application
  - b. governance and monitoring of the Development Agreement
  - c. Placemaking Strategy
  - d. selection of Registered Provider
  - e. Commercial Letting Strategy (this does not mean selecting the future tenant)
  - f. Estate Management Strategy

## g. Approach to delivery of a new Station Square

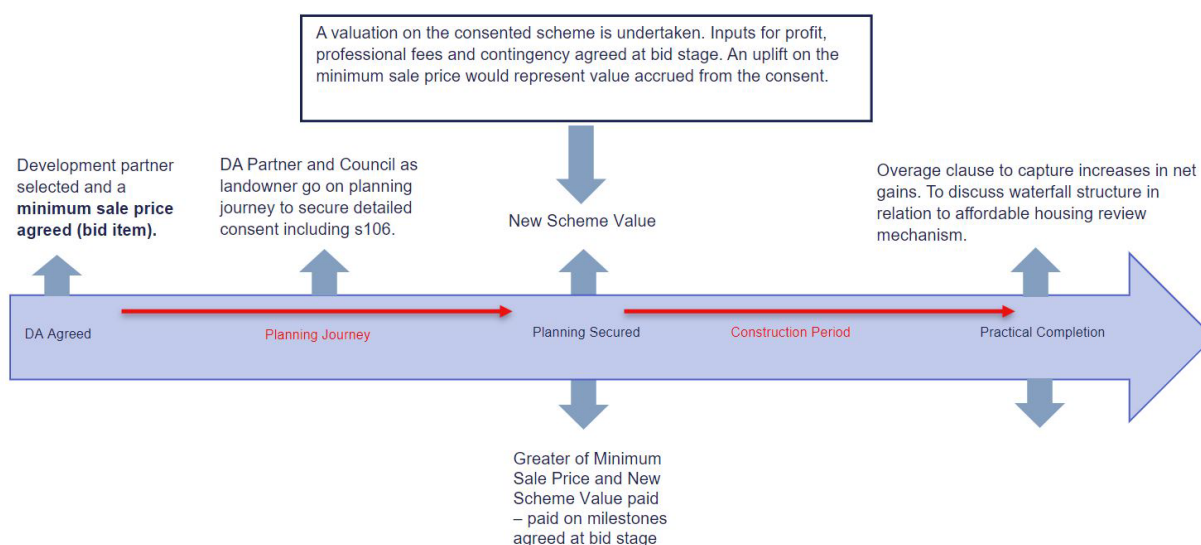


Fig. Proposed Deal structure

95. The Council will work with the Development Partner to secure planning permission and de-risk the scheme from a title perspective.
96. Value uplift as a result of a planning consents and de-risking of the development would then be shared with the Council.
97. A central pillar of a DA is the controls retained by the landowner.
98. How these controls are configured within the detailed terms of the DA will form a bid-back element of the procurement process and a summary of the same will be submitted to Cabinet when a preferred development partner is identified and recommended.

### Payment Structure

99. As part of the procurement, the timing of land payment/s to the Council is a key factor of potential bids. With the land market currently in a difficult phase, the payment structure will be scrutinised and dialogued to arrive at an optimum solution.
100. The payment approach proposed is the bidding of a lease premium which would be the lowest amount at which the Council will be contractually obliged to dispose of the development site (i.e. allow the DA to go unconditional). However, there is a possibility the value will increase once planning permission is secured.
101. Therefore, once planning is secured and other conditions precedent satisfied, the scheme is reappraised in line with the terms of the DA and

that amount is then payable to the Council if the development remains viable.

## Land Payment Approach

There is a range of land payment mechanisms that can be used. This will be a key part of the bid-back. The diagram below shows the range and a proposed way forward. In all cases, the land payment will be made when the DA goes **unconditional** – the core condition being securing planning consent.

### Guaranteed land price

- bid and fixed at final tender stage
- paid when DA goes unconditional
- provides certainty over the price – subject to conditionality being achieved
- unattractive to market in light of partnership approach
- Cost of carry results in lower overall value

### Minimum Land Price + Open Book

- developer bids back minimum land value price. Subject to conditions under DA being met, the price cannot go beneath this 'floor'
- developer and council agree viability appraisal and land value on open book basis as part of DA
- developer bids key inputs of profit % and DM fee
- bid sense checks assumptions used

### Full Open Book

- developer bids back key inputs of profit % required and DM fee
- no land value is fixed at bid stage
- land value agreed at the point of DA going unconditional (or by phased draw down)

### Risk Share

- Developer bids back what % of profit will be shared with the Council to represent land value
- Payments will be back-ended and risk-bearing
- bid sense checks assumptions used

Overage or profit share can be integrated into all options (although it is already a core part of the final option). Provisions need to be transparent, easy to understand and implement

102. This proposed structure will prolong the land payment process but will in turn potentially increase the capital receipt to the Council.

### Planning

103. M13 does not benefit from any detailed or outline planning consents.
104. The Meridian West SPD (adopted July 2023) is supportive of residential development with height around Meridian Water train station and the north of the M13 land parcel.
105. There is an emerging Enfield Local Plan with Reg. 19 draft issued and consultation due to start.
106. To maximise the land receipt available to the Council for the M13 land parcel the following areas will not have targets mandated by the Council as landowner, but will be defined through the developer's engagement with the Council as a planning authority:
- a. Unit mix - % of 1, 2, 3, 4, 5-bed homes
  - b. Building heights
  - c. Affordable Housing – this will be assessed through a viability assessment between the Local Planning Authority (LPA) and the selected development partner
  - d. Public real, transport improvement will form part of the S106 negotiations between the developer and the LPA

e. Open space

107. Due to the gateway nature of the site the quality of the built form and public realm are important to the success of the rest of the Meridian Water site and subsequently the regeneration premium achieved.

#### Design Principles Document (DPD)

108. It is therefore proposed that a DPD will be attached to the DA stipulating key design considerations, beyond planning policy, that the developer will contractually be required to deliver.

109. This document will cover areas such as:

- a. Defensible space
- b. New Station Square
- c. Commercial frontages
- d. Services management
- e. Amenity space

110. The inclusion of this document will form a bid-back element of the procurement process which allows the Council to assess the bidder's commitment to delivering design quality despite not having a design component of the procurement submission.

111. The DPD will also be anchored in the DA and be cross-referred to as conditions precedent are satisfied (e.g. planning).

#### Soft Market Testing

112. The Council and Newbridge Advisors LLP engaged in soft market testing (SMT) in advance of the procurement of the M13 land parcel.

113. Between the Council and Newbridge twenty organisations were contacted with an invitation to participate in the SMT. Of the twenty organisations, ten chose to participate.

114. The parties contacted represented a wide range of organisations from across the real estate development industry that could potentially be interested in bidding for the opportunity at M13.

115. In general, the participants were positive and interested in the M13 opportunity and recognise its importance as 'gateway' site to the remainder of Meridian Water to the east.

116. Participants displayed willingness to deliver a scheme that creates a sense of place and noted the importance of ground floor activation and amenity, both of which would increase values at the Site.

117. Participants were generally in favor of the procurement process and contract structure. In terms of evaluation criteria weighting, no party stated they were comfortable with a split 70/30 in favor of price over quality. In general, participants stated a weighting of 60/40 in favor of quality would lead to them pursuing a bid, and procurement weightings any further in favor of price would potentially deter them bidding at all.
118. Participants stated they were comfortable with proposed controls within the development agreement so long as they drove value, did not create delay and were not onerous on the developer to deliver the scheme.
119. The participants typically spoke to difficulties arising from macroeconomic headwinds, including but not limited to construction cost increases, supply chain issues, interest rate increases, policy uncertainty/amendments and cost of living pressures.
120. All these elements have contributed towards viability tensions being experienced in the current development market. Soft market testing has confirmed that construction cost increases have significantly impacted viability for several developers. This has confirmed the Council's existing understanding of current market conditions.
121. All suggested changes to the Delivery and Procurement Strategy from the market will undergo a test of reasonableness from both the Council, Newbridge Advisors and Browne Jacobson to ensure it benefits the Council in terms of protecting best value, and the achieving of their objectives.

#### Viability

122. To ensure the Council maximises the capital receipt from the lease of the M13 land parcel, it is important the Council has conducted viability due diligence to gain an understanding of the potential market value of the land.
123. To aid viability assessments of the land parcel WW+P were engaged to provide architectural services.
124. WW+P completed a capacity study to understand the site's potential to deliver homes and commercial uses. A baseline and an optimised solution were tested to understand the potential the market may look to deliver.

#### **Key Facts:**

Units – 530

Max. Storeys – 25

GEA Resi – c. 50,955 msq

GEA Podium – c. 5,485 msq

Unit Mix: Studio = 15%, 1 bed = 40%, 2 beds = 40%, 3 beds = 5%



Fig. Base-line proposal

**Key Facts:**

Units – 629

Max. Storeys – 30

GEA Resi – c. 60,424 msq

GEA Podium – c. 5,664 msq

Unit Mix: Studio = 15%, 1 bed = 40%, 2 beds = 40%, 3 beds = 5%



Fig. Optimised proposal

125. The information these capacity studies present allows viability assessments to be completed to understand the potential value to the market of the M13 land parcel.



126. Please also see Part 2

127. This information ensures the Council is best positioned to engage in dialogue on land value during the dialogue stage of the Public Procurement Process.

128. Three CGI's were produced as part of the WW+P commission to market the potential of the site and set the tone of quality the Council expect on this gateway site.



Fig. CGI of proposed Station Square



Fig. CGI of proposed resident's gardens

### Programme

129. The anticipated programme for delivery of the procurement strategy detailed above is:

Stage	Date	Notes
Launch Procurement	May 2024	
<b>Stage 1</b> – Selection Questionnaire (SQ)	May – July 2024	Shortlist down to 4/5 bidders by end of period
<b>Stage 2</b> – Competitive Dialogue, Round 1	July – Sept 2024	Shortlist down to 3 bidders by end of period
Competitive Dialogue, Round 2	Sept – Nov 2024	Bidders to submit final Tenders by the end of this period
<b>Stage 3</b> – Final Tender	Dec 2024	
Preferred bidder identified	Feb 2025	
Cabinet Paper submitted	Feb 2025	Will detail deal structure, partner, and payment plan

130. This programme is indicative and dependent on the outcome of the current marketing of the Ikea site. Public notification of the selected bidder for the IKEA site and confirmation of an agreed deal will bolster confidence in the market regarding the Meridian Water development. This

will in turn will potentially increase land values and the capital receipt to the Council for the M13 land parcel.

131. At Cabinet Sign-Off stage (in relation to a preferred partner recommendation) detail of the DA (reflecting the preferred partner's bid back positions), including the payment plan, will be submitted to Cabinet.

#### Next steps

132. Acceptance of the Delivery Strategy and Procurement Process described by the Portfolio Holder would allow the land parcel to be launched to the market and begin the Procurement Process.
133. The detailed terms of the DA, including payment process, Council landowner controls and design commitments will be bid-back items within the Procurement Process (and evaluated / scored as such). Bidders will be down scored the more they deviate from the Council's preferred commercial positions / balance of risk.
134. As a result, the final terms of the DA will be informed / directed by the dialogue process.
135. When the position is clearer and final tenders have been submitted a paper (recommending a preferred development partner) will be presented to the Cabinet including further detail on the terms of the DA (reflecting the preferred partner's bid back positions), before the DA is finalised and entered into.

#### **Relevance to Council Plans and Strategies**

136. Meridian Water is a key component in contributing to the priorities, principles, and future outcomes of the Council Plan 2023 – 26.
137. M13, as a gateway site, will be a key opportunity to contribute further to these priorities, principles, and outcomes.
138. **An economy that works for everyone** – Alongside delivering jobs within the construction industry during the construction phase of the project, M13 will deliver commercial premises moving the local job market towards more secure, better paid and higher skilled roles. These new roles will improve the prosperity of the local community.
139. **More and better homes** – The primary focus of the M13 land parcel is the delivery of high-quality homes at a range of sizes and price points to support the local communities housing needs. This site will make a significant contribution to the available housing stock within the local community.
140. **Thriving children and young people** – Alongside providing housing at a range of sizes that support numerous family structures, M13 will also support children and young people through the creation of safe and integrated children's play.

141. **Strong healthy and safe communities** - M13 will contribute to the Council's aims to improve public health and people's well-being through careful consideration on how the public realm supports wellbeing and the integration of new communities. M13 alongside new homes will deliver community and social infrastructure such as new amenity spaces and improvement of public access to the new Meridian Water train station.
142. **Clean and green places** – M13 will contribute to the creation of clean and green spaces by providing a range of public and private amenity space and public realm that will be supported by a robust estate management process and soft landscaping strategy, ensuring spaces are clean and green.

### **Financial Implications**

143. Financial implications have been provided in part 2.

### **Legal Implications**

144. The Council has taken external legal advice from Browne Jacobson regarding its overall proposed approach to the project and has been advised that the Council (acting in line with the approaches described in this report) would be acting lawfully, that the proposed Procurement Strategy is compliant with the PCR, and that the proposed legal structure is appropriate for the project.
145. The Council has power under section 111 of the Local Government Act 1972 to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of its functions whether involving expenditure, borrowing or lending money, or the acquisition or disposal of any rights or property.
146. The Council may further rely upon the General Power of Competence provided for in Section 1 of the Localism Act 2011 to pursue the proposed development scheme and related contractual structure. The general power is a wide power which allows the Council to do anything that an individual may do (subject to public law principles), but it is subject to certain statutory limitations (of which there are none which apply in this context).
147. Sections 8 and 9 of the Housing Act 1985 impose a duty on local authorities to review housing needs in their district and provides them with related powers to provide housing accommodation by building and acquiring houses or by converting other buildings into houses. These powers can include provision via third parties.
148. Decisions made as land-owner in progressing the project must not fetter the Council's discretion as planning authority and therefore the planning functions of the Council will remain subject to the usual checks and balances required (i.e. to address conflicts of interests, pre-determination, and bias).
149. Under the Development Agreement to be entered into between the Council and the preferred development partner, land in the Council's ownership will

be transferred for development by the development partner. In undertaking the project the Council as landowner must observe its statutory duties, including in regard to the duty to obtain best consideration on any disposal of land. It should be noted that by carrying out a competitive procurement process to select a development partner, the Council will be in a stronger position to demonstrate compliance with the duty to obtain best consideration, but should obtain independent valuation advice in order to validate land values.

150. The Council also needs to have regard to its obligations under the Subsidy Control Act 2022 in relation to the entire project, including without limitation where it considers the best consideration reasonably obtainable in relation to the disposal of its land has not been obtained.

151. Public law constraints will generally apply to the project, including the Council's fiduciary duty to act prudently with public monies entrusted to it. The Council therefore must establish (and maintain a full audit trail to support) that the project and its various components are 'intra vires' and that the decision to undertake the project is made after having given due and proper consideration to all relevant factors (disregarding irrelevant factors) and in accordance with normal public law considerations.

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**Appendices**  
Part 2 Report

**Background Papers**

KD5463 - MW Financial Model - 19th April 2023

[Agenda Document for Cabinet, 19/04/2023 19:00 \(enfield.gov.uk\)](#)