



London Borough of Enfield

Title:	Meridian Water One – Appropriation of homes from the General Fund to the Housing Revenue Account – 2 nd Tranche
Report to:	Strategic Director of Housing and Regeneration, Joanne Drew
Directors:	Joanne Drew, Strategic Director of Housing and Regeneration
Report Author:	Abdul Qadir Qureshi abdul.qureshi@enfield.gov.uk
Ward(s) affected:	Upper Edmonton
Key Decision Number	KD 5676
Classification:	Part 1 & 2 (Para 3)
Reason for exemption	Information relating to the financial or business affairs of any particular person (including the authority holding that information).

Purpose of Report

1. The background to the homes to be appropriated are outlined in this report and were contained in KD 5534 dated 24th July 2023, the recommendations of which were approved by the Leader of the Council. That report approved the appropriation of the first tranche of 20 homes that were built from the General Fund to the Housing Revenue Account (HRA).
2. This report now seeks approval to appropriate the 2nd tranche of homes, comprising 99 units that are expected to be handed over in 2024 following practical completion for blocks E1.2, A1.2, E2.1, E2.3 and E2, which are currently held for planning purposes within the GF to housing purposes HRA.
3. The appropriation of the land for the 3rd tranche of homes, i.e. Blocks B2 and C2 comprising a total of 123 units, will be the subject of a separate report in due course.
4. The report KD 5534 approved the delegation to the Director of Housing and Regeneration, in consultation with the Director of Finance (Capital), to appropriate the 2nd tranche of 99 homes and to agree the redline plans, their final certified value and timing of when the appropriation is to take place. The purpose of this report is to implement that decision as outlined in the recommendation below.

Recommendations

- I. To approve the appropriation of the 2nd tranche of 99 leasehold properties due to be practically completed in the financial year 2024/2025 in Blocks E1.2, A1.2, E2.1, E2.3 and E2 (Drop in) and shown edged red on the plan in Appendix 4 which are currently held for planning purposes within the General Fund (GF) to the Housing Revenue Account (HRA) for housing purposes for a value of £31.7m, subject to adjustment once the final costs are assessed.

Background and Options

5. In 2019, Cabinet approved the Council (General Fund) to enter into contract for 230 affordable homes with Vistry Partnerships as part of the Meridian Water scheme, KD 4864. It is intended these, and any additional affordable homes that are built for the Council, are transferred from the General Fund to the Housing Revenue Account (HRA) by appropriation.
6. Following that approval, additional affordable homes (which are part of the 41 homes in Block A1.2) have been constructed. Cabinet approved (KD 4864) the acquisition of 25% units set at London Affordable Rents (LAR) under the Development Agreement. The acquisition of the additional 12 London Affordable Rented homes acquired by the Council (into the General Fund) makes the total 242 homes.
7. The transfer is expected to take place once the decision to appropriate from the General Fund to the HRA has been made by the Strategic Director of Housing and

Regeneration in consultation with the Director of Finance (Capital) following approval of this report.

8. Countryside Partnerships (formerly Vistry Partnerships) were appointed as the developer on Meridian One and Meridian Two at Meridian Water. They are currently on site and building homes.
9. A plan showing the site and the location of the blocks and land is attached in Appendix 1, which includes the redline boundary of the Estate/area of the Head Lease to the Developer.
10. Appendix 2 shows the original tenure Plan for the Estate.
11. Appendix 3 shows the Meridian One: Process for Council Housing Assets (flowchart).
12. Appendix 4 shows the Plans of the 2nd tranche blocks and land to be appropriated.
13. The accommodation mix (Table 1) and the anticipated dates for practical completion of the affordable homes (Table 2) to be appropriated to the Council is outlined in the table below:

Table 1 – Affordable Accommodation Mix of Homes to be Appropriated to the HRA:

Phase 1a			Phase 1b			Total Phases 1a & 1b		
	LAR	%		LAR	%		LAR	%
Studio	0	0	Studio	0	0	Studio	0	0%
1b	45	38%	1b	0	0%	1b	45	19%
2b	21	18%	2b	55	45%	2b	76	31%
3b	28	24%	3b	67	54%	3b	95	39%
4b	25	21%	4b	1	1%	4b	26	11%
Total	119	100%	Total	123		Total	242	Units
Total %	40% of total unit mix		Total %	18.20% of total unit mix		Total %	24.77% of total unit mix	

Table 2 – Blocks to be Appropriated by Phase, Completion and Handover Timescales:

NB: The target dates for future appropriations are indicative only and may vary due to the exact handover date.

Phase and Block		Target completion dates	Targeted handover dates	No of homes	Underlease status
Phase 1A					
E1	E1.1	August 2023	August 2023	20	Underlease granted to LBE on 22.12.21

Total homes appropriated in August 2023				20	Appropriation completed Aug 23 PC Achieved in Sept 2023.
E1	E1.2	July 2024	July 2024	26	Underlease granted to LBE on 22.12.21
A1.2 (Level 2 to 7)		July 2024	July 2024	36	Underlease granted to LBE on 30.6.22. This block includes the 12 additional homes acquired by the General Fund
A1.2 (Level Ground Floor to Level 1)		July 2024	July 2024	5	Underlease for A1.2 granted to LBE on 30.6.22
E2	E2.1	Sept 2024	Sept 2024	26	Underlease granted to LBE on 30.6.22
	E2.3	October 2024	October 2024	5	Underlease granted to LBE on 30.6.22
	E2 (drop in)	October 2024	October 2024	1	Underlease granted to LBE 30.6.22
Appropriation in the financial year 2024/5				99	
Total Phase 1A appropriation				119	
Indicative Accommodation Schedule – Phase 1B (Subject to planning)					
B2		Jan 2028	Jan 2028	62	Underlease yet to be granted. Target date: 2028. Land to be appropriated. via a separate decision report in due course
C2		March 2029	March 2029	61	Underlease yet to be granted by VSL. Target date: 2029. Land to be appropriated via a separate decision report in due course
Total homes to be appropriated in future delegated decision(s)				123	
TOTAL				242	

Reason for Proposals

14. Cabinet approved commencement of the construction project on 16th October 2019, KD 4864, with appropriation of the homes left to future delegated decision reports.
15. The proposals in this report are in accordance with the Council's Meridian Water residential delivery programme set out in the Cabinet Report of 8th December

2021, KD 5252 and the appropriation report approved by Leader dated 24th July 2023, KD5534.

16. The homes cannot remain in the General Fund as they were built with the intention of transferring them to the Housing Revenue Account (HRA) as affordable Council housing and to be let as London Affordable Rent homes.
17. A full planning application for Phase 1b received determination to grant on the 20 September 2022 (ref: 21/04742/FUL) (the Phase 1b Permission). Subsequently, the Government made a decision that all planning applications which involve residential buildings over 18 metres in height will need to be designed to provide two staircases before they are referred for the Mayor's decision.
18. Vistry Partnerships (now part of Countryside Partnerships), the Developer, have reviewed the Phase 1b scheme and have now incorporated a secondary means of escape in the design which secured planning permission (21/04742/FUL) in August 2023.
19. In the same week planning consent was granted, DLUHC guidance was updated to advise buildings over 18m now also needed a second staircase. All buildings in phase 1B are now affected, requiring a wholesale review of phase 1b delivery strategy which Vistry Partnerships (now part of Countryside Partnerships) are currently working on to be issued to the Council for approval.

Main Considerations for the Council

20. The Council has secured the delivery of much needed social housing for people on the housing register.
21. The homes offer a range of bedroom sizes and wheelchair adapted homes which will help to address specific needs for those who are on the waiting list.
22. The 242 units are secured in the Planning Agreement (S.106) with the Developer as London Affordable Rent (LAR) Units. Meridian One will deliver 50% affordable (25% LAR, 25% Shared ownership) under that agreement.
23. The Council negotiated the affordable housing grant to support the purchase of the homes. The grant is paid by the GLA to Enfield's HRA.
24. The payments made by the Council to the Developer are as per the Development Agreement with Vistry Partnerships (Countryside Partnerships) summarised in the Confidential Appendix.
25. The price paid by the Council's General Fund under the Development Agreement, and the transfer of the units to the HRA are set out in the financial implications in the Confidential Appendix. These appropriations comply with the legal and financial advice.

Estate Management Arrangements

26. The Meridian Water Estate Management Company (MWEMC) have appointed Rendall and Rittner as managing agents to undertake the general grounds maintenance and caretaking of the estate. The appointment is on a rolling 12-month contract and will be monitored by the MWEMC to ensure that the quality of the services are in line with the agreed service schedules.

Risks that may arise if the proposed decision and related work is not taken

27. The potential risk if the decision is not taken, is that the Council will not be able to let the affordable housing as social housing and this will negatively impact the ability to deliver the much-needed social housing to those in need in the borough.

Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks

28. There are risks associated with the appropriation of the assets from the General Fund to the HRA which are set out in the financial and legal implications section of this Report.

Preferred Option and Reasons for Preferred Option

29. The preferred option is to appropriate the homes from the General Fund to the HRA. If this is not done, the Council cannot let and manage these homes for social housing.

Relevance to Council Plans and Strategies

30. The decision will enable the Council to steward the residential placemaking, support delivery of much needed affordable homes and create a new neighbourhood.

Financial Implications

31. The appropriation value is included within the approved HRA business plan borrowing requirement and is affordable. Detailed financial implications are set out in Appendix A – Confidential Appendix

Legal Implications

32. The freehold reversion of the land comprising the properties is held by the Council for planning purposes pursuant to development. Vistry have had a long lease granted to them by the Council out of this freehold and therefore once the properties are built/completed they will be transferred back to the Council's general fund by means of a grant of a sub-leasehold interest. The properties to be appropriated in the recommendations section of this Report will then be transferred from the general fund to the HRA by appropriation with the relevant accounting adjustments as required by the guidance and relevant legislation.
33. The Council has power under section 122 of the Local Government Act 1972 to appropriate land or property belonging to the Council that is no longer required for the purpose for which it was held immediately before the appropriation (section 122(1)), provided that the new purpose is one for which the Council would be authorised to acquire land by agreement. In this instance the Council can acquire land or property for housing purposes under section 17 of the Housing Act 1985.
34. Appropriation to housing purposes (HRA) is specifically dealt with in section 19(1) of the Housing Act 1985:

“A local Housing Authority may appropriate for the purposes of this Part [2-dealing with the provision of housing accommodation] any land for the time being vested in them or their disposal and the authority have the same powers in relation to land so appropriated as they have in relation to land acquired for the purpose of this part.” This appropriation is necessary as the new build units will be used for social housing by the Council and therefore must be held in the HRA.

35. As the HRA is a ring-fenced account under section 74 Local Government and Housing Act 1989, a transfer from the general fund to the HRA will essentially result in an accounting adjustment in accordance with the Code of Practice on Local Authority Accounting in the UK, subject to a certified value for the property transfer being agreed.

Equalities Implications

36. The Public Sector Equality Duty requires all public bodies to have due regard to the need to

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.

37. The broad aim of the duty is to integrate equality considerations into general policy and decision making and we do this using the process of equality impact assessments.

38. It should be noted that an equalities impact assessment (EqIA) of the development proposals was carried out at the time of the original Cabinet acquisition decision in 2019 to provide these affordable homes and updated at the time of the planning decision stage to ensure due regard at this critical stage. Those EqIAs did not identify negative impacts on any equalities groups. The Council recognises that providing good quality, affordable housing within the Borough helps those most in need of a home and least able to afford properties on the open market.

39. There is no need for an EqIA in respect of the appropriation decision as this is an internal accounting matter for the Council and there are no equalities considerations or impact in making the proposed decision.

Environmental and Climate Change Implications

40. It is our understanding that this report, and the appropriation of these homes from the General Fund to the Housing Revenue Account, is an internal Council accounting change only and does not affect the design, performance, operation, carbon emissions or any environmental and sustainability issue in any way. On this basis the Environmental and Climate Change Considerations are as follows:

41. The carbon reporting of these homes may change, as any assets retained by the Council will fall into the housing asset management portfolio of which the environmental footprint will be annually reported in the Council's scope 3 emissions both from construction and in-use carbon, these will be publicly published in the annual carbon emissions report.

42. The 99 homes in this report are a part of the original 242 homes having a total estimated residual operational carbon of 59 tCO₂ per year of which a contribution to the NDCCF (Non-Discounted Cumulative Cash Flow) will be made to invest in local carbon reduction projects, and an embodied carbon of construction of 20,400 tCO₂ that is currently reported in the year the homes are finished.

43. It is recommended to undertake Post Occupancy Evaluation on a sample of the assets retained by the council, to ensure they are meeting their design quality particularly regarding predicted energy consumption and therefore carbon performance.

Property Implications

44. The proposed appropriation is in line with the Council's Property Procedure Rules. External legal, finance and property advice has been obtained. All other relevant property matters are covered in the report.
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Appendices

Appendix 1 – Estate Plan (showing area redline boundary of Estate/area of Head Lease to Vistry). Freehold of Estate remaining with the Council (General Fund|). Plan shows location of blocks on the Estate.

Appendix 2 – Tenure Plan (showing tenure of blocks)

Appendix 3 – Meridian One: Process for Council Housing Assets (flowchart)

Appendix 4 – Plans showing blocks to be appropriated.

Appendix A – PART 2 Confidential Appendix

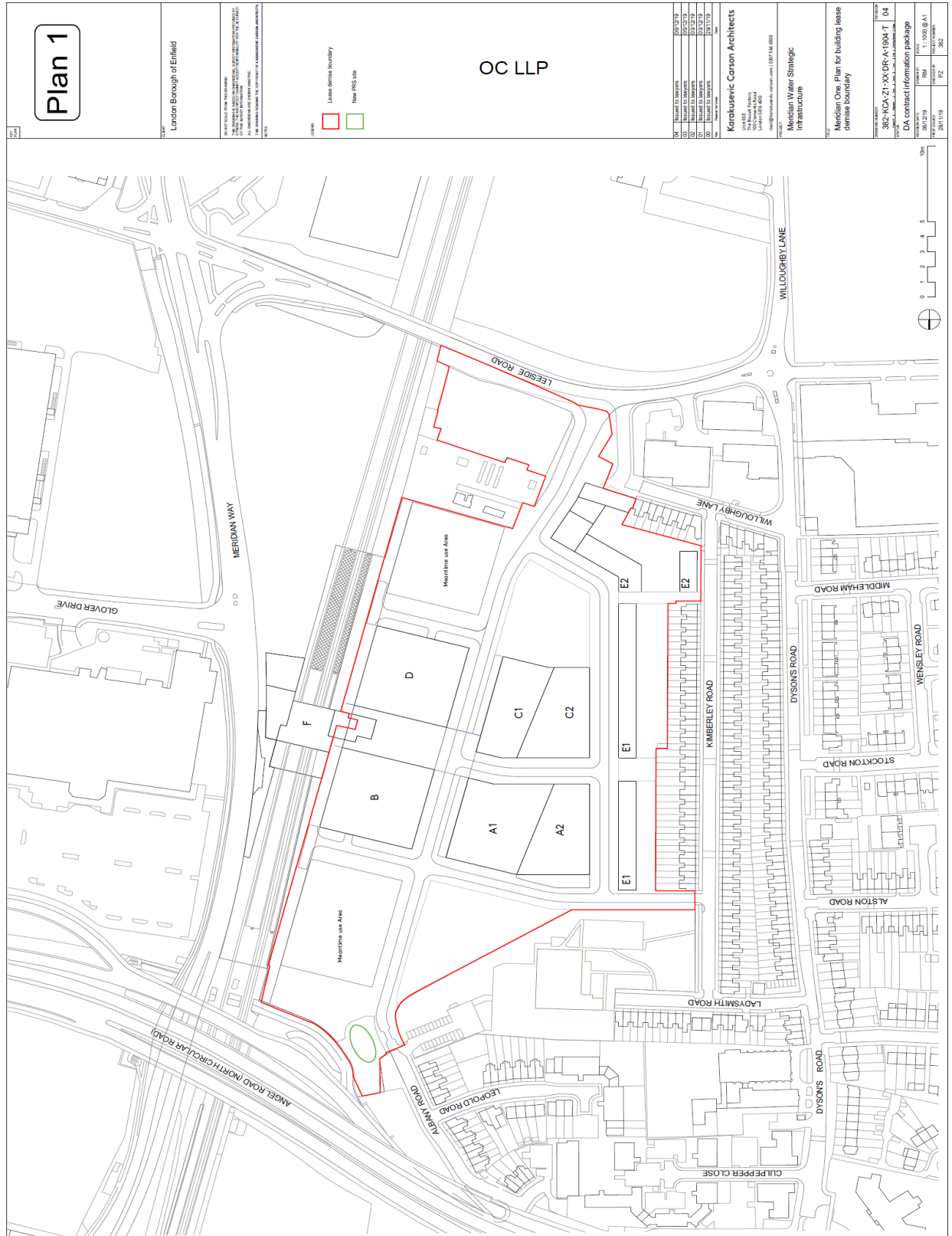
Background Papers

The following documents have been relied on in the preparation of this report:
KD 5534, KD 5252 and KD 4864

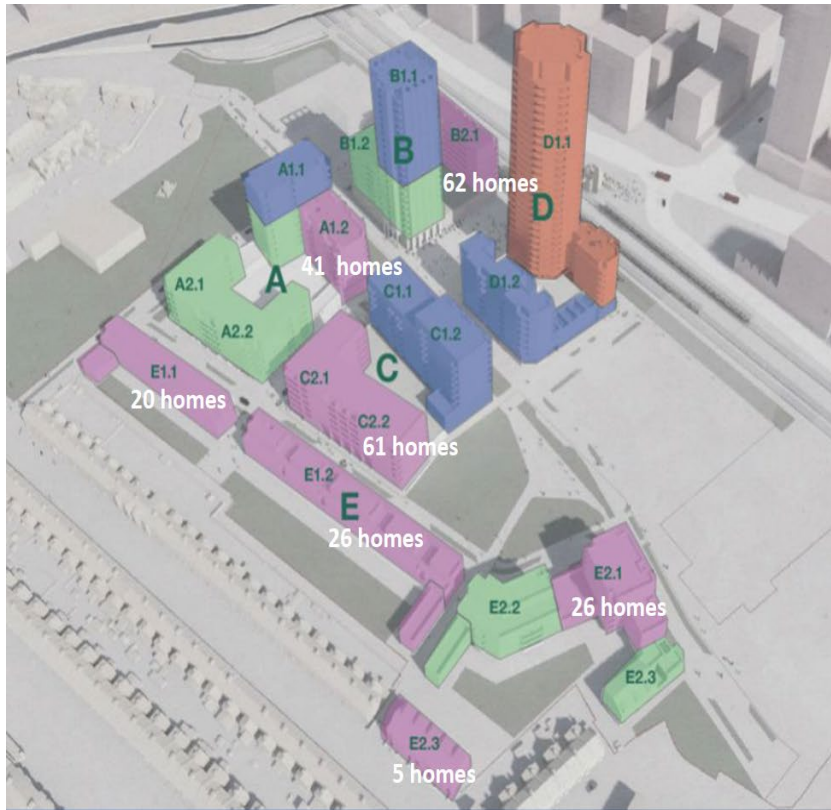
Appendix 1 – Estate Plan

(Showing area redline boundary of Estate/area of Head Lease to Vistry).

Note: Freehold of Estate remains with the Council (General Fund). Plan also shows location of blocks on the Estate.



Appendix 2 – Tenure Plan (Showing tenure of blocks)



What is LBE retaining?

Lease arrangement

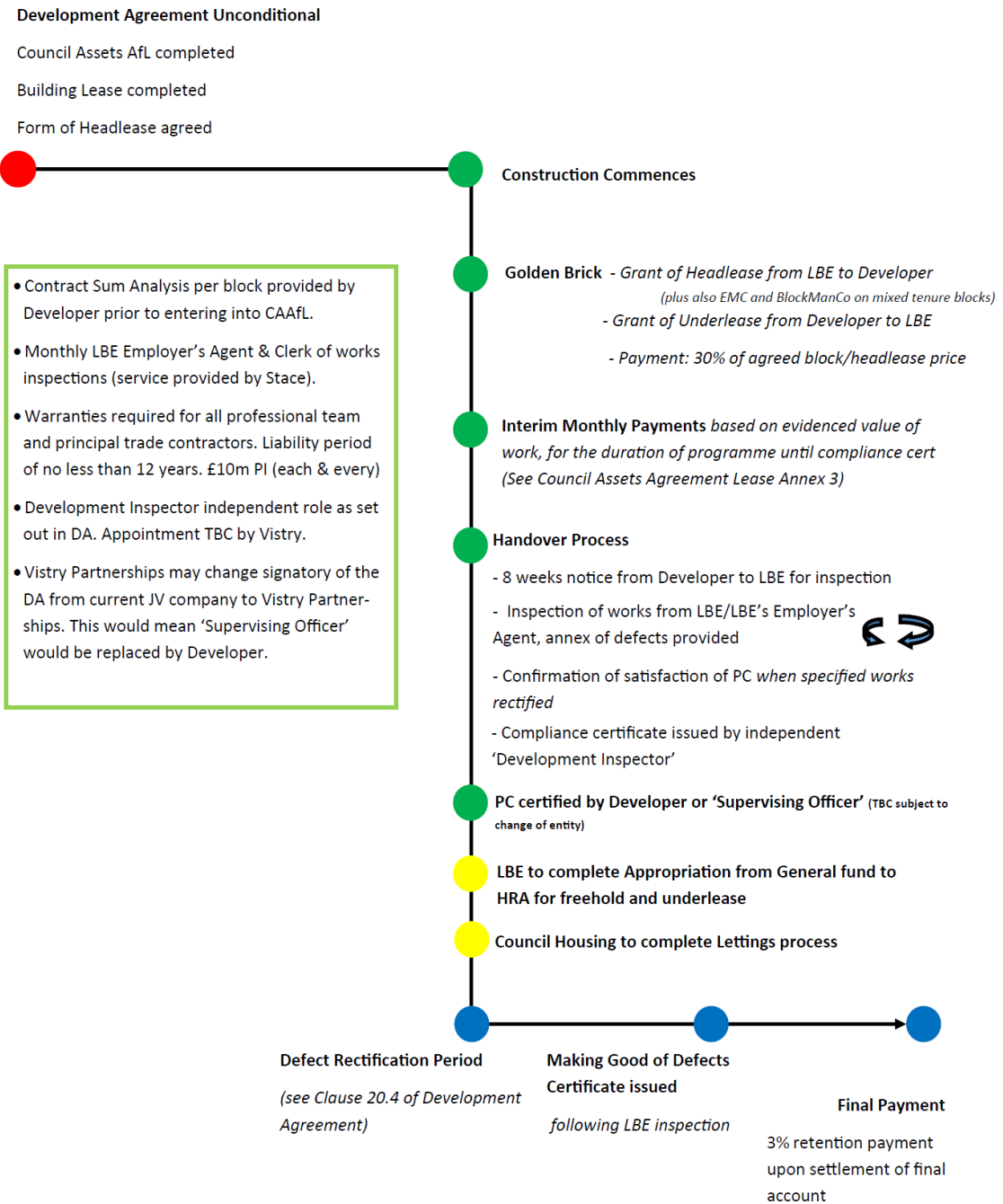
VPL (the Developer) grant underleases of LAR blocks to the Council.

The Council Assets Agreement for Lease and form of Lease are key documents to be familiar with.

- London Affordable Rent
- Shared Ownership
- Open Market Sale
- Build to Rent

Appendix 3 – Meridian One: Process for Council Housing Assets (Flowchart)

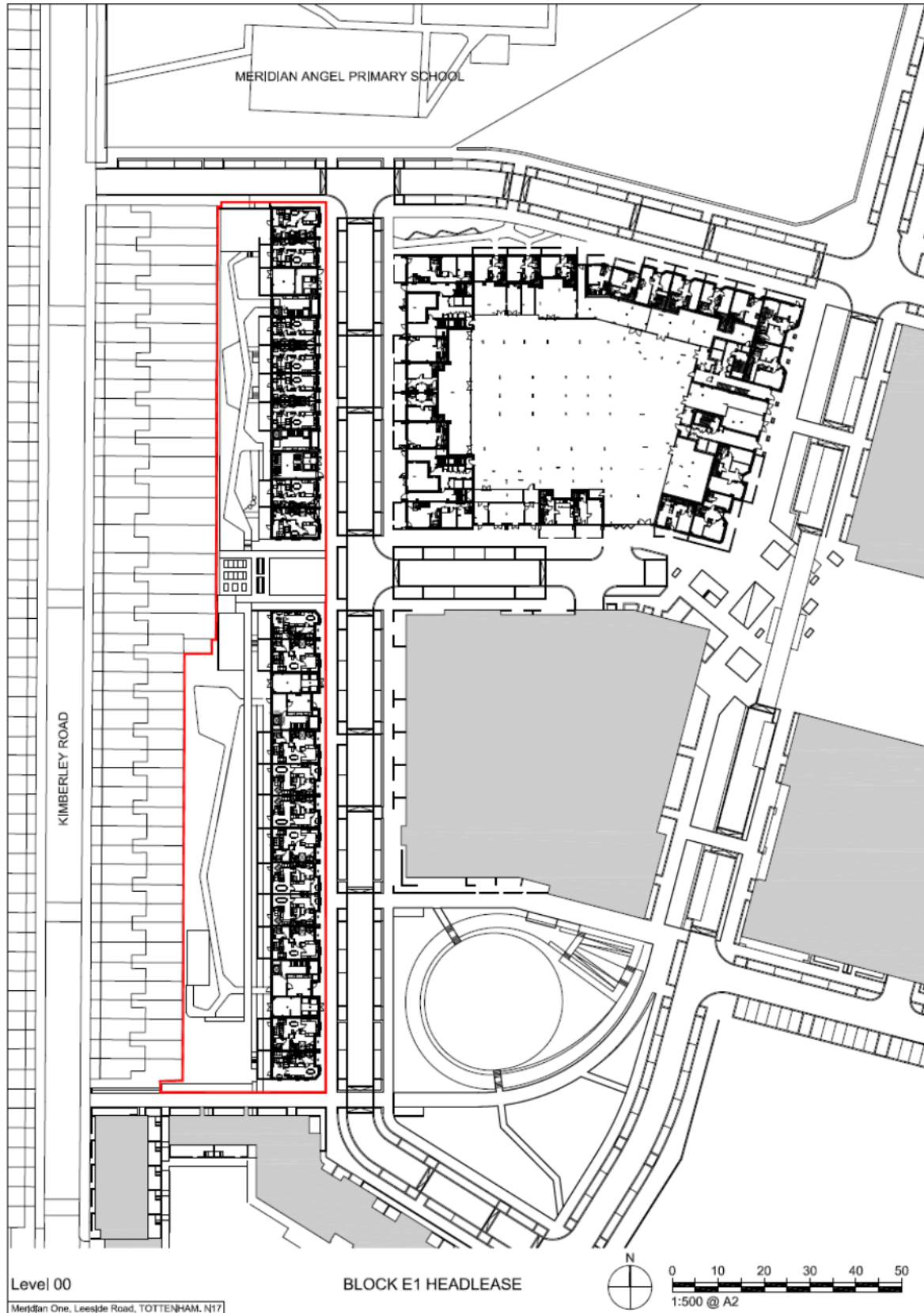
Meridian One: Process for Council Housing Assets



Appendix 4 – Plans

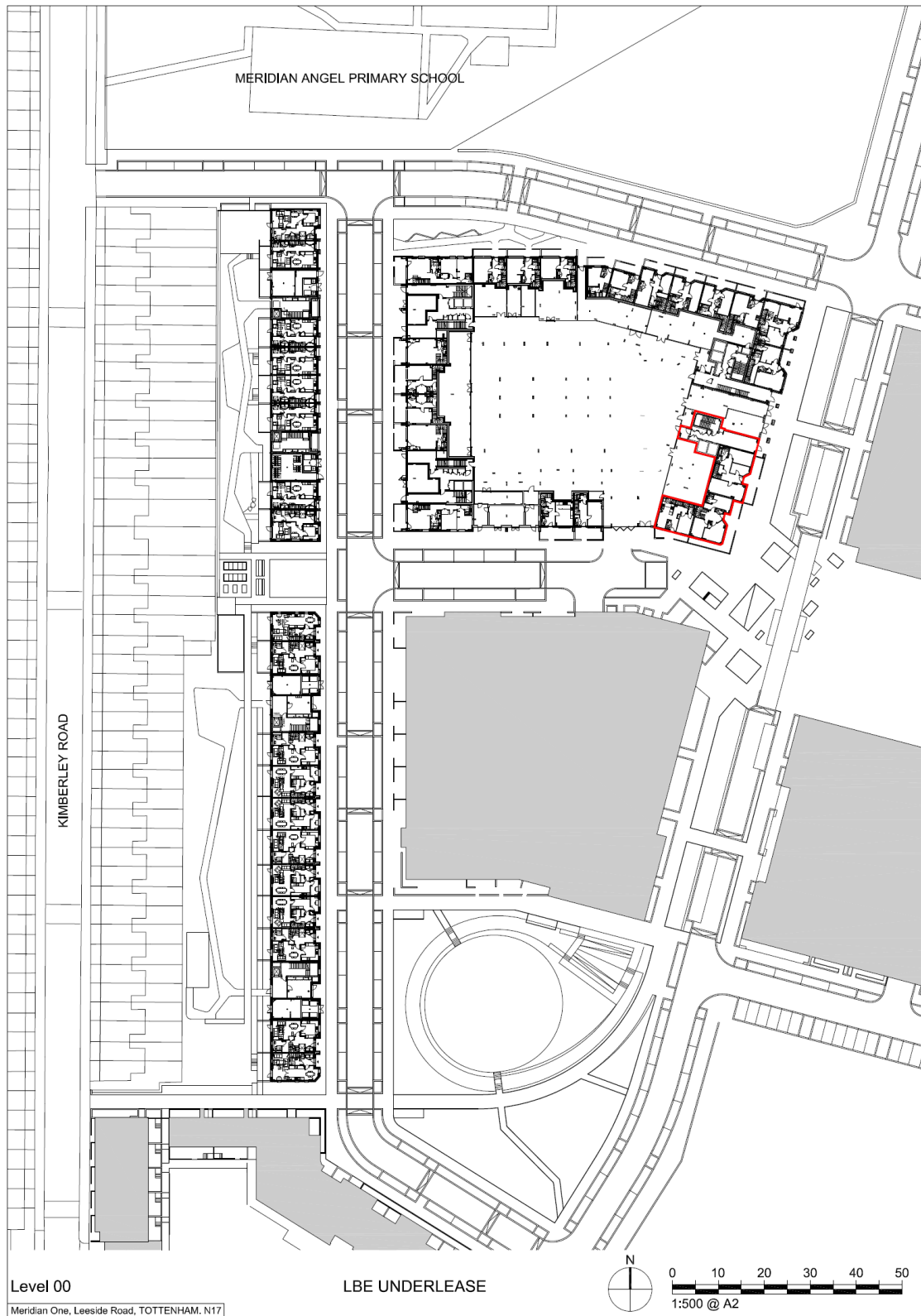
Showing redline of Blocks appropriated from GF to HRA

Block E1 Redline Area were appropriated as per decision in KD 5534 dated 24th July 2023 (this includes Block E1.1 and Block E1.2).



Plans Showing redline of Blocks to be appropriated from GF to HRA:

Block A1.2 Ground Floor. This Block has 7 floors, each of which are being appropriated. The ground floor is shown below:



Block A1.2, First Floor



Block A1.2 Second Floor



Block A1.2 Third Floor



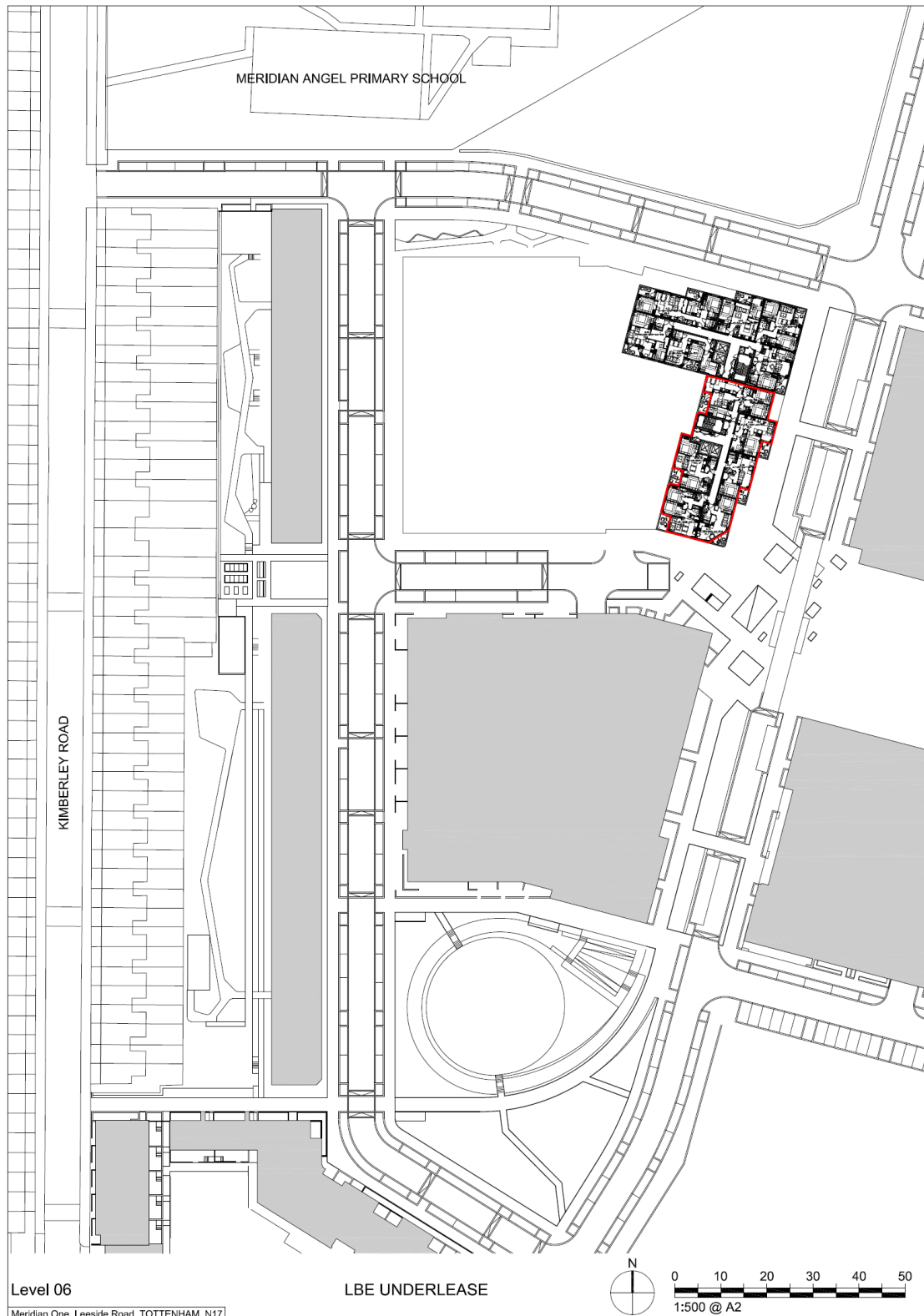
Block A1.2 Fourth Floor



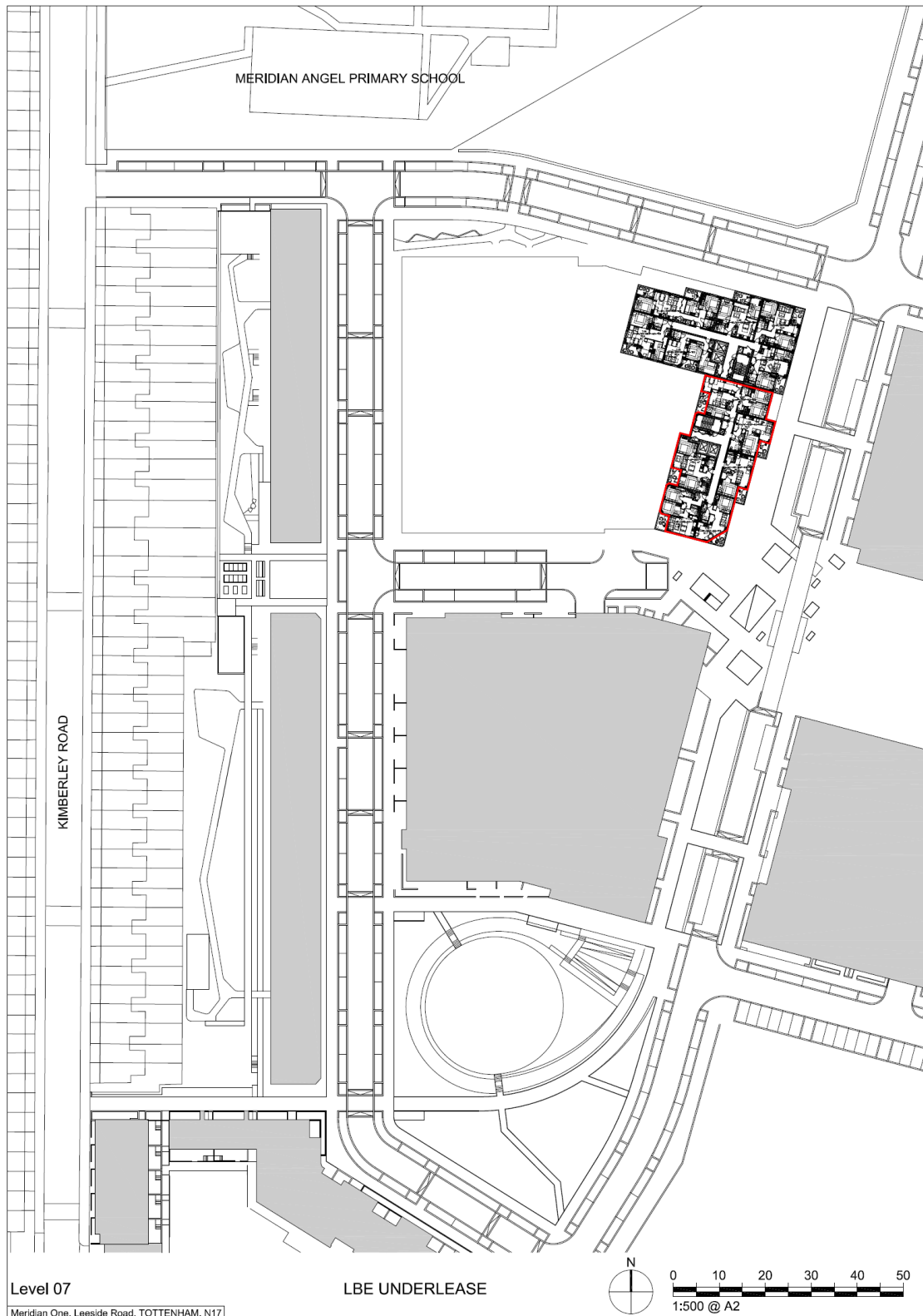
Block A1.2 Fifth Floor



Block A1.2 Sixth Floor



Block A1.2 Seventh Floor



Block E2 (which includes E2.1, E2.3 and E2 Drop in unit).

