

MUNICIPAL YEAR 2015/2016 REPORT NO. 88

MEETING TITLE AND DATE:
Cabinet – 21 October 2015

REPORT OF:
Director – Regeneration &
Environment

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Agenda: Part 1

Item: 16

Subject: Meridian Water and Ponders
End High Street (Electric Quarter):
Programme Update

Wards: Upper Edmonton and Ponders
End

Key Decision No: KD 4033/KD 3687

Cabinet Member consulted: Councillors
Alan Sitkin and Ahmet Oykener

1. EXECUTIVE SUMMARY

- 1.1 Meridian Water is one of the largest regeneration schemes nationally and will transform 85 hectares of brownfield land and spread prosperity into neighbouring areas.
- 1.2 Ponders End is one of the Council's priority regeneration areas and the Council is making good progress to bring forward the redevelopment of the Alma Estate and Electric Quarter.
- 1.3 The purpose of this report is to provide further authorisations to move the regeneration of both areas forward so that they can improve opportunities for the local communities.

2. RECOMMENDATIONS

It is recommended that Cabinet:

- 2.1 Approves the terms of the Overarching Borough Agreement (**Appendix 1**) with the GLA, which governs the Meridian Water Housing Zone obligations and authorises the Authorised Legal Officer to sign the contract on behalf of Enfield Council.
- 2.2 Authorises £1.16m from the existing Neighbourhood Regeneration capital programme to enable the design and development of the new station vision in conjunction with Network Rail.

- 2.3 Notes and endorses the Council's bid to the Mayor's London Regeneration Fund which will support the creation of over 300 new jobs, a training centre and a new viewing gallery at Meridian Water.
- 2.4 Authorises £1.35m of the existing Neighbourhood Regeneration Capital programme to forward fund part of the London Regeneration Fund bid expenditure.
- 2.5 Authorises the Council to underwrite the initial cost of demolition and meanwhile uses from the existing Neighbourhood Regeneration capital programme in the sum of £1.2m to advance delivery of the "Electric Quarter".
- 2.6 Authorises the allocation of £0.5m from the existing Neighbourhood Regeneration Capital Programme to fund feasibility work on the revitalisation of Ponders End High Street.

3. BACKGROUND

- 3.1 Meridian Water comprises approximately 85 hectares in the south east of the borough and is one of the largest developable areas of land in the UK. Located within the Central Leaside growth area and the Mayor of London's wider Upper Lee Valley Opportunity Area it has significant development potential.
- 3.2 Ponders End is one of the Council's priority regeneration areas and the Electric Quarter on Ponders End High Street has a developer in place and a planning application for 167 homes was submitted on 2nd October 2015. This report seeks authority to support the cost of demolition whilst also providing funding to undertake a study looking at new opportunities to increase growth, footfall, and homes along Ponders End High Street.

4. MERIDIAN WATER HOUSING ZONE

- 4.1 Enfield Council was successfully awarded Housing Zone status by the GLA in June 2015. An award valued at £25m was agreed in principle, to accelerate delivery of homes in Meridian Water. This report seeks authority to enter into agreement with the GLA to accept the award.
- 4.2 In order to receive Housing Zone financial assistance, the GLA requires successful participating boroughs to enter into a funding agreement termed an 'Overarching Borough Agreement' (OBA contract) and then subsequently enter into subsidiary site by site (Transaction) agreements which will set out the zone output details. Essentially this is a commercial agreement which contracts the

Council and its partners to deliver housing outcomes and infrastructure in return for their funding. For Meridian Water there are four residential sites which for each there is both Recoverable Grant for additional land remediation works if required (so this acts as a contingency sum if needed) and Affordable Housing Grant for the new build housing itself. In addition to the four residential sites, there are three infrastructure projects:

- Angel Road Station improvements – Grant towards the new station and access work;
- Meridian Boulevard for construction of the first two phases of the new highway – both Recoverable Grant and Grant;
- Lee Valley Heat Network (LVHN) – Recoverable Grant towards the cost of installing pipework under the same sections of the new to be constructed Boulevard.

4.3 The OBA states that funding is on the understanding that the zone outputs will be delivered, and that Enfield will use all reasonable endeavours to deliver or procure the delivery of its agreed outputs.

4.4 These outcomes are not additional to what is already being planned but will support the Council to accelerate planned delivery in the initial phases of the overall Meridian Water development. The financial assistance takes the form of both Grant and Recoverable Grant (time-limited, interest free loan). A copy of the OBA is provided at **Appendix 1**.

5. MERIDIAN WATER ENHANCED STATION

5.1 In March 2015 (KD4029) Cabinet provided authority for a new Meridian Water station. The approved funding package of £12.3m includes contributions from the GLA, Network Rail, CIL and the LBE capital programme. The funding package however provided for only a basic station design that neither provided for essential 24/7 publically accessible access over the railway line nor did it provide for a design in keeping with the aspirations for the residential development.

5.2 Since March the Council's architects have been working on a concept for an enhanced station which both provides 24/7 free access via stairs and lifts over the railway line as well as a station design in keeping with the ambitions for the residential development. East-west connectivity either over or under the railway track is essential to create a cohesive neighbourhood; the proposal here to create the link as part of the enhanced station is considered to be the most economical way of achieving this.

5.3 Network Rail has been positive about the Council's enhanced station vision whilst also keen to ensure that a change of brief from the basic station to the enhanced station does not adversely impact upon the programme. In order to integrate the enhanced station vision into the existing programme further design work needs to be undertaken.

5.4 A further cabinet report will follow later in the year requesting approval to forward fund the additional cost of the enhanced station (recoverable from the appointed

developer), but at this stage authority is only required to enter into a variation on the Developer Services Agreement (DSA) with Network Rail (NR).

- 5.5 The current signed DSA between LBE and Network Rail instructs the design and development of the original basic station design for £831k, however further expenditure is required to fund the new scope of works. Network Rail has provided a fee proposal for the design and support services to take the new station through to a stage in 2016 when there will be sufficient information to enter into a delivery Implementation Agreement.
- 5.6 Approval is sought for an additional amount of £1.16m to be redirected from within existing capital budget provision.
- 5.7 It should be noted that section 4.1 of this report also recommends that the Council enters into the OBA with the GLA which will unlock £6m of investment from the GLA into the Meridian Water station.

6.0 MERIDIAN WATER LONDON REGENERATION FUND

- 6.1 Meridian Water will only achieve a successful legacy if equal thought, time and consideration are given to social and economic regeneration interventions as well as physical change.
- 6.2 The Council's emerging Regeneration Strategy identifies a need for pioneer uses during pre-construction and development of the early phases. This is critical to achieve a change in perceptions of Meridian Water and establishing it as a new destination.
- 6.3 A key principle in the emerging Regeneration Strategy is the Pioneer stage of Meridian Water which will run from 2016-2021. The objectives of the Pioneer stage are to:
 - Raise awareness of Meridian Water within the community, London, and beyond
 - Change perceptions of the area and create a buzz about the place
 - Increase footfall to and around the area
 - Provide jobs in sectors that have higher salary potential
- 6.4 The Council submitted a bid to the GLA's London Regeneration Fund on 2nd October 2015 which meets all of the above Pioneer stage objectives.
- 6.5 The bid proposes refurbishing existing industrial buildings on the Orbital Business Park which the Council completes the purchase of (following an unconditional exchange) in December 2015. The refurbishment will allow existing buildings to be used for an interim period of 5 years to provide over 300 jobs in the creative and technology sectors.
- 6.6 The jobs will be provided by two companies, one of which is based in Edmonton and there will be an exclusive offer for local people so that they can become the principal beneficiaries of this investment. The Council's master

developer partner will be expected to find a permanent home within the new Meridian Water development for the jobs created should the bid be successful. The revenue generated by the tenants will be in accordance with market rents and the increase in footfall also provides a saving on security costs that would otherwise be needed.

- 6.7 The LRF bid provides for a new sky bar / viewing gallery at the top of one of the refurbished warehouse units providing panoramic views of Meridian Water and it is hoped that the sky bar will be the place to showcase the Meridian Water opportunity. The investment will finance a new cycle link and the vocational space for the Built Environment Training centre which will be designed to provide to train overtime 10,000 local people so that they can participate in the construction jobs and management and maintenance jobs.
- 6.8 The total cost of the LRF is £2.7m therefore the bid to the GLA is for £1.35m which will be match funded by the private sector on a 50/50 basis. The match funding will be made up of contributions from the Meridian Water remediation contractor, boulevard contractor and master developer.
- 6.9 This report seeks authority for the Council to forward fund up to £1.35m on the basis that the Council recovers this sum from the Meridian Water private sector contracts. This initial fund of £1.35m is contained within the existing Neighbourhood Regeneration Team's budget. Expenditure will only occur once at least one of the three contracts has been entered into.

7. PONDER'S END

- 7.1 The Council has entered into an Agreement for Lease with Lovell Partnerships Limited to deliver the Electric Quarter. The Agreement for Lease is Conditional and all Conditions must be satisfied before a Lease can be granted by the Council to Lovell. One Condition is that Lovell must secure a satisfactory planning permission for the Electric Quarter. It was reported to Cabinet in June 2015 that a detailed Planning Application for the Electric Quarter was expected in July/August 2015. The Planning Application has been delayed due to ongoing design and viability work but was submitted on 2nd October 2015.
- 7.2 So as to stay on programme, with a start on site in the 1st Quarter of 2016, Lovell Partnerships Limited has been asked to proceed with the demolition of buildings on the former University site, now owned by the Council. Planning permission and quotations have been secured for the demolition, but Lovell has asked the Council to provide an Undertaking that Lovell's costs will be covered by the Council, if the Council does not grant a Lease to Lovell Partnerships Limited.
- 7.3 Lovell has also stepped in to work with the Ponders End community to deliver the Meanwhile Use Building, on the former Middlesex Police Station site for which planning permission has already been secured. Again, Lovell has asked the Council to provide an Undertaking to cover costs incurred by Lovell, if the Lease is not granted.

- 7.4 As such, Cabinet is requested to authorise a Financial Undertaking to Lovell Partnerships Limited, up to a total value of £1.2m (Recommendation at para 2.5 above). The Undertaking will cover all anticipated costs incurred by Lovell Partnerships Limited associated with the demolition of the former Middlesex University Buildings and the delivery of the Electric Quarter Meanwhile Use Building. Payment to Lovell will only be made should the Council not grant a Lease to Lovell to deliver the Electric Quarter.
- 7.5 The Electric Quarter development will make a positive contribution to the High Street but it is not a large enough intervention on its own to address the decline in the High Street's fortunes. This report recommends allocating funding of £0.5m from the existing Neighbourhood Regeneration Capital Programme to fund a feasibility study to consider new opportunities for interventions along Ponders End High Street. These interventions could include acquiring additional sites or investing in the public realm and will be procured in line with the Council's decision making and corporate procurement processes. The objectives of the study are to propose a number of interventions to grow the local economy, provide a community offer, increase footfall and deliver new homes.

8. REASONS FOR RECOMMENDATIONS

These are two priority areas for the Council and the measures set out in this report help to improve opportunities for local communities.

9. COMMENTS OF THE DIRECTOR OF FINANCE, RESOURCES AND CUSTOMER SERVICES AND OTHER DEPARTMENTS

9.1 Financial Implications

The approved Regeneration Capital Programme of £70.4m (2015-2019) is sufficient to fund all of the recommendations contained within this report. The reprofiling will be reported as part of the second quarter's capital monitoring report to Cabinet.

9.2 Legal Implications

- 9.2.1 The Council has power under s1 of the Localism Act 2011 ("the Act") to do anything that individuals can do, subject to restrictions stated in the Act.
- 9.2.2 The recommendations in this report are in accordance with the s1 competence power under the Act and the Council's constitution.

9.3 Property Implications

- 9.3.1 New Station Vision. The design and development of a new station vision is supported by Strategic Property Services (SPS).

- 9.3.2 Meridian Water Housing Zone. Acceleration of planned delivery of the next phases of the overall Meridian Water development is to be welcomed provided that this is carried out within a framework which fosters and does not prejudice good and proper due diligence and clear understanding, analysis and costing of risks associated with the project.
- 9.3.3 London Regeneration Fund. Capital and revenue expenditure associated with the provision of refurbished industrial buildings on the Orbital Business Park and new space creation after 5 years will need to be integrated within the wider delivery plans, which will be subject to further viability and spatial planning. Resources to support Interim management and the selection of suitable tenants should be in accordance with the Council's constitution and SPS will provide further comment in due course as appropriate documentation is produced.
- 9.3.4 Any delivery payment of £1.2m to the Council's delivery partner Lovell's to demolish the former Middlesex university buildings would be subject to due diligence. Officers will ensure licensing arrangements for access, works and public liability insurance are in place in addition to a specification detailing how the site will be left following demolition.

10 KEY RISKS

- 10.1 Risk: The Council does not meet the Housing Zone obligations and the GLA is not therefore obligated to pay out anticipated funding. Mitigation: The Council will reflect zone outputs within the developer bids to ensure risks are minimised through appointment of its preferred delivery partner. The Council is taking the steps through accelerating planning and the developer partner appointment to meet the timescales and remains on track. A strong partnership approach has been developed with the GLA however it may be necessary to renegotiate terms over time.
- 10.2 Risk: The GLA can recover funding in the event that a site which benefits from zone funding is disposed of without first obtaining GLA consent. Mitigation: The Council's approach is to acquire all developable land at Meridian Water to ensure delivery of the project and that the Council has control at every stage of the development process.
- 10.3 Risk: The London Regeneration Fund bid is not successful. Mitigation: The Council will find an alternative use for the warehouses which can also generate income and jobs.
- 10.4 Risk: Station design may not be incorporated into the Network Rail scheme. Mitigation: The Council would have to find alternative means to provide an East-West connection and work with Network Rail to make further improvements to the Angel Road station.
- 10.5 Risk: The Department for Transport does not deliver 4 trains per hour from 2018. Mitigation: the Council would work with the DfT to ensure that essential

train services would be provided and in the meantime would facilitate additional bus routing to meet any shortfalls in rail provision.

- 10.6 Risk: That should the Council not grant a Lease to Lovell Partnerships Limited that the Council will have to meet the costs of demolition and the Meanwhile Use Building as per the financial undertaking. Mitigation: The demolition of existing buildings on the former Middlesex University campus will increase the value of the land. Therefore the costs of demolition will be recovered from the future disposal of the land. The Meanwhile Use Building would prove a useful asset, activating Ponders End High Street whilst a new delivery partner is procured, or the land is disposed of. As a Council asset the Meanwhile Building could be sold to a third party or used as part of other regeneration programmes such as Meridian Water, to secure value for money.

11 IMPACT ON COUNCIL PRIORITIES

11.1 Fairness for All

Meridian Water will provide fairness for all by ensuring the local communities are the beneficiaries of the housing led growth at Meridian Water.

11.2 Growth and Sustainability

Meridian Water is Enfield's largest regeneration opportunity area, delivering up to 8,000 new homes and 3,000 jobs. The acquisition of land will enable the early development of new homes in conjunction with the delivery of new education and rail infrastructure. Their subsequent development would be guided in part by the Meridian Water Master Plan which, amongst other things seeks to achieve fairness for all, sustainable growth and the development of strong communities.

11.3 Strong Communities

The Meridian Water Regeneration Strategy places an important emphasis on community cohesion both between existing residents as well as amongst the new residents themselves.

12 EQUALITIES IMPACT IMPLICATIONS

- 12.1 The draft Meridian Water Masterplan was subject to an initial Equalities Impact Assessment/Analysis (EqIA) to ensure that consultation promoted equal opportunities. During the master-planning process, demographic data was collected in relation to residents of Edmonton in order to determine which groups to target for community engagement and to also help assess the equalities issues the Masterplan proposals will need to consider.
- 12.2 Any further equalities impact issues will be examined at the planning application stage on individual sites.

13 PERFORMANCE MANAGEMENT IMPLICATIONS

Delivery of a comprehensive regeneration scheme at Meridian Water is a corporate priority within the Council's Business Plan for 2012-15. Completion of the Masterplan and the delivery of phased infrastructure improvements including increased rail services, station improvements and new homes will help to meet Outcome 2.10 of the Business Plan; to improve the quality of life of residents through the regeneration of priority areas and to promote growth and sustainability.

14 HEALTH AND SAFETY IMPLICATIONS

- 14.1 The Council will continue to work with the Environment Agency in relation to contaminated land and will expect the appointed development partner to adhere to Health and Safety legislation.
- 14.2 The Council would also need to ensure that any acquired land was properly managed in order to provide a satisfactory level of amenity, safety and security.

15 HR IMPLICATIONS

Since the last Meridian Water report to Cabinet in April good progress has been made to increase the number of internal staff working on Meridian Water; the Meridian Water Programme Manager has been appointed to programme manage The Team's portfolio of projects to advise upon the considered deployment of resources, project planning, risk management and identifying positive publicity opportunities. Four of the six Regeneration Managers have been appointed to work across all projects as required, including facilitating governance. The Strategic Design Manager position has been offered to the preferred candidate.

16 PUBLIC HEALTH IMPLICATIONS

The Meridian Water development is a major opportunity to improve the health of the population that compliments other initiatives in the borough. This should increase the health of the public through improved housing, economic development and urban planning to facilitate healthy lifestyles. The development should take account of such initiatives as Cycle Enfield to encourage everyday physical activity as well as ensuring pleasant walking access to facilities and access to and sight of green space.

Appendix 1

Overarching Borough Agreement (OBA)