

MUNICIPAL YEAR 2015/2016 REPORT NO. 200

MEETING TITLE AND DATE:
Cabinet 15th March 2016

REPORT OF:
Director – Regeneration and
Environment

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Agenda – Part: 1

Item: 13

Subject: The Electric Quarter – Ponders End
(Start on Site)

Wards: Ponders End

Key Decision No: 4261

Cabinet Member consulted:

Cllr Ahmet Oykenen, Cabinet Member for
Housing & Housing Regeneration and Cllr
Andrew Stafford, Cabinet Member for
Finance & Efficiency

Annex A – Plan of Phase A

1. EXECUTIVE SUMMARY

- 1.1. Ponders End is identified in the Core Strategy as a key regeneration area in North East Enfield and as a strategic location in the Upper Lee Valley Opportunity Area.
- 1.2. Cabinet of 24th April 2013 delegated authority to enter into the Agreement for Lease with Lovell Partnerships Limited.
- 1.3. The Agreement for Lease was entered into on 8th October 2014 and both the Council and Lovell have been working to discharge the Conditions of the Agreement for Lease for Phase A (previously known as Phase 2).
- 1.4. Two of the most important Conditions are for Lovell to secure an acceptable Planning Permission and for the Council to secure all the land and property interests required to deliver the phase.
- 1.5. Planning Committee considered Lovell Partnerships Limited's full planning application (both Phase A and B) for the Electric Quarter on 26th January 2016 and resolved to Grant Planning Permission subject to Conditions and the completion of a Section 106 Agreement.
- 1.6. Following the Council's acquisition of the land that constitutes Phase A, from the Secretary of State, and the satisfaction of the remaining Conditions by Lovell, apart from Condition C that will be satisfied later, it is now possible to Grant a Lease for Phase A and ensure commencement on site in March 2016.

1.7 Therefore the purpose of this report is to update Cabinet on the discharge of Agreement for Lease Conditions for Phase A, waive Condition C and authorise the Grant of the Lease for Phase A of the Electric Quarter.

2. RECOMMENDATIONS

It is recommended that Cabinet:

2.1 Resolves to waive Condition C and Grant the Lease for Phase A of the Electric Quarter in accordance with the Agreement for Lease.

2.2 Notes that in Granting the Lease for Phase A that the final land price will not be determined until 4 years after the Grant of Lease.

3. BACKGROUND

3.1 In April 2013 Cabinet was presented with a report outlining the procurement process to identify a Delivery Partner for the Ponders End High Street Regeneration Scheme, now known as the Electric Quarter.

3.2 Shortly after April 2013 the Secretary of State acquired the former Middlesex University Campus that constituted part of the Electric Quarter for the provision of a free school.

3.3 In June 2014 it was reported to Cabinet that the approved scheme could not be delivered as the Council's Planning Compulsory Purchase Powers do not extend to Crown Land, therefore the Council was unable to make a Compulsory Purchase Order.

3.4 Heads of Terms were exchanged with the Secretary of State to acquire land not required for the school and the revised development boundary was approved by Cabinet in June 2014. The land acquired from the Secretary of State forms Phase A of the development.

3.5 Since June 2014 the Council entered into an Agreement for Lease with Lovell Partnerships Limited on 8th October 2014 and Lovell began working on a revised planning application for the Electric Quarter. This was originally anticipated for submission in July/August 2015, but a viability check led to a redesign that meant the scheme was not submitted until October 2015.

3.6 The Electric Quarter planning application was considered at Planning Committee on 26th January 2016, where Committee resolved to grant planning permission subject to a Section 106 agreement and planning conditions.

3.7 Following the resolution to grant planning permission for the Electric Quarter the Compulsory Purchase Order was made to secure all of the land and property interests required to deliver the Electric Quarter on 8th February 2016, allowing affected parties until 7th March 2016 to raise objections.

- 3.8 As there is uncertainty regarding the timing and success of the CPO, combined with a desire to start housing delivery in Ponders End, Lovell is able to build the Electric Quarter in phases, starting with Phase A (formerly known as Phase 2), which is situated on the land acquired from the Secretary of State.
- 3.9 The Council secured Grant from the Greater London Authority (GLA) through the Outer London Fund Round 2 (OLF2) to support the cost of land acquisition for the Electric Quarter. Because of the delays caused by the Secretary of State acquiring land, the Grant agreement had to be renegotiated. The most important Condition is that a start on site must occur before 31st March 2016.
- 3.10 In order to make progress towards a start on site by March 2016, Cabinet in October 2015, authorised use of funds in the existing Neighbourhood Regeneration capital programme to underwrite costs of demolition to enable Lovell to commence work in advance of granting a Lease. Demolition has commenced and Lovell has confirmed that their programme will enable a commencement of the planning permission, i.e. a start on site by 31st March 2016.
- 3.11 Lovell has commenced work under a building licence but will require a Lease for Phase A to be granted as soon as possible to enable commencement of the planning permission.

Agreement for Lease Conditions

- 3.12 The Agreement for Lease and Lease was taken from the Homes and Communities Agency's Delivery Partner Panel Framework as was reported to Cabinet in April 2013 and comprises obligations for both the Council and Lovell.
- 3.13 The Agreement for Lease Conditions are as follows:
- Condition A – Satisfactory Planning Permission
 - Condition B – Land Acquisition
 - Condition C – Registered Provider
 - Condition D – Price
 - Condition E – Funding
 - Condition F – Design and Sustainability Standards
 - Condition G – Approved Plans
 - Condition H – Compliance Inspector

Condition A – Satisfactory Planning Permission

- 3.14 This is a Lovell obligation which will be satisfied with the Grant of Planning Permission anticipated in advance of 24th March 2016.

Condition B – Land Acquisition

- 3.15 This is a Council obligation which has been satisfied with the acquisition of all the Land and Property Interests required for the delivery of Phase A. A plan of Phase A is attached at Annex B.

Condition C – Registered Provider

- 3.16 This is a Lovell obligation which needs to be satisfied as soon as possible and within 6 months of the satisfaction of Condition A and B. As planning permission has not been issued, Lovell has not as yet formally entered into Contract with the Registered Provider. However, whilst developing the planning application Lovell ran a mini competition to secure the best offer from an affordable partner. The preferred partner is well known to the Council and there is confidence that the affordable partner will commit to the scheme following their formal offer for the affordable element of the scheme. Therefore Cabinet is asked to waive Condition C in anticipation that the Registered Provider will be under Contract by 30th September 2016.
- 3.17 Should Lovell fail to secure the Affordable Provider by 30th September 2016, then the Lease can be surrendered to the Council.

Condition D - Price

- 3.18 In relation to Phase A, Lovell has provided a draft Pre-commencement Appraisal, based on Lovell's current estimates of all expenditure and income.
- 3.19 For Condition D to be satisfied the Pre-commencement Appraisal must produce a residual land value greater than £1, which the Pre-commencement Appraisal demonstrates and therefore this Condition has been satisfied.
- 3.20 The final land price will be determined four years after the Grant of the Phase A Lease and this is explained in further detail in Part 2 of this report.

Condition E - Funding

- 3.21 This is a Lovell obligation and is satisfied by producing a letter stating that the funding required to deliver the scheme is available. This Condition was satisfied with the production of a funding letter on 26th February 2016.

Condition F – Design and Sustainability Standards

- 3.22 A Lovell obligation that was satisfied on 26th February 2016 when the Design and Sustainability Standards was submitted. The Standards include the Code for Sustainable Homes Initial Certificate and the Development Strategies that includes a Long Term Management Strategy for Phase A of the Electric Quarter.

Condition G – Approved Plans

- 3.23 A Lovell obligation that was satisfied with the submission of the planning application drawings, in October 2015. The planning drawings effectively form the approved plans. The plans were only submitted for planning after they were considered and approved by the Neighbourhood Regeneration Review Meeting.

Condition H – Appointment of a Compliance Inspector

- 3.24 A Lovell obligation that was satisfied with the appointment of Baily Garner LLP on 11th February 2016.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 **Do Nothing** – this would not deliver the Council’s planning objectives as detailed in the Core Strategy.
- 4.2 **Land Disposal** – should the Council simply sell the land for development, then the Council will lose control of the development process and in particular the quality of development. The Council is seeking to bring to Ponders End High Street a change in market values to attract further investment to the wider area resulting in a vibrant and sustainable High Street.
- 4.3 **Reduction in Affordable Housing Provision** – by reducing affordable housing and increasing the amount of private sales, this will increase the residual land value. However, this would be a further move away from an ideal mix of 60% private housing and 40% affordable housing that the Council seeks in new developments to secure a mixed community.
- 4.4 **Value Engineering** – value engineering would reduce build costs whilst not impacting too greatly on revenue from the scheme. This approach was rejected because of the importance of delivering a quality development to regenerate Ponders End High Street and encourage further investment within the wider area. Cheaper materials will not age well and would make the Electric Quarter appear tired. Such a development would not attract further investment to Ponders End and would not therefore support the Council’s intervention.

5. REASONS FOR THE RECOMMENDATIONS

- 5.1 A start on site in March 2016 is imperative to securing Grant Funding from the Greater London Authority towards the costs of site assembly.

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

6.1 Financial Implications

- 6.1.1 Please see Part 2 of this report.

6.2 Legal Implications

- 6.2.1 The Agreement dated 8th October 2014 requires the lease of Phase A to be granted to Lovell once the conditions referred to in paragraph 3.13 of this report have been satisfied in respect of that Phase. The waiver of Condition C will enable the lease to be granted.

6.2.2 It is noted that the lease will be granted on condition that if condition C is not complied with by the end of September 2016 the Council can call for the lease to be surrendered.

6.3 **Property Implications**

6.3.1 Please see Part 2 of this report.

7. **KEY RISKS**

7.1 **Do Nothing** – the Council will be unable to deliver the Electric Quarter and therefore regenerate Ponders End High Street.

7.2 **Price** – there are no guarantees of the final land price at the point of granting the Lease. However the mechanism to secure the final land price has been devised to capture any uplift in value as a result of the development and the developer has agreed to work on an open book basis enabling the Council to investigate actual costs and income that are reflected in the development appraisal.

8. **IMPACT ON COUNCIL PRIORITIES**

8.1 **Fairness for All**

The Regeneration of Ponders End High Street will promote fairness for all members of the local community through consulting the community on the proposals and by the planned provision of new commercial, community and residential development that is appropriately accessible to the local community. The Community Benefits Toolkit has already informed Tender Documentation, and accordance with its requirements was an evaluation criterion.

8.2 **Growth and Sustainability**

Growth and sustainability are central to the proposals for Ponders End High Street. The proposed development will provide growth in terms of increasing the supply of quality housing in the area; improving the quality and quantity of commercial space; and by including one or more community uses that will facilitate appropriate community activities.

8.3 **Strong Communities**

The proposals for Ponders End High Street aim to increase home ownership levels in the area which will create a more mixed community and support greater footfall along the High Street. The proposed redevelopment will also provide a range of unit sizes to accommodate a diversity of community and commercial uses, and improving the public realm will facilitate the free flow of people between the High Street, Park, and the former Middlesex University site. The scheme will also provide sufficient space to accommodate the expansion of the local Mosque, which is very popular and at capacity.

9. **EQUALITIES IMPACT IMPLICATIONS**

- 9.1 In accordance with the Contract Procedure Rules Version 6, the Regeneration of Ponders End High Street has been subject to a Predictive Equality Impact Assessment in March 2012 and an Equalities Impact Assessment in October 2012 as part of the outline planning application. A revised Equalities Impact Assessment was submitted with the new planning application.
- 9.2 Overall the Equalities Impact Assessment finds the proposed development will respond positively to securing a development that promotes equality.

10. PERFORMANCE MANAGEMENT IMPLICATIONS

The Regeneration of Ponders End High Street contributes towards the achievement of:

- Core Policy 41 of the Core Strategy
- Shaping Enfield's Future
- North East Enfield Preferred Options Report
- Ponders End Central Planning Brief (approved for adoption)
- 5a of the Sustainable Community Strategy 2007-2017
- 2.10 "Improve the Quality of life for residents through the regeneration of the priority regeneration areas" of the Enfield Council Business Plan.

11. HEALTH AND SAFETY IMPLICATIONS

- 11.1 In relation to the possible purchase of land, it will be necessary, through the process of due diligence, to establish the extent of contaminated land and to ensure that appropriate measures are taken to mitigate risks and to ensure its likely suitability for projected end uses.
- 11.2 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.

12. PUBLIC HEALTH IMPLICATIONS

- 11.1 The Health Impact Assessment prepared for the Outline Planning Application concluded that the development will have an overall beneficial effect on several determinants for health, in particular on employment and education (in terms of job training), which have been identified as priorities in the local area. The Health Impact Assessment was revised and refreshed in light of the new site boundaries as part of the submission of the new planning application.
- 11.2 Furthermore, the development has the potential to benefit several vulnerable groups which have been identified in the area. These groups include the unemployed, young people and children in poverty, mainly through the education and training opportunities, but also through the re-provision of a more modern and attractive library.

Background Papers

None.