

NOTIFICATION OF DECISION TAKEN – FOR PUBLICATION

PLEASE NOTE: THIS FORM MUST BE HAND DELIVERED TO THE DEMOCRATIC SERVICES TEAM WITHIN 1 WORKING DAY OF THE DECISION BEING TAKEN.

FOR USE WITH ALL PORTFOLIO AND OFFICER KEY DECISIONS

Decision taken by: Cllr. Alan Sitkin, Cabinet Member for Economic Regeneration & Business Development

Summary of Decision Taken including reasons

Meridian Works

It was recommended that the Cabinet Member for Economic Regeneration and Business Development:

- authorise the Neighbourhood Regeneration team to accept £1.35m of LRF grant from the GLA to deliver the LRF project.
- approve the addition of £1.35m to the Capital Programme noting it is fully funded by the GLA grant at no extra cost for the Council.
- authorise entering into agreement with the GLA and the LRF delivery partners ACAVA and Building BloQs to achieve the objectives of the project.
- authorise the authorised legal officer to finalise and complete all associated legal documents.

PLEASE SPECIFY CATEGORY OF DECISION: Key decision
If Key, please quote the Forward Plan reference number: KD4300

Any alternative options considered and rejected:

See paragraph 4 in the report.

Was the decision made in Part 1 or Part 2?

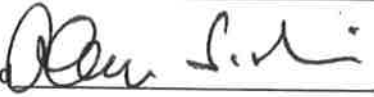
PART 1

Interests Declared in Respect of the Decision (and by who):

N/A

NOTE: This form must be signed and dated by the decision taker(s) – see below:
The date specified will be taken as the date that the decision was made.

Signed



Cabinet Member for Economic Regeneration & Business Development

CLLR ALAN SITKIN
PLEASE PRINT NAME

Signed



Director - Regeneration & Environment

IAN DAVIS
PLEASE PRINT NAME

Date

13/5/16

MUNICIPAL YEAR 2016/2017 REPORT NO.

**ACTION TO BE TAKEN UNDER
DELEGATED AUTHORITY**

PORTFOLIO DECISION OF:

Cabinet Member for Economic Regene
Business Development

REPORT OF:

Director – Regeneration &
Environment

Agenda – Part: 1

KD Num: KD4300

Subject: Meridian Works

Wards: Upper Edmonton Ward

Contact officer and telephone number:

Pauline Albers, 020 8379 5511

E mail: pauline.albers@enfield.gov.uk

1. EXECUTIVE SUMMARY

- 1.1 On 21 October 2015 Cabinet endorsed the Council's bid to the GLA's London Regeneration Fund to support makers and artists in Meridian Water. The bid was successful and this report seeks the authorisation to enter into agreement with the GLA and to draw down the £1.35m grant from the GLA to the Council.
- 1.2 The total project budget of Meridian Works is £2.7m, with £1.35m coming from the GLA, and the remaining £1.35m due from private contributions from the Meridian Water remediation contractor, boulevard contractor and master developer. On 21 October 2015 cabinet authorized forward funding of the private contributions of up to £1.35m on the basis that the Council recovers this sum.
- 1.3 The project Meridian Works will provide creative maker and artist studio space in Meridian Water, together increasing jobs, opportunities and footfall in the area. The project's community outreach activities will ensure existing communities benefit from the project as local residents and businesses will have the opportunities for Enfield's existing communities. This project is an early part of the Pioneering stage of Meridian Water (asset out in the Meridian Water Regeneration Framework that was approved by cabinet on 10 February 2016) and will help change perceptions of the area.

2. RECOMMENDATIONS

- 2.1 To authorise the Neighbourhood Regeneration team to accept £1.35m of LRF grant from the GLA to deliver the LRF project.
- 2.2 To authorise entering into legal agreement with the GLA and the LRF delivery partners ACAVA and Building BloQs to achieve the objectives of the project.
- 2.3 To authorise the authorised legal officer to finalise and complete all associated legal documents.
- 2.4 To approve the addition of £1.35m to the Capital Programme noting it is fully funded by the GLA grant at no extra cost for the Council.

3. BACKGROUND

- 3.1 Meridian Water will only achieve a successful legacy if equal thought, time and consideration is given to social and economic interventions as well as physical change.
- 3.2 The Council's Regeneration Framework, approved by Cabinet on 10 February 2016, encapsulates this and identifies a pioneering stage during pre-construction and early phases of the development. Aims of this stage include changing perceptions of Meridian Water and bringing in different uses to the area.
- 3.3 The Council submitted a bid to the GLA's London Regeneration Fund in October 2015 and in January 2016 the GLA officially announced that it had been successful. Further, the project Meridian Works was chosen as the host of the launch of the fund, with Mayor Boris Johnson visiting Enfield to announce the winners.
- 3.4 The bid proposes refurbishing existing industrial buildings on the Orbital Business Park (recently acquired by the Council) for use by makers and artists. Meridian Works will also provide a new cycle link, vocational space for the Meridian Water Built Environment Training Centre and a bar/viewing gallery at the top of one of the refurbished warehouse units.
- 3.5 The project aims to support job growth, change perceptions of Meridian Water and create opportunities for local residents. The project will provide up to 300 jobs in the creative maker industry. Community engagement activities with local residents and businesses will change perceptions of the area and raise awareness of Meridian Water in the local community, London and beyond. The vocational space for the Built Environment Training centre will be designed to train local people so that they can participate in the employment opportunities associated with the creation of Meridian Water, and beyond. There will be a specific focus on ensuring Enfield residents are able to benefits from these opportunities.
- 3.6 Meridian Works will be delivered in collaboration with two companies; Building BloQs and ACAVA. Building BloQs is currently based in Meridian Water on the east bank of the Lee Navigation. The project will last for a minimum period of 5 years. Thereafter the master developer of Meridian Water will be expected to find a permanent home within the new Meridian Water development for both Building BloQs and ACAVA.
- 3.7 The total cost of the project is £2.7m. The grant from the GLA is for £1.35m, with the other £1.35m secured from private contributions associated with ongoing Meridian Water procurement activities – namely the Boulevard, remediation works and the Master Developer. The Council will be providing enabling finance as it collects the match funding elements, and will be co-ordinating the full £2.7m budget through the Neighbourhood Regeneration team.

- 3.8 This report recommends accepting the LRF grant award of £1.35m from the GLA by giving permission to enter into legal agreement with the GLA and project delivery partners to achieve the aims of the project.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 The LRF programme came at an opportune time for Meridian Water as it was developing its Regeneration Framework and moving into the delivery stage. If the Council had been unsuccessful in its application it may have explored other options for delivery without GLA match funding.
- 4.2 However, following the positive result, the agreements between the Council and the three constituent partners (see Legal Implications below) represent the best vehicle through which to deliver the project.

5. REASONS FOR RECOMMENDATIONS

- 5.1 The project has been enthusiastically supported by all involved. Accepting the money from the GLA and committing to project manage (and forward fund) the project is the logical decision to ensure delivery.
- 5.2 The legal agreements between the Council and the various organisations (see legal implications below) give the necessary security to all parties about the finance management of the project and the attainment of the outputs stipulated.

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

6.1 Financial Implications

Entering into the agreement with the GLA for the drawdown of £1.35m of grant also commits the Council to match fund from its own resources. The costs to match fund have been built in to the 2016-17 Capital Programme along with the reimbursement of this contribution from the three sources mentioned in 3.7.

Timely claims from the GLA and invoicing to the private sector contributions will be undertaken to manage the cash flow of the project and ensure the Council is not adversely affected.

6.2 Legal Implications

- 6.2.1 The Council has power under section 1(1) of the Localism Act 2011 to do anything that individuals generally may do provided it is not prohibited by legislation and subject to Public Law principles. In addition, section 111 of the Local Government Act 1972 gives a local authority power to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions. In accepting the GLA grant, and entering into the agreements with

its delivery partners, the Council would be acting within the remit of these powers.

- 6.2.2 The Council must comply with the conditions attached to the GLA funding, as detailed in the GLA Funding Agreement. A note on the key terms of the GLA Funding Agreement is attached at Annex 1.
- 6.2.3 In accepting and disbursing the funding, the Council must be mindful of state aid and must comply with all applicable EU rules.
- 6.2.4 Where applicable, the Council must also comply with procurement legislation (the Public Contracts Regulations 2015) and its Contract Procedure Rules when selecting partners and contractors in connection with the delivery of this project.
- 6.2.5 All agreements entered into by the Council in connection with this project must be in a form approved by the Assistant Director of Legal and Governance.

6.3 Property Implications

- 6.3.1 The Council in conjunction with the London Regeneration Fund and other parties will fund the conversion of units 5, 6, 9 and 9a in the Orbital Business Park for Meanwhile Use(s).
- 6.3.2 Strategic Property Services supports this initiative as part of an overall series of measures designed to encourage first steps in the development process and more importantly play an integral part in the Regeneration Strategy for Meridian Water.
- 6.3.3 The overall project budget in the sum of £2.75M is a very significant cost and therefore careful consideration needs to be given to ensuring the following:
 - Grant funding conditions with the Greater London Authority are strictly adhered to (where applicable) to ensure that any possibility of funding "clawback" is avoided.
 - Project funding is amortised (and the building occupied) for such reasonable period of time that Value for Money is delivered for the benefit of rate-payers with a minimum period of 5 years.
 - Occupational arrangements are formal and documented with leases on effective Full Repairing and Insuring Terms, let at rents in line with market values and fully recoverable service charges.
 - The tenants will initially receive a 6 month rent free period following which they will be expected to pay the full market rent and therefore robust business cases demonstrating viability should be in place at the start of the tenancy to ensure no potential loss in revenue to the Council.
 - The removal of all deleterious materials as part of the construction works (including asbestos) should be carried out in full accordance with Health and Safety regulations applicable at the time.

7. KEY RISKS

- 7.1 *Risk:* Council's forward funding might not be recovered if the project proves abortive.
Mitigation: First, Council will aim for early GLA payments to minimise the amount of forward funded money by the Council. Second, key delivery partners have written a business plan to prove the deliverability of the project and project management arrangements are put in place safeguard the progress and delivery.
- 7.2 *Risk:* Building BloQs and ACAVA (delivery partners) fail to deliver on their business plans and therefore fail to deliver project outputs. This might result in reduced funding.
Mitigation: First, Council will enter into a legal agreement with both delivery partners to safeguard the project outputs. Second, the Council will work in close cooperation with the key delivery partners to deliver the outputs. Third, the GLA grant is non-recoverable and covers capital expenditure with outputs to follow. The Council is committed to a 5-year (minimum) project and is taking a medium-term view on this project.
- 7.3 *Risk:* Building BloQs and ACAVA (delivery partners) prove unviable businesses, what might result in reduced or no rent income after project completion.
Mitigation: First, both delivery partners have developed business plans to proof their viability. Second, the Council retains ownership of the land and lease of the refurbished buildings with appropriate safeguards. Third, the Council's objectives are twofold – income from delivery partners as tenants, but also place-making. Consequently the Council has scope as landlord to be flexible with its leases.
- 7.4 *Risk:* Current uncertainty on need for planning permission as detailed designs have yet to be developed.
Mitigation: The need for planning permission will be assessed at critical moments in the project (start, outline and detailed design stage). Second, work closely with Council planning colleagues if required.
- 7.5 *Risk:* Capital cost to refurbish the existing industrial buildings is higher than foreseen.
Mitigation: First, the financial feasibility of the project will be assessed at critical moments in the project (outline and detailed design stage). Second, if necessary value engineering will be used to reduce the scope of the project while minimizing the impact on the quality/outputs of the project.

8. IMPACT ON COUNCIL PRIORITIES

8.1 Fairness for All

- 8.1.1 The project will include a community outreach programme to change perceptions of the Meridian Water and raise awareness of the area in the local community. Activities with local residents and businesses will ensure that the existing residents will be informed about and benefit from the project.

8.2 Growth and Sustainability

- 8.2.1 The vocational space for the Built Environment Training Centre will be designed to train local people so that they can participate in the employment opportunities associated with the creation of Meridian Water, and beyond. There will be a specific focus on ensuring that Enfield residents are able to benefit from these opportunities.

8.3 Strong Communities

- 8.3.1 The London Regeneration Fund project is considered to create pioneer uses in Meridian Water to enable to strengthen the cohesion both between existing residents and the new residents in the area.

9. EQUALITY IMPACT IMPLICATIONS

- 9.1 Assessments indicate that there will be no negative impacts for any of the resident groups in the area.

10. PERFORMANCE MANAGEMENT IMPLICATIONS

- 10.1 Delivery of a comprehensive regeneration scheme at Meridian Water is a corporate priority within the Council's Business Plan for 2012-15. The London Regeneration Fund project is the first step towards the delivery of a comprehensive regeneration scheme and will help to meet Outcome 2.10 of the Business Plan; to contribute to improve the quality of life of residents through the regeneration of priority areas and to promote growth and sustainability.

11. HEALTH AND SAFETY IMPLICATIONS

- 11.1 The Council will ensure that the planned refurbishing of the existing industrial buildings is done in line with the health and safety requirements in order to provide a satisfactory level of amenity, safety and security.

12. PUBLIC HEALTH IMPLICATIONS

- 12.1 The London Regeneration Fund project is part of the Meridian Water development. Meridian Water 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.

Annex

Summary of Greater London Authority (GLA) Agreement for the provision of London Regeneration Funding

Introduction

Below is an overview of the key clauses contained within the draft Agreement for the Provision of Funding (Agreement) which is proposed between the GLA and Enfield with regard to the Meridian Water Regeneration Project. This should be read in conjunction with the Agreement.

Overview of Clauses (by reference to clause number)

- 1.5 Enfield should be aware that the funding will not be subject to VAT, however if at any point it is held that the funding should be subject to VAT by the UK government, then it must apply all applicable VAT.
- 2.2, 2.3 Enfield warrants that it has sufficient resources to meet the Project Objectives (defined as the objectives to be met by Enfield any agreed amendments in accordance with clauses 11 and 12, carried out in accordance with undertakings as set out in Schedule 1) and must promptly and efficiently deliver the Project Objectives and complete the Project in accordance with the Agreement. Enfield must notify the GLA in writing if it becomes aware that the agreed Project Objectives or Milestones (defined as the milestones for Enfield's fulfilment of the Project Objectives in Schedule 1) may not be met.
- 2.4 If any part of the Project for which the funding is being granted involves any element of urban design, streetscape and/or architecture then the full proposed detail of these needs to be provided to the GLA for its consideration. Enfield must co-operate and engage fully with the GLA to agree design dialogue arrangements and in the procurement, commissioning and undertaking of agreed design and/or re-design work. Any amendments to the Agreement following the GLA's consideration must be made in accordance with Clause 11 as per below.
- 2A.1 Funding can only be used as specified within the agreement for revenue expenditure and capital expenditure. All capital expenditure must be made in accordance with all laws and best practice, estimated to deliver benefits which will accrue over a period of 15 years average and on the basis it will be recorded in Enfield's accounts in this manner.
- 4.3 Enfield must use all reasonable endeavours to secure income or additional funding from third parties and provide written evidence of this to the GLA. In respect of any additional funding which is to be applied to the Project Objectives the GLA has the discretion to reduce any further payments by an amount equivalent to the additional funding.
5. Enfield must ensure that the funding is only used for the Project Objectives which will be listed within the Schedules and none of the purposes listed in Clause 5.1. This list is not exhaustive and Enfield must check with the GLA if it is unsure if any expenditure is ineligible.
- 6.1 Enfield must ensure that it complies with the requirements with regard to financial accountability contained within this clause which includes agreeing in writing in advance of any changes to the Project Objectives, Milestones and/or Project Output (defined as any outputs, including sustained outcomes to be met by Enfield and set out in the annex to Schedule 1, any agreed amendments in accordance with clauses 11 and 12, carried out in accordance with undertakings as set out in Schedule 1) keeping a record all of expenditure incurred (defined as expenditure connected with the Project in respect of which the Recipient has received relevant goods and services or in respect of which it has entered into contractual obligations for which payment has been made or is due to be made) and supporting evidence and retaining and maintaining data systems for the verification of the delivery of Project Objectives.

- 6.2 Enfield must obtain prior written consent from the GLA prior to the sale, charging, loaning or disposal of any Capital Asset, or if it ceases to use the Capital Asset for the purposes of the Project. A Capital Asset is defined at Clause 18.8 as any item of equipment or other asset which has a purchase value of £1,500 or more and which on the date of its purchase by Enfield has a useful life of more than three years and is purchased wholly or partly out of the GLA Funding.

It would be prudent to obtain the GLA's agreement to deem consent to any leases and/or disposals falling within this definition which are currently in consideration or negotiation.

- 6.3, 6.4 Enfield must ensure that there is an insurance policy for the Capital Assets and that a register is kept of all Capital Assets at all times in accordance with the requirements stipulated.
- 6.5 If a Capital Asset is disposed of (following consent from GLA) then Enfield must reimburse the GLA with the actual or estimated open market value of the Capital Asset at the time of disposal (deducting any necessary sale expenses which were reasonably incurred, or the proportion of the value of the asset which was not funded by the GLA).
- 6.6 Enfield must ensure that the Capital Assets shall be disposed of at a reasonably obtainable best price on an open market valuation and this will need to be evidenced in writing.
- 7.1 The GLA has the right to reduce, suspend or withhold funding, or terminate the agreement in accordance with any of the provisions within this clause; including where there is a substantial change to the Project or the Project Objectives, Milestones and/or Project Outputs which the GLA has not approved, failure of Enfield to deliver the Project or meet the milestones or failure to comply with the terms and conditions of the Agreement. Written notice is required; however the termination can be effective immediately. If Enfield becomes aware of any of the circumstances listed in Clause 7.1 then it must notify the GLA immediately (Clause 7.3).
- 7.4 The GLA can terminate the agreement at any point if two calendar months' notice is given in writing to Enfield. If the GLA exercise this power it will pay a pro-rated sum of the expenditure that has been incurred on the project to the date that the written notice is served (as long as an invoice is provided).
- 8.3 When utilising the GLA Funding to fund Relevant Aid to a Relevant Enterprise under the Project (whether directly by Enfield or by funding the Relevant Enterprise in question to do so) Enfield must ensure that such aid is provided as "de minimis aid" in accordance with the De Minimis Aid Exemption.

Relevant Enterprise is defined as an entrepreneur, sole trader, partnership, firm of business (whether incorporated or not) or other body (public or private) undertaking activities of a commercial character or conducted with a view to profit or providing goods and services in an environment for which there is a commercial market. This does not include aid and assistance to children young people and adults in education, unemployed persons, apprentices, persons on work placements and employees where the Relevant Aid provided does not directly assist their employer. Relevant Aid is defined as any financial or non-financial aid.

Enfield must ensure that it follows the procedures in Clause 8.4 to ensure that any Relevant Enterprise receiving aid is not in excess of the De Minimis Threshold.

The provisions within Clause 8 assume that Enfield will use an element of the funding to provide financial assistance to others.

9. Enfield is to ensure where appropriate that publicity is given to the Project and the GLA's financial support however all publicity relating to the Mayor of London and GLA must be approved in writing at least two weeks before the release. Any launch or other related publicity activity must be approved in writing by the GLA a month before its release.

- 9.4 If any part of the GLA Funding is used directly or indirectly to purchase or develop any Intellectual Property Rights then Enfield shall take all necessary steps to protect such rights and will grant a perpetual, royalty-free license to the GLA to use the same for the purposes related to, and connected with, policies, initiatives and campaigns, and related to, or connected with, the GLA's discharge of its statutory duties and powers.
10. Enfield must not put itself forward as being an agent or partner of the GLA. It must not hold itself as being authorised to bind the GLA, nor hold itself out to be an employee of the GLA.
11. If anything which is outside of the Agreement or which seems to amend or affect the agreement is agreed between Enfield and the GLA then this needs to be done in writing and signed by each party. This is also reflected in Clause 12.4, where anything arising from review meetings will also need to be documented in this way. The agreement also includes an 'Entire Agreement', Clause 16, which confirms that only the terms which are expressed within the agreement can be relied on.
12. Review meetings will occur on a regular basis and will be organised by the GLA. Enfield must provide Report concerning their activities in meeting the Project Objectives, Milestones and Project Outputs no less than seven days prior to the meeting.
13. Enfield must comply with the relevant law; including health and safety law and the Equality Act 2010.
14. Enfield must indemnify the GLA for loss, damage or injury incurred and any actions in connection to the management or delivery of the project to the extent that these are due to the negligence of the client or by default of the client carrying out their obligations under the agreement. The public liability insurance must be a minimum of £5,000,000.
15. Enfield must comply with the Data Protection Act 1998 and Freedom of Information Act 2000 provisions. All information which has been specified to be confidential, or may prejudice either Enfield or GLA commercially or otherwise, must remain confidential except in the circumstances provided by Clause 15.3.

Additional comments

- 1 In accordance with Clause 4.2 (a) Schedule Two Part A confirms that Enfield must submit a claim form with supporting evidence upon the achievement of a Milestone and payment shall be made to Enfield within 30 days of receipt of a valid invoice following the approval of a valid claim form. Enfield should note that if any excess funding is paid over the Expenditure Incurred then it is required to repay that no later than 30 days following the approval of the report, or the GLA can recover the excess by reduction of any funding still to be paid.
- 2 In accordance with Clause 4.2 (b), in relation to Outcome Related funding, Enfield must follow the procedure within Schedule B Part B. Payment will be made by the GLA within 30 days of a valid invoice, issued following the approval of the GLA of the claim form. The GLA may withhold the final 10% of the funding until it is satisfied that any final monitoring or verification exercised have been completed. Enfield must pay back any excess payment as per Schedule 2 Part A above.
- 3 Enfield should note that the GLA must publish details of all grants to voluntary, community and social enterprise organisations and therefore by signing grant Enfield is accepting the publication of the information specified on the covering sheet for publication.

Trowers and Hamblins LLP

4 May 2016

