

## MUNICIPAL YEAR 2017/2018 REPORT NO. 80

### MEETING TITLE AND DATE:

Cabinet – 30 October 2017

### REPORT OF:

Executive Director –  
Regeneration & Environment

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Agenda – Part: 1

Item: 6

**Subject: Meridian Water Developer Partner Update**

**Wards: Upper Edmonton**

**Key Decision No: 4241**

### 1. EXECUTIVE SUMMARY

- 1.1 The preferred bidder for the Meridian Water Regeneration Scheme, Barratt formally withdrew their bid on 25<sup>th</sup> October 2017. This Cabinet report notes the consequent termination of negotiations with Barratt and the requirement to proceed to open negotiations with the Reserve Bidder, PCPD.

### 2. RECOMMENDATIONS

It is recommended that Cabinet:

- 2.1 Note Barratt has formally withdrawn as the preferred bidder for the Meridian Water Regeneration scheme and that negotiations with Barratt to finalise the terms of the Master Developer Framework Agreement (MDFA) have therefore terminated.
- 2.2 Note that in accordance with the recommendations of the Cabinet Meeting of 18<sup>th</sup> May 2016 (KD 4241), which confirmed the selection of Bidder C (being PCPD) as the Reserve Bidder, PCPD is approached to open negotiations with a view (subject to agreeing terms) to PCPD being appointed as Master Developer.
- 2.3 Delegate authority to officers to commence and progress financial and commercial negotiations with PCPD on the basis set out in the letter attached at Appendix 1.
- 2.4 Note that in the event that a satisfactory financial and commercial commitment can be agreed with PCPD then the decision to approve the award of the MDFA to PCPD on the terms of the commitment will be referred back to Cabinet for approval.

## **2. RECOMMENDATIONS cont...**

- 2.5 Note that in the event that a satisfactory financial and commercial commitment cannot be agreed with PCPD, the decision to terminate negotiations with Bidder C will be referred back to Cabinet for approval.

## **3. Background**

- 3.1 The decision to procure a Master Developer/Consortium to develop the entirety of Meridian Water was approved by Cabinet on the 29<sup>th</sup> of April 2015 (KD 4241). The selection of Barratt as Preferred Bidder was approved by Cabinet on 18<sup>th</sup> May 2016 with Bidder C, being Hong Kong-based Pacific Century Premium Developments (PCPD), selected as Reserve Bidder at the same time.
- 3.2 Since April 2015, when the Council went out to procurement, considerable progress has been made on the Meridian Water project:
1. The Council is ahead of schedule in acquiring land in Meridian Water, now owning 87 acres (35 hectares) equivalent to 75% of developable land.
  2. There is planning consent for the first phase of development that includes 725 homes, a new railway station and associated retail, leisure and community space.
  3. Extensive remediation work is underway on the first phase, where preparatory works for development are on schedule
  4. Works to construct a third railway track as part of the Stratford-Tottenham Hale-Angel Road (STAR) upgrade project is well underway with a new timetable of stopping services scheduled to begin in May 2019 when a brand new station at Meridian Water will be completed and open to the public.
  5. The Meridian Works vision of putting the creative economy at the heart of Meridian Water regeneration is becoming a reality, with plans underway to bring at least 600 makers, artists and high-end fashion manufacturing jobs to the site.
  6. The Council has crystallised its vision for Meridian Water in a "Placebook" setting out design and place making goals for the project.

### **Preferred Bidder: Barratt**

- 3.3 After Barratt were appointed to Preferred Bidder there was a period of negotiation on the detailed terms of the MDFA. While initially productive, discussions began to break down in the final stages of contractual negotiations.
- 3.4 In the recent months progress had ceased and therefore the Council issued a letter to Barratt explaining that if it could not revert its position on a number of key points to that as set out in its original bid, then Cabinet would meet on Monday 20 October in order to terminate its position as Preferred Bidder and thereby formally terminate negotiations.
- 3.5 On 25<sup>th</sup> October the Council received notice that Barratt had taken the decision to formally withdraw from negotiations thereby removing Barratt from the procurement process.

### **Reserve Bidder: PCPD**

- 3.6 In compliance with the procurement process and the decision of Cabinet on 18<sup>th</sup> May 2016 that appointed PCPD as Reserve Bidder, the Council will now proceed to negotiate with PCPD with a view, subject to agreeing contractual terms, of appointing PCPD as Master Developer for the Meridian Water scheme.
- 3.7 The Council reserves its right not to enter into contract with any party through the current procurement exercise.
- 3.8 While negotiations with PCPD are undertaken, the Council will continue to progress and invest in other projects that the Council is committed to deliver, including land remediation, delivery of the brand new Meridian Water station and the Meridian Works project, an artist studios and maker hub at the heart of the new development.

## **4. ALTERNATIVE OPTIONS CONSIDERED**

See Super Part 2

## **5. REASONS FOR RECOMMENDATIONS**

- 5.1 See Super Part 2

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

### **6.1 Financial Implications**

See Super Part 2

### **6.2 Legal Implications**

- 6.2.1 In accordance with the Public Contracts Regulations the Council has been in negotiation with the preferred bidder, Barratt, in order to confirm its financial and other contractual commitments as part of its final tender. These negotiations have now broken down and the preferred bidder has withdrawn from the procurement.
- 6.2.2 The Council appointed a reserve bidder in order to allow the council the opportunity to negotiate with the reserve bidder in the event of a failure to agree terms with the preferred bidder, without having to start the procurement process again. The Council are therefore able to negotiate with PCPD as reserve bidder under the public contracts regulations with the view to confirming the financial and other contractual terms offered as part of PCPD's final tender. Given that the circumstances have changed and some significant time period has elapsed since PCPD submitted its final tender it is right that the Council should be setting parameters to the negotiations with PCPD.
- 6.2.3 The Council will need to continue to act in good faith in the future negotiations with PCPD but if an acceptable deal cannot be struck then the Council is not obliged to enter into contract with PCPD.

### **6.3 Property Implications**

See Super Part 2

## **7. KEY RISKS**

See Super Part 2

## **8. IMPACT ON COUNCIL PRIORITIES**

Development in Meridian Water would be guided by the Masterplan and other relevant policy documents which, amongst other objectives, seek to achieve fairness for all, sustainable growth and development of strong communities.

## **9. EQUALITIES IMPACT IMPLICATIONS**

- 9.1 Equality and diversity considerations will continue to be integrated into the development and delivery work for Meridian Water to make sure they are embedded in the decision-making process and to avoid costly design changes.

## **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 2016-2018. Completion of the Masterplan and the delivery of phased infrastructure improvements including increased rail services, station improvements and new homes will help to meet the strategic priority: "a borough that attracts inward investment and supports sustainable regeneration and growth."

## **11. HEALTH AND SAFETY IMPLICATIONS**

- 11.1 The Meridian Water Project bringing widespread improvements in transport, accessibility, and comprehensive remediation of contaminated brownfield sites will have positive health and safety benefits for the local community and the future residents, workers and leisure users at Meridian Water.

## **12. HR IMPLICATIONS**

None

## **13. PUBLIC HEALTH IMPLICATIONS**

- 13.1 A regeneration neighbourhood at Meridian Water will have far reaching public health benefits particularly from the promotion and expansion of public transport, namely a more frequent rail service, an expanded bus network and integrated walk and cycle routes. This together with extensive green space, water fountains and a positive urban environment will continue to well-being at Meridian Water. The development will include all necessary public health and community services from health clinics to nurseries.