

MUNICIPAL YEAR 2018/2019 REPORT NO. **35**

MEETING TITLE AND DATE:

Cabinet – 25 July 2018

REPORT OF:

Executive Director – Place

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Agenda - Part 1

Item: 15

Subject: Meridian Water Employment Approach

Wards: Upper Edmonton

Key Decision No: 4717

Cabinet Member consulted: All Cabinet Members

1. EXECUTIVE SUMMARY

- 1.1 The strategic priority for Meridian Water to secure thousands of high quality jobs offering higher salaries has been a long-time ambition for the Council. This report seeks to begin to describe the emerging Meridian Water employment vision and recommends activating employment uses across a number of sites to secure both permanent and interim employment opportunities in order to begin to realise the first stage of the employment strategy. These ambitions are closely aligned with the emerging Meridian Water Place Charter.
- 1.2 The Meridian Water Programme Update report (KD:4033) on the same agenda identifies three sites for the delivery of permanent uses; two for residential and one site for employment. This report sets out the objectives of the employment site and explain how it fits into the employment vision.
- 1.3 The development of a meanwhile programme for Meridian Water is an important first stage of developing and curating a new economic vision for the area. Meanwhile activities are driven by the twin needs to provide an important income stream to the Council, as well as making a new place and an area of commercial activity to underpin the project.
- 1.4 This report recommends continuing with an existing meanwhile project, leasing land directly to a qualified company to deliver two more meanwhile projects, and marketing leases for the balance of the Council's land holding to deliver further jobs and income. The successful leasing of land at Meridian Water will result in the entirety of the Council's land holding being used for permanent or interim uses. These activities will enable the Council to achieve the aims of meanwhile uses at the site, deliver on short-term employment priorities, and pave the way to achieve the long-term employment ambitions for the project.
- 1.5 Finally, the report includes the latest land acquisition proposal of 4 Anthony Way, as part of the Council's ongoing land acquisition programme.

2. RECOMMENDATIONS

It is recommended that Cabinet:

- 2.1 Note the Meridian Water Employment principles described within this report, including agreeing the aims and objectives of both the short and long-term visions and priorities, and to note that the Meridian Water employment strategy will be taken to Cabinet later in 2018.
- 2.2 Authorise proceeding with the short-term employment and meanwhile projects, and associated expenditure and procurement of services and work, described within this report and appendices for sites for Creative Entrepreneurs, the Sheds and Teardrop and part of the Stonehill site. This includes:
 - Endorsing the overall approach identified by Creative Entrepreneurs, the Sheds and the Teardrop site;
 - Approving Option 3 to invest £4.2m from the Meridian Water Capital budget to kickstart Meridian Works One, with the expectation that at least £2m will be recouped from 3rd parties including GLA grant in line with previous approvals of this project. This would be funded from the existing approved 2018-19 capital budget of £49.3m.
 - Delegate authority to the Executive Director for Resources to approve the Business Plan of Building Bloqs, partner for Meridian Works One.
 - Endorsing pursuing the option to work with the identified commercial venue management partner to develop proposals for the Orbital Business Park Sheds and Ikea Clear Site.
 - Endorsing the option to undertake a compliant leasing exercise to secure a tenant/partner for the Teardrop and Stonehill sites that meets the objectives of the project.
 - Delegating authority to the Executive Director for Place, in consultation with the Meridian Water Programme Director, the Executive Director for Finance, Resources and Customer Service and the Lead Member, to make all implementation decisions within the budget and scope afforded through this report to deliver Meridian Works One and Two and Teardrop and Stonehill.
- 2.3 Accept £150k of GLA development grant funding to fund a detailed feasibility study into developing a fashion manufacturing cluster as part of the proposed permanent employment hub at Meridian Water.
- 2.4 Authorise marketing of leases for Stonehill and IKEA Clear to achieve the Council's short-term employment strategy priorities and revenue target.
- 2.5 Authorise tendering of the Meridian Water site and property management agent for Orbital Business Park, Phoenix Wharf and Harbet Road.

2. RECOMMENDATIONS CONT...

- 2.6 Approve the decision to purchase 4 Antony Way at the agreed sale price of £2m, noting that the cost can be met from within the existing Meridian Water capital budget, subject to completion of Sale Contract.
- 2.7 Subject to completion of sale, approve refurbishment of 4 Anthony Way, noting the allocation of £500,000 from within the existing Meridian Water capital budget for SDLT, fees and meanwhile enabling works, noting that all money spent on refurbishment will be recovered.
- 2.8 Delegate authority to the Executive Director of Place in consultation with the Executive Director of Resources to authorise the completion of the sale and the procurement and award of any necessary contracts for the refurbishment proposals for the building, within the approved budget (see Part 2 report).
- 2.8 Delegate authority to the Director of Law and Governance to approve any legal agreements as required.

3. Background

3.1 Purpose of report

- 3.2 This report is the first of two reports for Cabinet that together will set the employment vision and strategy for Meridian Water.
- 3.3 This report is intended to introduce the emerging employment strategy and kickstart the implementation of the employment strategy by seeking approval to activate employment uses across all the Council's land holding bar the eight hectares identified as the residential sites.
- 3.4 A second report scheduled for later in 2018 will outline the detailed employment strategy and provide an update on the employment-led projects.
- 3.5 This report gives an overview of the council's approach to meanwhile use in terms of strategy and management, as well as asking Cabinet to make decisions to proceed with a number of meanwhile projects. It is important to note that the term 'meanwhile' is used within this report to refer to interim uses of land prior to permanent development. Meridian Water is a 20-25 year plus project so some of these interim land uses may be operational for 10-15 years; however, leases will include appropriate break clauses to ensure flexibility should phasing and masterplan requirements change.

3.6 This report also provides an update on the programme of land acquisition, including requesting a decision for a further addition to the council's land portfolio.

3.7 **Overview of Meridian Water**

3.8 Meridian Water is the council's flagship regeneration programme – with plans for 10,000 new homes and thousands of new jobs delivered over the next 20-25 years, supported by the new Meridian Water station opening in May 2019. The scheme is amongst the largest and highest profile in London. The planning framework and vision for Meridian Water is set out in the Edmonton Leaside Area Action Plan (ELAAP) and is one of regeneration and development - creating new residential communities supported by community and social infrastructure, and stimulating new businesses and commercial investment.

3.9 As defined in the emerging Meridian Water Place Charter, the vision is to *make Meridian Water (and the wider area) a new district in London where people want to live, work and visit*. Within this overarching vision the project has set itself 8 principles to guide how it plans for and delivers the project:

1. Meridian Water will prioritise the benefits for local people and reduce inequality in the borough.
2. Meridian Water will create a thriving new economy at the Lee Valley.
3. Meridian Water will be a memorable place oozing with character, bringing the best out of the existing opportunities.
4. Meridian Water will offer a choice of affordable homes for local people.
5. Meridian Water will make the planet better and create new opportunities for growth as a result.
6. Meridian Water will be a vibrant mixed-use environment, incorporating liveable places to be enjoyed by everyone regardless of ability, income, age and cultural background.
7. Meridian Water will be designed to prioritise walking and cycling by choice - almost car free.
8. Meridian Water will proactively engage and empower communities and continue to grow by responding to the changing needs of local people and society.

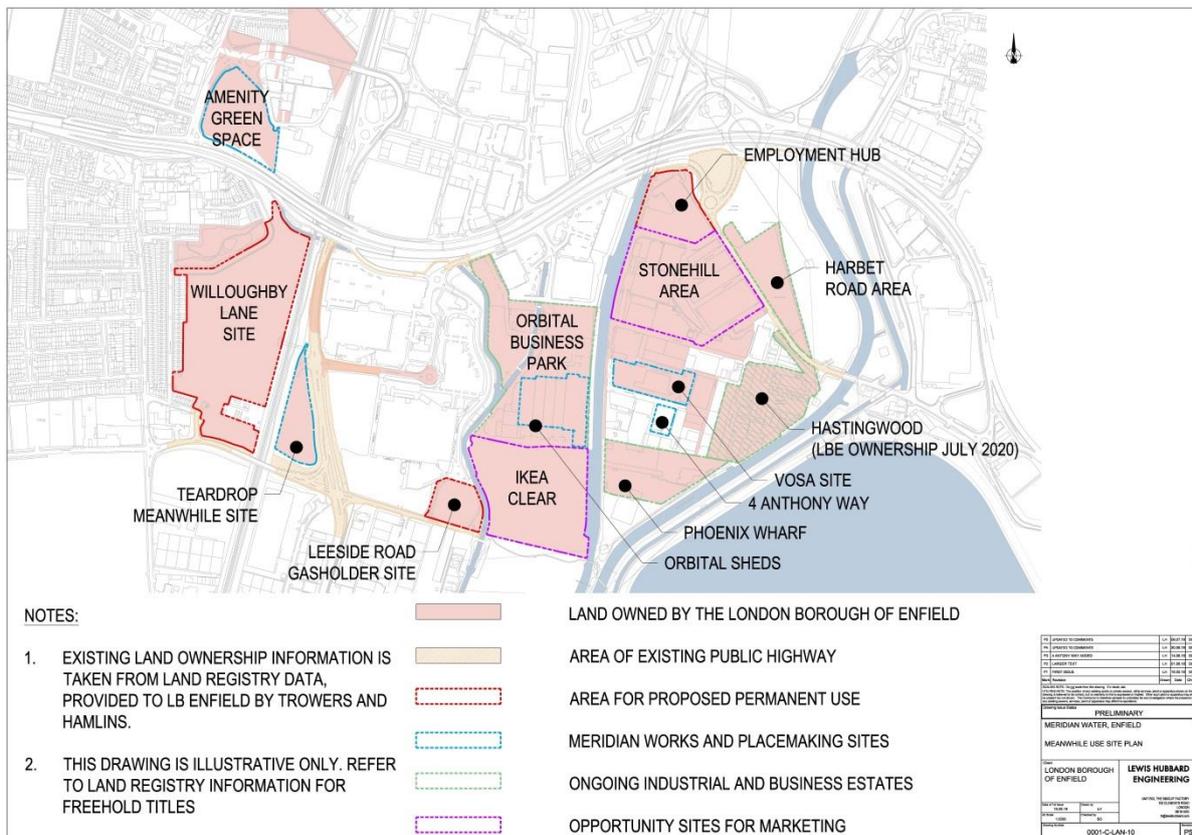
3.10 ELAAP is currently under independent examination by an appointed Planning Inspector and once adopted it will secure the statutory planning framework for delivering Meridian Water. One of the most significant proposals put forward in the ELAAP is the removal of designated Strategic Industrial Land (SIL) at Harbet Road. Achieving a high number and density

of housing and jobs means taking a comprehensive approach to land uses within Meridian Water. Land currently designated SIL is far too restrictive in terms of employment type and density potential, and a more flexible approach of mixed use development is required to grow employment and raise the quality of jobs, as well as achieving a high quantum of housing. The council will be defending this position at the forthcoming examination scheduled for October 2018.

3.11 A key feature of Meridian Water is the council’s active involvement and leadership of the project. Mostly notably this is seen through the land acquisition programme, where the council continues to buy and prepare the land at Meridian Water for development and undertake other initiatives to bring forward the regeneration of the whole area. The council has recently been successfully shortlisted to bid for £120m of government grant to support strategic infrastructure on the site.

3.12 Current land ownership is shown in Plan A. It shows the council owns 35ha of land within the Meridian Water red line, which is 64% of the developable land. Plan B also shows an aerial photograph that gives an overview of the site as currently stands.

Plan A – Council ownership map of Meridian Water



Plan B – Meridian Water aerial photograph



3.13 Outline Employment Strategy

3.14 The employment delivered at Meridian Water will have a vital role to play in achieving the overarching vision of the emerging Meridian Water Place Charter. Most explicitly, the second Place Principle outlines a *thriving new economy* at Meridian Water. Further, other Principles refer to *prioritising benefits for local people...working with existing opportunities*, and... *responding to the changing needs of local people and society*. As per the draft corporate plan, the new jobs created at Meridian Water will be high-skilled, well paid, and accessible for local people. We will work with existing communities and institutions to ensure local residents can access the job market at all levels.

3.15 The Council has employed Lambert Smith Hampton (LSH) to prepare the Meridian Water employment strategy, the outlines of which are set out below. Aside from the links to the emerging Meridian Water Place Charter, the emerging employment strategy aligns to and is supported by a number of supporting strategic plans and evidence pieces including the borough wide knowledge economy strategy, the evidence underpinning the Local Plan, the Enfield Leaside Area Action Plan (ELAAP), the Meridian Water Regeneration Strategy, the Placebook, the emerging Meridian Water masterplan, the emerging Local Plan and the draft Corporate Plan.

- 3.16 The emerging employment strategy identifies the following objectives for Meridian Water (MW) are:
- to generate over 3,000 new high-quality jobs, with the remaining balance of the 6,000 to 7,000 ELAAP target to come from other areas including retail, community, leisure, health and education;
 - to offer new employment opportunity in higher skilled areas, growth sectors and leading to target salary bands being achieved of 30% in 15-25k, 35% £25-£50k, 35% @ 50k +;
 - to enable employment uses to be within mixed-use areas (potentially including residential and community uses) creating a vibrant 24/7 environment that is safe, secure and aspirational for future generations in Enfield;
 - To attract major companies and institutions to relocate to Meridian Water, in addition to nurturing SMEs;
 - To ensure the skills and training strategy focuses on opportunities for local people to access the new jobs;
 - To contribute to wider corporate objectives in the draft Corporate Plan including public health, young people, culture, and a night time economy;
 - To provide the Council with a sustainable revenue income;
 - Complement the marketing of the residential offer; and
 - To support the priorities set out in key Meridian Water strategic plans including: The ELAAP, Placebook and Regeneration Strategy as well as the new masterplan vision.

- 3.17 The research underpinning the Draft New London Plan identifies the following as being the emerging growth sectors in London:
- with the largest concentration of ICT and software firms in Europe, London is the European capital of digital technology and is therefore a focus sector;
 - life sciences are identified as a growth sector which reflects London's research and technological strengths;
 - the higher and further education sector is identified as an area of economic importance due to synergies with both the public and private sectors;
 - the 'green' business sector is expected to build upon opportunities in renewable energy, low carbon technology, waste reduction and recycling;
 - film and media production is identified and receives support through The London Plan and various tax incentives.

- 3.18 Meridian Water is identified in the London Plan as a site of strategic opportunity within the Upper Lee Valley Opportunity Area Planning Framework (ULV OAPF) and the London Stansted Cambridge Corridor (LSCC). The LSCC supports a number of high-end sectors such as life

sciences and digital & IT. Agriculture, food, drink, low carbon activities, manufacturing and precision engineering are also key sectors in the LSCC. The synergy between the growth sectors and the opportunity at MW is already clearly identified.

3.19 These sectors are key to the employment success of MW and occupation by these growing employment sectors will enable MW to fulfil its objectives. However, in order to attract growth industry, MW needs to establish a commercial base which starts to address the domination of logistics and create a more balanced economy at Meridian Water. Consequently, the strategy to attract these growth sectors must be augmented by creating a new place to attract creative businesses, SME's and start-ups who will play an important part in creating this platform of employment activity.

3.20 Short Term and Long-Term Priorities

3.21 The short and long-term priorities for employment at Meridian Water are covered in the table below.

Short-term priorities	Long-term priorities
<ul style="list-style-type: none"> • Supporting the overall Meridian Water Regeneration Programme • Delivering Socio-Economic Impact • Creating Positive Stakeholder Impact. • Generate Positive Financial impact 	<p>In addition to the short-term priorities, in the long-term the employment strategy will be driven by the needs of major occupiers, namely:</p> <ul style="list-style-type: none"> • accessibility; • local skilled labour force; • attractive and inspiring local environment; • accommodation available on commercial terms; • clustering; • links with higher education institutions (e.g. life sciences, advanced manufacturing); and • flexibility to grow or rationalise without retaining significant liabilities.

3.22 In the short-term the sectors of manufacturing, engineering, tech, creative and start-ups along with other SME's referred to above require economical space, fit for purpose and available on flexible terms. As an example, demand from the UK Fashion and Textiles sector will be driven by occupiers

seeking space in the short term in response to being priced out of other London locations.

- 3.23 The long-term strategy includes attracting strategic occupiers to relocate to Meridian Water. UCL, TFL, V&A and the BBC moving to Queen Elizabeth Park, Apple to Battersea Power Station and Imperial College to White City illustrate that occupiers requiring large amounts of accommodation and/or specialised facilities will make major moves providing the required scale of accommodations and amenities are available to them.
- 3.24 Meridian Water has the potential to offer the attributes required by the growth sectors and is generally in a better macro location than many parts of London. The new station, road access and proximity to central London coupled with land area offer a rare and attractive combination that meet two of the key criteria required by these businesses.
- 3.25 The emerging employment strategy recommends beginning to build a commercial occupational base through an ongoing promotion of Meridian Water as a destination for new business on a major scale. The relocation of major companies and institutions can have a 7-10 year lead in period prior to occupation so it is important to start the marketing process early. The report recommends commencing this marketing process later in 2018.
- 3.26 The emerging employment strategy includes an options matrix to test the potential for attracting large scale aspirational occupiers which will be used to evaluate the suitability of occupiers for achieving the objectives of the scheme.
- 3.27 The use options currently under review in the long-term employment strategy priorities are:
- Big box logistics (baseline only, does not meet the Council's aspirations);
 - Large scale education occupier;
 - Urban business park;
 - Life sciences;
 - Advanced manufacturing; and
 - Media / Studio.
- 3.28 Whilst the matrix evaluates these options to identify the optimum mix of uses this is not intended to be prescriptive but rather becomes a tool to guide decisions about the selection of future occupiers. Clearly the Council will remain open to the relocation of any major company or institution that can bring a high volume of quality jobs into the borough. The employment

approach will therefore have to involve a degree of agility, be nimble and reactive.

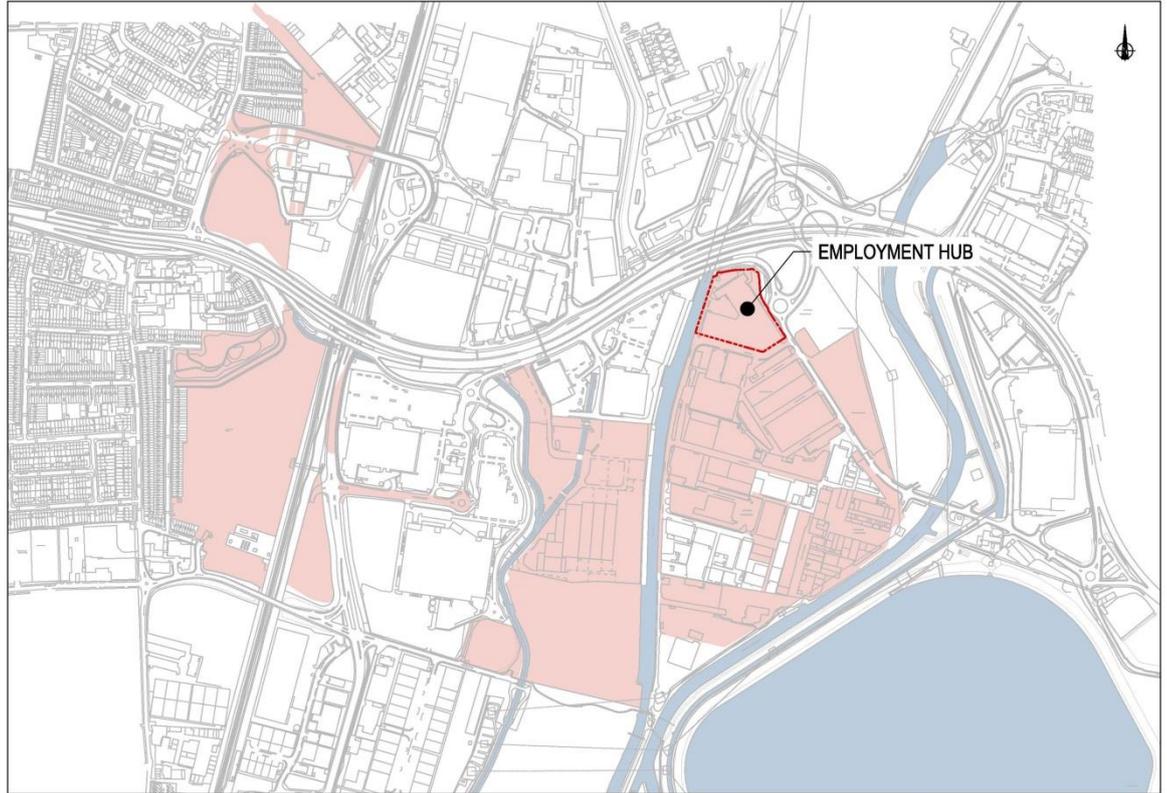
3.29 The output of the options and evaluation matrix will illustrate the employment sectors that best meet the objectives and this information will guide a programme of targeted marketing emphasising why Meridian Water offers a credible and sustainable location for strategic relocation or expansion. The preferred employment led mixed use area has been identified on the east bank (north of the Causeway) and marketing collateral is being prepared that will be targeted to these sectors.

3.30 In addition to hosting a major employment base on the east bank there will be employment uses integrated throughout Meridian Water and once the plans of the third-party landowners becomes clearer there may be the opportunity for a second employment base within the centre of the site towards to the A406.

3.31 **Realising the Short-Term Employment Strategy Priorities**

This report recommends implementation of the short-term employment strategy priorities as described within this report.

3.32 **Permanent Employment Hub**



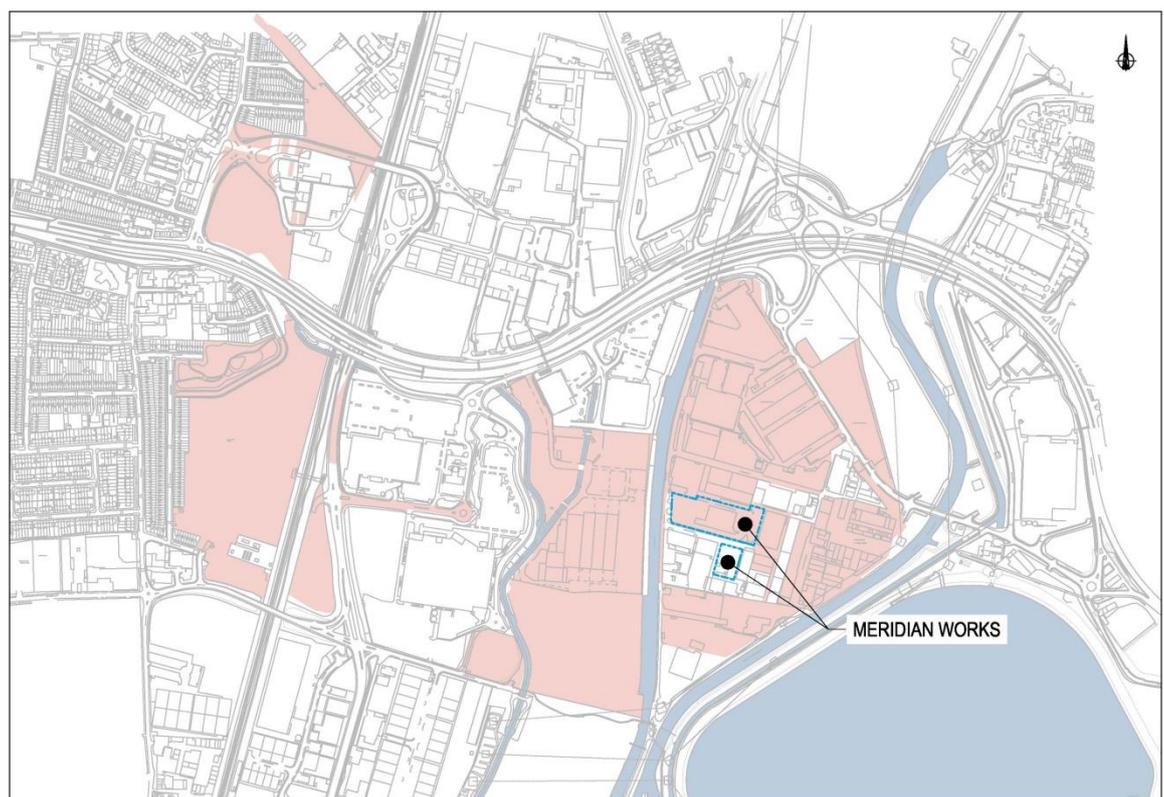
- 3.33 As alluded to in the Meridian Water Programme Update report, the Meridian Water programme is focussed on delivery and is bringing forward, where it can, projects in line with emerging findings. Consequently, that report recommends working up the employment hub proposal in more detail before taking the final proposition to the market later in the year. The aims of the employment hub are described below.
- 3.34 The proposed location of the employment hub is shown on Plan A above. The site has been chosen due to its proximity to the A406 and to the fact that it is positioned on the edge of Meridian Water. Positioning a permanent use in a more central location prior to completion of a masterplan and a business plan setting out the future permanent use of Meridian Water would carry obvious risks.
- 3.35 The employment hub concept has been developed in collaboration with the Council's advisors LSH. They have identified that there are numerous small businesses seeking accommodation (which in some cases are unviable unless affordable accommodation is available) who do not, in their own right, offer sufficient security to encourage institutional investment to develop new accommodation to meet this need. The proposed solution is for the Council to bring forward a new employment hub development totalling around 200,000-300,000 sqft to accommodate a range of businesses.

- 3.36 The employment hub will attract a range of companies in the type of sectors described in the short-term vision above, with the building(s) designed to encourage networking and collaboration. Here East in Stratford is a recent precedent of this type of workspace offer but there are a number of other examples across London.
- 3.37 One sector that officers have had positive discussions with is fashion manufacturing, via the industry body UKFT. A project/partnership has been proposed that would see UKFT co-ordinate the relocation of a number of London's existing independent fashion manufacturing businesses to a cluster hub at Meridian Water. The GLA are supportive of this proposal and have allocated £150k of development funding through the Good Growth Fund (GGF) programme for the Council to cover professional fees to work up this proposition further, with a view to a significant capital bid from the Council to the GLA in due course.
- 3.38 Cabinet should note that it is considered likely that additional investment will be needed from both 3rd parties and possibly the Council to deliver fashion manufacturing within the employment hub, as per the delivery options below, and that the acceptance of £150k development funding does not commit the Council to delivering the scheme as envisioned here, but rather a detailed exploration as to how it could work.
- 3.39 The employment hub building(s) will be deliberately designed with large floorplates which enable flexibility of use. It is anticipated that the use of the building will therefore evolve over time and as MW gains critical mass it will be increasingly possible to attract higher value employment.
- 3.40 The permanent employment hub building(s) seeks to take advantage of market demand, and takes inspiration from case studies like Here East as a concept. It directly meets the overarching vision for Meridian Water by kick starting the new economy for the area, as well as creating positive socio-economic and stakeholder impacts. Long-term, the employment hub will be delivered to appeal to the type of major occupier that befits Meridian Water, with the long-term priorities for employment at Meridian Water driving the scheme.
- 3.41 Meanwhile Projects
- 3.42 The scale of the council's control, vacant land and existing industrial buildings offers a significant opportunity for the council to start to deliver on the employment vision from the outset by creating the right conditions for existing and new enterprises to be established, nurtured and grown rather than waiting for the long-term development. It is envisaged that many of

these pioneering businesses will eventually be important employers in the permanent development.

- 3.43 The plans to work with these pioneering businesses falls within a programme of activities called *Meridian Works*. As explained hereafter, it is proposed that these uses support the objectives of the short-term employment strategy.
- 3.44 The Meridian Works project(s) – in whatever form - represent an important milestone for Meridian Water as it offers the next big statement of intent after the delivery of the new station in May 2019. It is also strategically important in terms of potential future funding from the GLA (especially regarding potential future regeneration investment).

Meridian Works Site One: Creative Entrepreneurs



- 3.45 The Meridian Works one project is focused on supporting professional and highly skilled makers and creative entrepreneurs and is directly aligned with the emerging Meridian Water employment strategy, as articulated above. The benefits of providing both makers and creative businesses in a single scheme is that one use provides a stream of work – and therefore income -

for the other, as well as together creating a critical mass to be viable and create positive place-making benefits.

- 3.46 The original project was developed in late 2015 following a successful bid to the GLA as part of the London Regeneration Fund (LRF) to work with local makerspace provider Building BloQs and artist studio provider ACAVA. The project is currently supported by a £1.35m grant from the GLA and an existing commitment for the Council to forward fund a further £1.35m. To date although the project has not yet fulfilled its full promise it has achieved significant benefits (see table 1 below):

Table A – Impact of Meridian Works One to date

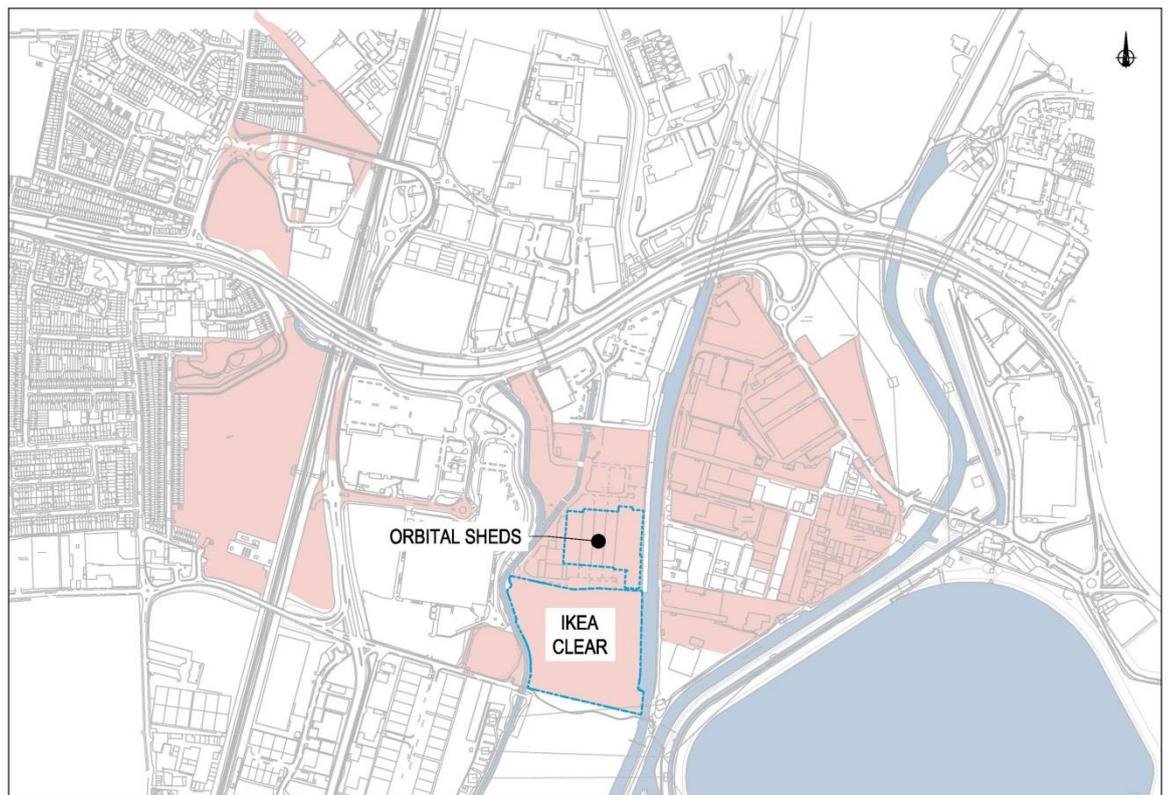
Objective	Outcome
Support for regeneration of Meridian Water	<ul style="list-style-type: none"> • Significant profile raising for Meridian Water including GLA support. • Visit of two London Mayors. • Anecdotal evidence of greater developer demand for partnership working. • Close links to the emerging employment vision and strategy for Meridian Water.
Socio-economic Impact	<ul style="list-style-type: none"> • 84 FTE jobs safeguarded and 170 jobs created (84% of original LRF target). • 5 SMEs retained and 10 new SMEs supported (22% of original LRF target).
Create Positive Stakeholder Impact	<ul style="list-style-type: none"> • Significant GLA support – part of the GLA <i>Productive Valley</i> concept, as well as direct financial contribution secured. • Close alignment to emerging plans for fashion manufacturing hub, itself a high priority for the GLA.
Generate positive financial impact	<ul style="list-style-type: none"> • See Part 2 report for details of spend and income to date

- 3.47 The Meridian Works One project has been through a number of iterations, which have responded to site constraints, insufficient project budget and wider masterplanning concerns. The Council has been working with the GLA and the preferred operators to explore other options including moving the project to underused Council assets within its ownership at Meridian Water as shown in the image below.

- 3.48 Note that the Creative Entrepreneurs site includes the use of 4 Anthony Way, the purchase of which is recommended later in this report. A Cabinet decision to not purchase 4 Anthony Way will therefore limit any decisions Cabinet is able to take regarding the future of Meridian Works Site One, as per Appendix 1 to the Part 2 report.
- 3.49 Because of the above changes, a full options appraisal against the Employment Objectives above has been undertaken (see Appendix 1 to Part 2 report). The options include not continuing with the project, reducing the scope of the project, maintaining the ambition but reusing existing buildings where possible, and finally maintaining the ambition on a single site by using a mix of existing and new buildings. All options require an initial additional investment by the Council on its own assets, and all options return more in rent over the projected 10 to 15-year period than the initial investment.
- 3.50 Should the decision be taken to not continue with this element of Meridian Works, the sites will be marketed for a tenant to secure best value for the Council. However, this option is felt unlikely deliver as much of the wider socio-economic and employment benefits due to the relatively low employment densities associated with the industrial use for the site (note the employment densities associated with the current delivery partners are higher which reflect their unusual business operation. Further details of this can be found in Appendix 1 to the Part 2 report). This option would still require up-front investment in the proposed location (the VOSA building) to bring it up to a lettable standard.
- 3.51 Subject to Cabinet approval, the recommended approach (Option 3 in Appendix 1 to the Part 2 report) is to continue with the project but to use existing buildings where possible. This will still result in a major new project to kick start regeneration at Meridian Water, but manages the additional capital expenditure required to deliver it. There is a direct correlation between the level of council initial investment, and the projected returns over 15 years, the wider economic impact and the quality of relationship with partners/stakeholders.
- 3.52 Cabinet approval is required for this option that has a project cost of £4.2m, This funding would be spent on professional fees, capital build costs, machinery and business development funding to ensure the project is a success.
- 3.53 It is expected that of the £4.2m, £1.95m would be recouped from 3rd parties, including the remainder of the £1.35m GLA grant as agreed in Cabinet Report 15.73 of October 2015 (see Appendix 1 to the Part 2 report).

- 3.54 The GLA grant remaining is the balance of the original GLA grant (£1.35m) less claims submitted, which is £1.14m.
- 3.55 Please see Financial Implications in Part 2 for financial analysis of options.
- 3.56 Full details of the background and options appraisal can be found in Appendix 1 to the Part 2 report.

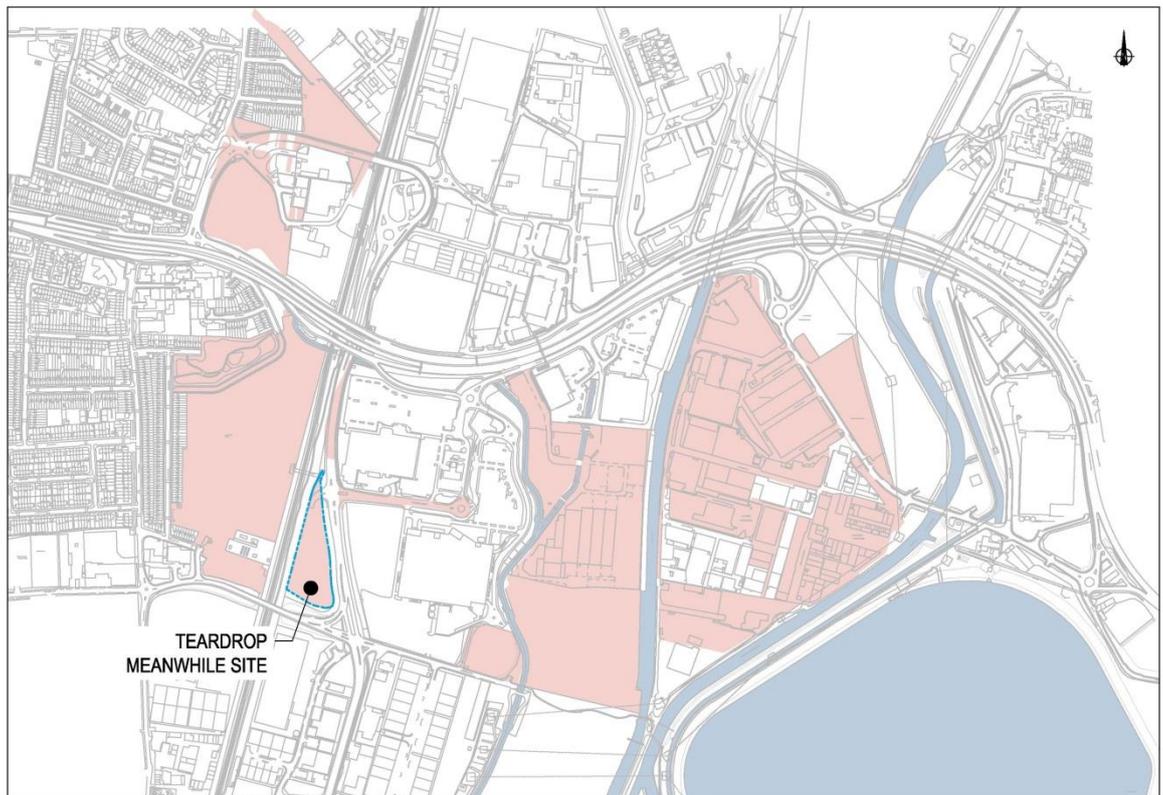
Meridian Works Site Two: The Orbital Sheds and Ikea Clear



- 3.57 Uses for these sheds can only involve a short-term life. The reason for this is that the entire Orbital site is proposed for remediation and ground works and road constructions as part of the strategic infrastructure works and this will necessitate the demolition or relocation of the Orbital sheds (see Meridian Water Housing Infrastructure Fund (HIF) report on the same agenda). The Council also has obligations within the sales contract with the former landowner which necessitates redevelopment for residential within the next 5 years (see Appendix 1 to the Part 2 report for more details).
- 3.58 The sheds are nevertheless impressive structures which benefit from their scale and the current trend towards repurposing warehouses for creative and social uses, best epitomised by the activity in Hackney Wick where there is now a flourishing daytime and evening economy.

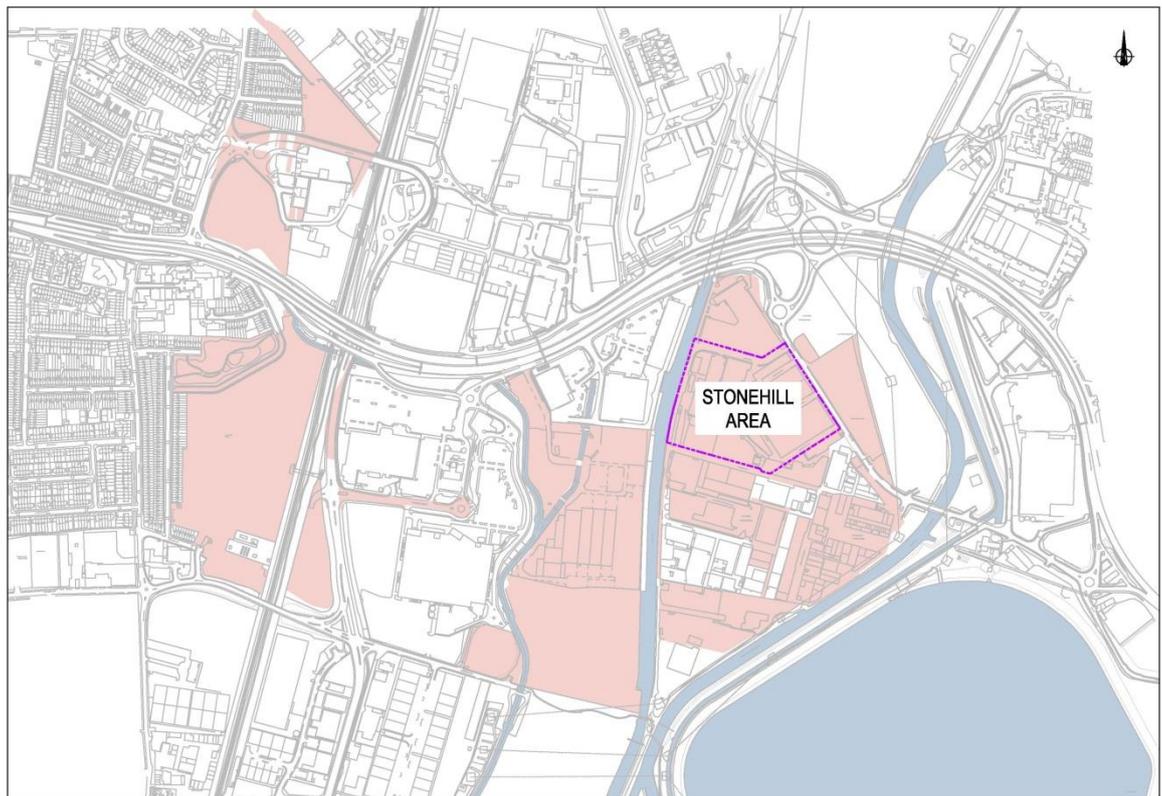
- 3.59 The Council is therefore pursuing options to temporarily reuse the Sheds for cultural, music or night-time economy uses ahead of vacant possession being required for HIF works.
- 3.60 Such a proposal is in line with the Council's draft corporate plan that seeks to promote the development of the night time economy to provide opportunities and create an enterprising environment for businesses to prosper. Meridian Water is set to have a vibrant night time economy with a variety of night time activities on offer. As with much of Meridian Water, meanwhile uses will pave the way for the final development. The Sheds have been identified as having potential to seed and grow night time economy activities by becoming music and cultural venues.
- 3.61 Approval is also sought to include the Ikea Clear site within this proposal. The piece of land is within the HIF works area, due to be undertaken between March 2020 and autumn 2022. This presents a c. 18 month window between now and when works are due to commence. It is proposed to combine the Sheds and the Ikea Clear land in a night-time economy proposal for this period – the open area providing excellent potential even and festival space. Furthermore, Orbital Sheds cannot feasibly be accessed from the north– through an industrial park and via the North Circular. Instead, the only viable access route is via Leaside Road and through the Ikea Clear site.
- 3.62 Further information about this proposal is contained within Appendix 2 to the Part 2 report.

Meridian Works Site Three: The Teardrop



- 3.63 Currently used as a construction compound by Network Rail, The Teardrop site is essential to activate a meanwhile strategy for Meridian Water because it is adjacent to the first permanent residential site as well as being adjacent to the Meridian Water station. Potential development partners are going to want activity on this site to complement their sales and marketing strategy for the residential and they will be keen that the meanwhile use articulates the lifestyle on offer at Meridian Water. First perceptions count; therefore, the meanwhile offer on this site will also strongly influence the views of visitors from the station. The site needs to create a sense of arrival, attract in visitors and generate jobs.
- 3.64 In order to achieve the short and long-term objectives for employment at Meridian Water, it is recommended that the Council approaches the market to secure an operator/partner/tenant who can meet the specifications for the site. Details of this are yet to be clarified, but the route identified will be compliant with the Council's Property Procedure Rules, Contract Procedure Rules and/or the Public Contract Regulations 2015 (as applicable).

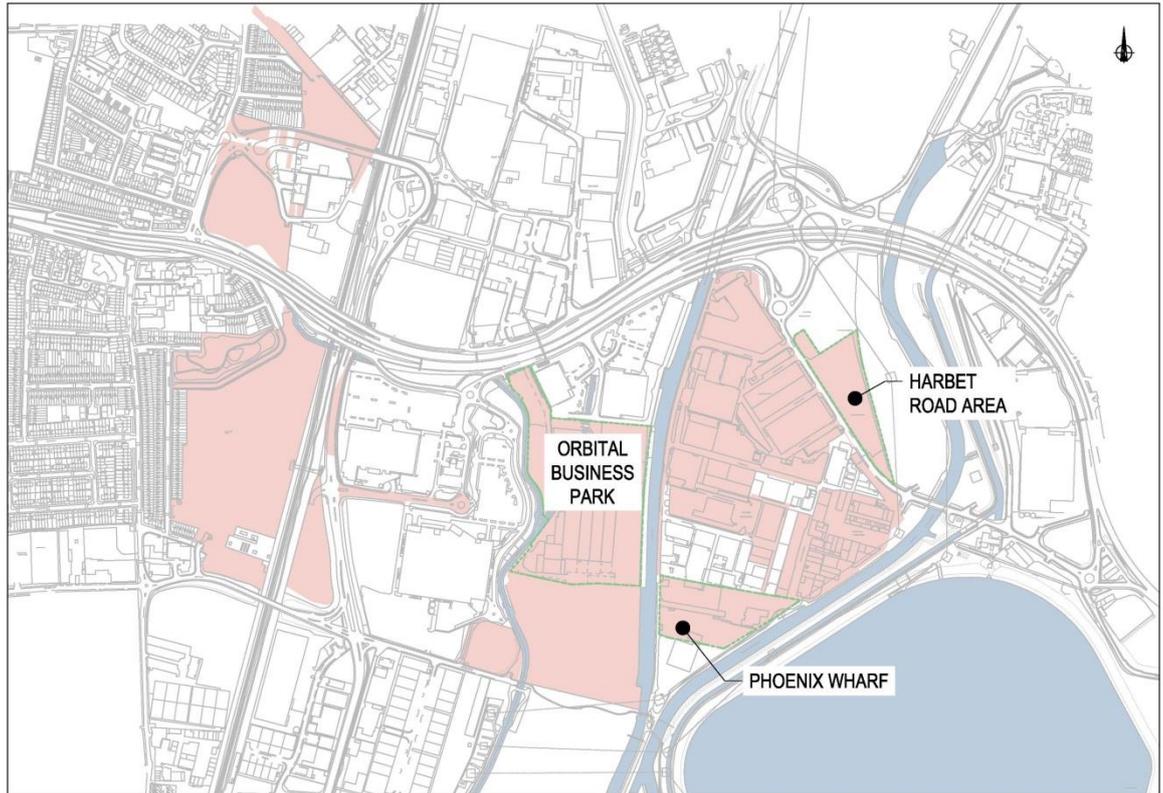
3.65 Marketing Opportunities: Stonehill and Ikea Clear



- 3.66 There is a significant opportunity to generate meanwhile income from Stonehill which is the largest Council owned sites at Meridian Water. In order to maximise the income potential from this site, the Council needs to leverage investment into the sites by advertising them as an opportunity on the open market.
- 3.67 The brief attached at Appendix 8 to the Part 2 report provides the marketing brief for the Stonehill site including the head lease parameters and assessment criteria for the Council to evaluate bids to take on the management and operation of Stonehill. It is proposed that Stonehill be marketed on a similar basis to the Teardrop. The brief captures all development criteria with the principal ones being meeting the short-term employment objectives (Quality – defined as supporting overall regeneration; delivering socio-economic impact; and creating positive stakeholder impact) and achieving an income target for the site. Leases for the sites will be marketed in accordance with the Property Procedure Rules.
- 3.68 This report recommends that LSH will market the site, ensuring that the opportunity is advertised as widely as possible, not only advertising in local and regional papers and specialist press, but also using established Council

communications channels, and organising a special marketing event. The brief attached at Appendix 8 sets out the evaluation criteria for Cabinet approval. Offers are invited starting at £1m rental income from Year 3. Competing offers will be scored 30% on price and 70% on quality criteria based on the employment objectives as detailed above. The Council is under no obligation to accept any of the offers received.

- 3.69 Approval is sought to undertake a similar leasing exercise on the southern half of Ikea Clear site which will be remediated and ready for new uses in autumn 2022. Once the HIF works are completed on Ikea Clear, this area will become a cornerstone site for Meridian Water, with a riverside park, the Leaside Road extension and link to the Causeway, and a strategic position between the development at the Leaside Road Gasholder site to the south west and the canalside area of Orbital Business Park to the north east.
- 3.70 Following completion of HIF works in autumn 2022 therefore it is proposed to split Ikea Clear into a northern area that will be brought forward as Phase 2 development; and a southern area (where residential development is currently fettered by the electricity pylons) that will be marketed on a similar head lease basis to Stonehill. The exact terms and extent of this head lease are yet to be decided as it is dependent on development proposals for HIF in this area. However, this report requests approval in principle to market and evaluate proposals for the southern part of Ikea Clear site on a similar basis to Stonehill.
- 3.71 All land transactions discussed above including leases and other property interests must comply with the Council's Constitution (including the Property Procedure Rules and Contract Procedure Rules). Where leases or disposals are made "off market" (i.e. through a direct lease) sufficient supporting evidence will be presented in the relevant report to demonstrate the rationale for deviation from market testing including the Special Purchaser principle or other reasoning. Where a site is leased at less than market value (due for example to placemaking or regeneration benefits), a clear indication of the level of subsidy will be included within the report requesting granting of a lease. This may also include where applicable a valuation of the unrestricted value (market value) as compared with the restricted value (selling/lease price), and explanatory text to justify the recommendation.
- 3.72 Management Arrangements: Orbital Business Park, Phoenix Wharf and Harbet Road



- 3.73 The balance of Council holding sites, c22 acres, are established income generating business estates. These are Orbital Business Park, Phoenix Wharf and the Harbet Road area of Stonehill.
- 3.74 In line with the council's Corporate Procurement Regulations, it is now required to retender the site management services for these sites, offering a similar service to that currently being delivered. Specifically, the council requires the following services:
- Management of all sites, including collection of rent and fees, and service charge.
 - Marketing of empty sites and agreeing Heads of Terms with prospective tenants;
 - Renewal of leases and rent reviews;
 - Control of trespass/encampment incursions.
 - Notify Client & liaise with Police/ Security companies, document and report; and
 - Ongoing maintenance and wider estate upkeep.
- 3.75 There is a need to secure ongoing management support above what the council can do in-house in order to secure best value for the council.

- 3.76 A scope of services document has been prepared and is attached at Appendix 9. See Part 2 the procurement proposal details.
- 3.77 **Purchase of 4 Anthony Way (4AW)**
- 3.78 Since April 2014, the Council has acquired 87 acres (35 hectares) of land at Meridian Water. It currently owns 64% of all developable land within the red line boundary of the site and has to date committed £157m to land acquisition.
- 3.79 An opportunity has arisen to acquire 4AW. Part of this unit is currently occupied, but not owned, by Building BloQs who are potential Meridian Works partners.
- 3.80 See Part 2 Appendix 4 for Draft Heads of Terms.
- 3.81 Should acquisition be approved and progress, irrespective of any decision taken on Meridian Works (see above) BloQs' existing lease would be retained as a going concern in the short-term, with longer-term plans linked to the future of Meridian Works as described. It would also be the intention of the Council to explore the potential use of the yard space to the rear of the building, and the building annex, for use by tenants.
- 3.82 The purchase of 4AW is in accordance with the Council's strategy to acquire all land at Meridian Water via private treaty. On 6 September 2016 (KD 4348) Cabinet agreed in principle to use Compulsory Purchase powers to acquire land in Meridian Water that could not otherwise be acquired voluntarily. In this case sale terms have been voluntarily agreed through negotiations and therefore it is proposed to proceed with acquiring this property on this basis.
- 3.83 The acquisition of 4AW provides a helpful means to help safeguard the future of Meridian Works by offering additional floorspace within the proposals, and additional council control of assets.
- 3.84 The acquisition will be undertaken in compliance Property Procedure Rules, notably that the sale price needs to be in line with market value (see Part 2 report)
- 3.85 *Recommendation: Approve the decision to purchase and refurbish 4 Anthony Way, subject to completion of Sale Contract, and delegates authority to Executive Director of Place in consultation with the Executive Director of Resources to authorise the completion of the sale and*

refurbishment proposals for the building, within the approved budget (see Part 2 report).

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 *Do nothing – No investment and no meanwhile projects.*
- 4.2 Should Council decide to not invest in any assets within the meanwhile portfolio many will continue to be a drain on council finances, with the need to finance acquisition not offset by income from tenants. Should the council invest to bring sites up to a minimum standard, but focus on securing tenants with this low-level industrial offering, the council will be able secure a healthy income, but at the cost of placemaking potential, reputation damage and the failure to maximise wider socio-economic benefits. Details on this is articulated in Appendix 1 to the Part 2 Report.
- 4.3 *Do not continue with meanwhile projects as specified – invest more or less.*
- 4.4 The programme articulated represents the best balance between capital investment and net return – both direct and indirect. It also offers a balance in type and form of offer, with a mix of complimentary business and leisure activities. Alternative mixes of the programme have however been considered. Less investment challenges the viability (and therefore success) of some of the proposed operations, and more investment offers a poorer return for Council investment at a time when finances are tight. The proposed approach does however offer the necessary flexibility that will allow the Council to be flexible to circumstances.
- 4.5 Whilst not essential to success, the support of stakeholders – financially and politically – is dependent on a certain scale of meanwhile operation. Anything below this could have reputational damage for the Council. The alternative permutations do not necessarily meet the aspirations or indeed conditions of partners involved.
- 4.6 *Undertake a competitive exercise to ensure the Council is receiving best value in meeting its ambitions for Meridian Works One.*
- 4.7 It is not felt that a competitive exercise would confirm or ensure that the Council is receiving best value for the sites in question. The restricted nature of the market for makerspaces (see Appendix 5) and the investment made with the current preferred partners to date, means that it is felt that any alternative provider would not be able to deliver a similar package within a similar timeframe to those of the preferred providers. Despite this, should

business planning issues as highlighted in Appendix 1 remain a concern to the Council, this alternative option is a likely next step.

- 4.8 *Lease Meridian Works meanwhile sites commercially.*
- 4.9 Subject to some initial investment, the sites identified for meanwhile investment offer potential to be let commercially to alternative providers whose operation/offer may be different in returns and socio-economic benefit to those of Meridian Works. It is felt however that work done to date to curate the programme as articulated is the best means of balancing the financial and placemaking needs of the land assets at this time.
- 4.10 *Market the opportunities at the Sheds to the market.*
- 4.11 This option would offer the opportunity to demonstrate best value for the Council. However, the time required to run a compliant process to appoint a partner would have a significant negative impact on short-term finances for the project, and delay further the attainment of visible change at Meridian Water. This option would be pursued if negotiations with the recommended provider prove not in the Council's best interests.
- 4.12 The new Meridian Water station is opening in May 2019 which gives a short window to establish and deliver a proposition that meets the Council's objectives for the site.
- 4.13 See Part 2 report for additional information.
- 4.14 *Extend existing leasing arrangements for site management.*
- 4.15 The Council currently has an existing management arrangement with a suitably qualified organisation. There is however no means of extending this contract any further and there is no guarantee that best value will be secured without seeking feedback from the market. It is also felt that the opportunity to split the management of Stonehill and Ikea Clear from that of the Orbital Business Park and Phoenix Wharf will allow the sites to be split in line with the aspirations of the emerging employment strategy. Extending the existing contract further would not be in line with the Council's Corporate Procurement Regulations.
- 4.16 *Manage sites in-house*
- 4.17 Enfield Council Property Services do not currently have the capacity or expertise to manage an industrial location like this, in the manner necessary, at this time.

4.18 *Do not purchase 4AW*

- 4.19 In the short-term this option would save the Council the cost of additional land acquisition and investment. The council is however committed to purchasing all land within Meridian Water as part of the approved Land Acquisition programme, meaning that it would expect to purchase it at a later date. It is anticipated that this would therefore need to be through Compulsory Purchase Order (CPO) means, and there is no guarantee of price at this time. This purchase will also set a precedent for further land acquisitions in and around Anthony Way in the future (see Plan A), so not purchasing would remove this opportunity to set a benchmark for future acquisitions.
- 4.20 Subject to when the purchase may happen in the future, and what plans the council may have for the site (i.e. permanent investment) costs of investing in the existing building may not be needed if it is to be developed quickly after acquisition. However, the south-eastern corner of Meridian Water is highly likely to be a latter phase of Meridian Water due to the existence of pylons adjacent to the Banbury Reservoir, and the current Strategic Industrial Land (SIL) designation – which together suggest the site will be in industrial use for the medium term, irrespective of whenever the council purchases it.
- 4.21 By not purchasing 4AW, the council is restricting its options for the Meridian Works One proposals, principally by threatening any future partnership with its preferred partners (1) because of increasing industrial rents across London would mean that their rent is likely to increase, and (2) the option for the building to form part of the preferred option for Meridian Works One is removed (and the potential scope of Meridian Works One would therefore be constrained – neither Option 3 nor Option 4 as currently described would be possible).

4.22 *Renegotiate price for 4AW*

- 4.23 The price agreed in principle is considered to be at market value and has been accepted by all parties subject to contract. Renegotiation attempts are unlikely to result in any savings for the council.

5. REASONS FOR RECOMMENDATIONS

- 5.1 *To note the emerging Meridian Water Employment Strategy described within this report, including agreeing the aims and objectives of both the short and long-term visions and priorities, and to note that a more detailed strategy will be taken to Cabinet later in 2018.*

- 5.2 Through working with suitably qualified and experienced consultants, the Council has taken a deliberate approach to ensuring the emerging employment vision and strategy is grounded in evidence and commercial reality. The detailed strategy later in 2018 will provide a complete blueprint for the realisation of the employment vision for Meridian Water.
- 5.3 *To authorise proceeding with the short-term employment and meanwhile projects, and associated expenditure, described within this report and appendices for sites for Creative Entrepreneurs, the Sheds and Teardrop.*
- 5.4 The meanwhile projects as articulated reflect the early stages of the evolution of the employment base of the area. They take advantage of market trends, offer the type of aspirational employment offer that Meridian Water needs at this stage of its life, utilises its existing (and in some cases iconic) assets, and are complimentary to each other and the project's ambition.
- 5.5 *To accept £150k of GLA development grant funding to fund a detailed feasibility study into developing a fashion manufacturing cluster as part of the proposed permanent employment hub at Meridian Water.*
- 5.6 The proposal to include fashion manufacturing as part of the employment hub offers an exciting early focus for the project, with confirmed external support (and funding), for a sector that is in line with the emerging aspirations for employment at Meridian Water.
- 5.7 *To authorises marketing of leases for Stonehill and IKEA Clear to achieve the Council's short-term employment strategy priorities and revenue target.*
- 5.8 The offering of leases to the market offers the quickest route to securing income from these two council opportunities and also offers the council the necessary control over the tenancy to meet the revenue targets and place making needs of the project. It also secures productive uses of the two large and currently redundant or underused sites in the period before development can come forward on these sites.
- 5.9 *To authorise tendering of the Meridian Water site management arrangements.*
- 5.10 The land assets offer an important opportunity to secure income for the council and tendering for site management contracts in the ways identified is the quickest route to securing this, and offers the necessary control over

tenancy that will ensure the council can be flexible in responding to changing circumstances for the project over the coming years.

- 5.11 *Approve the decision to purchase and refurbish 4 Anthony Way, subject to completion of Sale Contract, and delegates authority to Executive Director of Place in consultation with the Executive Director of Resources to authorisation the completion of the sale and refurbishment proposals for the building, within the approved budget (see Part 2 report).*
- 5.12 The council's land acquisition strategy includes the purchase of 4AW within the overall portfolio. The price agreed is considered to be in line with the true market value. A purchase now, at the price agreed, would set a precedent for remaining land holdings in the immediate vicinity and support any future land purchases. The timing would provide additional support to Meridian Works One (if the council is inclined to work with existing tenants) by adding additional space that could be uses within the creative cluster.
- 5.13 *Delegate authority to the Director of Law and Governance to approve any legal agreements as required.*
- 5.14 Delegating this authority allows the Council to move quickly to take decisions to the development of the employment elements of Meridian Water, yet also protects the Council's legal interests on all relevant matters.

6. COMMENTS OF THE EXECUTIVE DIRECTOR RESOURCES AND OTHER DEPARTMENTS

6.1 Financial Implications

The investment required in Option 3 to invest £4.2m to kickstart Meridian Works One, will be funded from the existing approved 2018/19 Capital budget of £49.3m

6.2 Legal Implications

6.2.1 General

- (i) Section 111 of the Local Government Act 1972 permits local authorities to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of their functions. The Council also has a general power of competence under section 1(1) of the Localism Act 2011 to do anything that individuals may do, provided it is not prohibited by legislation and subject to Public Law principles.
- (ii) The Council has a fiduciary duty to look after the funds entrusted to it and to ensure that its Council tax and ratepayers' money is spent

appropriately. The Council must carefully consider any project it embarks upon and conduct its affairs in a business-like manner with reasonable care, skill and caution, with due regard to tax/ratepayers' interests. In embarking on any project the Council must consider whether the project will be a prudent use of the Council's resources both in the short and long term and must seek to strike a fair balance between the interests tax/ratepayers on the one hand, and the wider community's interest on the other hand.

- (iii) Any procurement arising from the matters described in this report must comply with the Council's Constitution (including the Contract Procedure Rules) and, where applicable, the EU Public Contracts Regulations 2015.
- (iv) In the event that the Public Contracts Regulations apply to any contract for services arising from the matters described in this report the Public Services (Social Value) Act 2012 require the Council to consider at the pre-procurement stage (i) how what is to be procured may improve the economic, social and environmental well-being of their area and (ii) how the Council may act with a view to securing that improvement in conducting the process of procurement. The Council must consider whether to undertake any community consultation in relation to the proposals. Any decision to consult or not consult must be taken fairly and reasonably.
- (v) Any acquisition or disposal of property (including by way of lease) must comply with the Council's Property Procedure Rules.
- (vi) The Council must ensure value for money in accordance with the overriding Best Value Principles under the Local Government Act 1999.
- (vii) All legal agreements arising from the matters described in this report must be approved in advance of contract commencement by the Director of Law and Governance.

6.2.2 Employment Hub

The proposed Grant Funding Agreement with the GLA sets out the terms on which the GLA will provide funding towards a detailed feasibility study with regard to development of Meridian Works Phase 2. The feasibility study is to include due diligence, analysis of demand, a business plan and an architectural feasibility study. The Council must comply with all terms and conditions set out in the funding agreement. The GLA will have the right to reduce/withhold/requirement repayment of grant monies in the event that, in the GLA's opinion, satisfactory progress isn't made in delivering the objectives, a substantial change is made to the project objectives without the prior approval of the GLA, the Council is otherwise in breach of the agreement or there are any other circumstances which would affect the Council's ability to deliver the project.

6.2.3 Creative Entrepreneurs – See Part 2 Report

6.2.4 Orbital Business Park Sheds – See Part 2 Report

6.2.5 Meridian Works Site Three: The Teardrop - See general comments above.

6.2.6 Land Asset Management – See general comments above.

6.2.7 Purchase of 4 Anthony Way

a. Section 120(1)(b) of the Local Government Act 1972 (LGA) gives Councils a specific power to acquire land for the benefit, improvement or development of their area. In addition, the Council has powers under section 227 of the Town and Country Planning Act 1990 (as amended) to acquire land by agreement for 'planning purposes'. Where agreement cannot be reached, the Council has the power under various enactments to acquire land compulsorily using a Compulsory Purchase Order. However, CPO is a lengthy process and a measure of last resort. It is therefore preferable to pursue purchase by agreement as is proposed in this case.

b. See Part 2 Report.

6.3 Property Implications

See Part 2 Report

7. KEY RISKS

See Part 2 Report

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 Corporate advice has been sought in regard to equalities and it is recommended that a predictive Equalities Impact Assessment be undertaken on the emerging Meridian Water Employment Strategy, following the approval of this report.

9.2 Local authorities have a responsibility to meet the Public Sector Duty of the Equality Act 2010. The Act gives people the right not to be treated less favourably because of any of the protected characteristics. We need to

consider the needs of these diverse groups when agreeing the employment strategy to ensure that our decisions do not unduly or disproportionately affect access by some groups more than others.

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." The meanwhile programme is an important part of the project.

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

- 12.1 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.