

APPENDIX 1

MUNICIPAL YEAR 2017/2018 REPORT NO.93

MEETING TITLE AND DATE:

CABINET – 15th November 2017

**JOINT REPORT OF The
Executive Directors of:**
Finance, Resources and
Customer Services &
Regeneration and Environment

Agenda - Part: 1

Item - 9

Genotin Road Car Park, Enfield Town

WARD: All

KD 4568

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1. EXECUTIVE SUMMARY

- 1.1 This report is part of the Council's wider strategy to meet the needs of the business community within Enfield Town and to create the catalyst to kick-start the Enfield Town Framework Master Plan.
- 1.2 The Enfield Town Framework Master Plan, formally known as the Enfield Town Master Plan will form a Supplementary Planning Document as part of Enfield's Local Plan and supports the delivery of regeneration priorities within the Borough's Major Centre for the next 15 years.
- 1.3 The key aim of this report is that Cabinet agree to the strategy and Option Agreement for Genotin Road Car Park contained herein that will allow the retention of a major employer and business in Enfield Town and allow the company in partnership with the Council to bring forward an office development on the Car Park site for the Company's new Global & European Headquarters building.
- 1.4 The Borough of Enfield need anchor companies in new and evolving markets, and having a European Headquarters building situated within the Borough of Enfield sends a clear and direct message that the Council is 'open' for business to forward supply chains, companies and inward investment.
- 1.5 It also will give greater confidence to future retail and evening economy investors whom we hope to invest in light of the new Town Centre Masterplan that there will continue to be a strong business footfall during working hours in the Town Centre
- 1.6 In the current climate of 'BREXIT' and uncertainty in economic markets, central Government negotiating the exit with EU leaders, this commitment from a worldwide international company to locate its HQ building and stay in London, Enfield will not only raise the profile of the London Borough of

APPENDIX 1

Enfield but also London as a whole in telecommunications and communications technologies which are driving the next wave of tech innovation.

1.7 The Local Plan Cabinet Sub Committee on the 3rd May 2017 endorsed the proposed consultation of the draft Enfield Town Framework Master Plan SPD which considers how growth projections for Enfield Town can be accommodated successfully through the regeneration of potential development sites. The proposal within this report conforms to the Master Plan objectives by enabling more jobs and supports the implementation of Phase 1 of the Master Plan on the Car Park site.

1.8 The Council and the 'Company' have been engaged in various high level discussions over the past 18 months as they have outgrown their existing premises and in an effort to retain the Company in Enfield the Council and external agents have undertaken a rigorous site process in an effort to identify a site within Enfield Town or in the vicinity for the Company to relocate to. Genotin Road Car Park is the only site large enough to accommodate an office development that satisfies the requirement.

2. RECOMMENDATION

It is recommended that Cabinet:

- 2.1 approves the Option Agreement as set out in the Part 2 Report and further
- i) Delegates Authority to the Executive Director of Finance, Resources and Customer Services and the Assistant Director – Strategic Property Services to approve the final terms and structure of the Option Agreement in accordance with the Council's Property Procedure Rules.
 - ii) Delegates Authority to the Executive Director of Finance, Resources and Customer Services in conjunction with the Executive Director of Regeneration and Environment to explore feasibility of opening Portcullis Car Park to the public.

3. BACKGROUND

- 3.1 Genotin Road car park is currently one of the largest surface car parks in Enfield Town and has 123 car parking spaces. The proposed development on the Genotin Road car park site is a new office development for the Company as well as employee car parking spaces. Proposals indicate that the employee car parking spaces will be made available to the general public at evenings and weekends to mitigate the loss of parking outside of office hours. This would mitigate peak parking demand requirements as identified by the Council and discussed in this report on weekends and holidays during the year.

APPENDIX 1

- 3.2 The Council have been discussing options with Metaswitch Networks Ltd for the past 18 months, one of the largest employers in the town after the Council regarding their ongoing search to relocate to larger premises and consolidate offices to one location to create a Global/ European Headquarters Building.
- 3.3 With the assistance of key officers within the Council, Genotin Road Car Park has been identified as the preferred location in Enfield, as opposed to other locations such as Dublin, Belfast and Cambridge where Metaswitch already have options.
- 3.4 Metaswitch Ltd is an Enfield success story. The firm has been located in Enfield Town for approximately 26 years, founded in 1981 from an initial workforce of only 7 staff; it now has 400 employees in Enfield and over 700 worldwide.
- 3.5 They have become the world's leading network software provider, powering the transition of communication networks onto a cloud based, software centric IP Future supplier. They serve more than 1,000 network operators and suppliers around the world. Metaswitch's operations are headquartered from Enfield Town, with the company having other offices in San Francisco, Washington DC, Dallas, Melbourne (Australia), Mexico City, Hong Kong and Singapore.
- 3.6 Metaswitch is seeking to expand its office in Enfield Town and is unable to do so at their current location on Church Street. Metaswitch have already expanded their operations to two other sites in Enfield Town at Ross House and Oliver House but are looking to consolidate their operations into one building. Metaswitch's aspirations are for a new office building on Genotin Road to house the current 348 employees that the company employs in Enfield Town as well as offering room to recruit more people and expand in the future.
- 3.7 This proposal conforms not only to the Enfield Town Master Plan but also the priorities and policies of the Council with regard to Inward Investment. The investment into Enfield by Metaswitch will be high in the millions over the next 3 years. The company fits with Cloud and Smart City Communications and have their annual EMEA (emerging Markets) conference here in the UK which would give the Borough significant exposure internationally.
- 3.8 This company is significant with over £300,000 annually in business rates expected from 2020 and will create additional jobs through re-settlement from abroad and expansion. The company are also committed to develop higher level apprentices and recruit graduates direct. The additional footfall in Enfield would mean more business for the Town and surrounding restaurants and shops. Longer term for the Council and the Borough it would give a higher profile in the ICT telecoms sector for the London Stansted Cambridge Corridor (LSCC).
- 3.9 The Council, the Borough and London therefore cannot afford to lose such companies as it would send the wrong message to the wider business arena and existing businesses within.

APPENDIX 1

ECONOMIC NEED & IMPACT ASSESMENT

- 3.10 To understand the full economic impact of Metaswitch leaving the Borough, the Council appointed consultants to measure the impact of both economic and employment should the Company decide to leave.
- 3.11 The Council's consultants have been able use a number of data sources to analyse the impact to employment and Gross Value Added (GVA) in Enfield Town (the amount in monetary terms a business contributes the economy), 3 key sources have been used;
- The Cycle Enfield Town Centre Surveys
 - Estates Gazette – provides a directory of businesses and number of employees
 - ONS Annual Business Survey
- 3.12 To supplement these data sources, Metaswitch has provided data on the number of staff employed in Enfield, their annual wage roll, business expenditure with local businesses and our consultants conducted a survey of Metaswitch staff to ascertain spending patterns and usage of the Town Centre, bearing in mind over 200 persons and their extended families live in Enfield.
- 3.13 The report that the consultants undertook to deliver is extensive but suffice to say that if Metaswitch relocated outside the Borough and their 400 employees were not replaced by another office-based company moving in then annually around £630,000 of local spend would be lost to the town centre – Based on average turnover per Full-Time Equivalency (FTE), the estimated £630,000 spent by Metaswitch staff per annum supports the equivalent of nine people full time staff (FTE) in the town centre.
- 3.14 Moreover Metaswitch accounts for approximately 11% of all employment and around 35% of total Gross Value Added (GVA) in Enfield Town.
- 3.15 The supply chains spend for the staff canteen and other locally sourced supplies would also be lost as well as other indirect impacts – these are discussed in the Part 2 report. Impact would be most felt through the Metaswitch food and drink supply chain (for their canteen) and in local food, drink and leisure services.
- 3.16 It should be noted that if Metaswitch vacate the current offices and move elsewhere it is unlikely that the office capacity will be reprovided as the owner of Ross House favours conversion or redevelopment of that build to residential.
- 3.17 Metaswitch will look to expand its workforce in the new office at Genotin Road as they are looking to recruit and relocate staff from international offices. If Metaswitch recruited 50 additional staff this would increase local spend by £90,000 per annum.
- 3.18 In terms of business rate income from the new development, it is estimated that this would be in excess of £300,000. Subject to Government consultation on the full business rates retention from 2020 it is assumed that the Local Authority would retain a greater share of rates income, this share is not yet confirmed. Currently the

APPENDIX 1

LA retains 30% of business rates receipts and on this basis a minimum of £90,000 would be retained from the new office development if the status quo remained.

- 3.19 Metaswitch pay £102,000 in business rates for the Church Street location and £87,000 at Ross house. If they move away then this would be lost but if the sites were redeveloped into residential that income would be replaced by Council Tax income. However, a new building at Genotin Rd, with a much higher rateable value should generate more than the current level of business rates from the two locations.
- 3.20 Overall the retention of Metaswitch in economic and employment terms is key to the Council's overall strategy for the regeneration of Enfield Town and as a key enabler of inward investment.

CAR PARKING CONTEXT

- 3.21 There are currently seven car parks in Enfield Town which are available for public use (Tesco's car park is for customers only). These car parks provide over 1,400 spaces and have a wide range of sizes and types (including open air and multi-storey). The largest car parks in Enfield Town at present are Palace Gardens (550 spaces) and Palace Exchange (500 spaces).
- 3.22 Genotin Road car park accounts for around 9% of car parking spaces in Enfield Town, and is the closest car park to Enfield Town railway station.
- 3.23 Shown below in the table is a summary of car parking for Enfield Town.

Type	Location	No of spaces available	
On-street	Church Road and London Road	14 (1 disabled)	Pay and display, limited to 2 hours
On-street Single Yellow Line Areas	Church Road and London Road	c.32	Only available in the evenings
Off-street	Little Park Gardens	99	Mon-Sat 7:30am - 6:30pm
	Church Lane	16	1 Hour £1.20, 3 Hours £2.40
	Genotin Road	123	5 Hours £4.00, Max £6.00
	New River Loop	46	Evening Free
	Sydney Road	68	Free parking for 3 hours on Sunday
	Palace Gardens	550	
	Dugdale Centre	500	Mon-Sun 6:00am - 10:00pm £1 per hour, up to a max of £7
Total Daytime		1,416	
Total Evening		1,448	

- 3.24 Analysis of parking data finds that total occupancy during 2016 for all car parks in Enfield Town is below 71% on weekdays and weekends throughout the year suggesting sufficient car parking is provided in Enfield Town for the majority of the year. During Easter/special sale periods and Christmas, occupancy rates rise on

APPENDIX 1

average of 74% in weekday peak periods and an average of 94% in weekend periods.

- 3.25 During 2017 similar parking patterns emerge, where the peak pinch-points are during Easter, the run up to the Christmas period. On an average week in the year the car park usage for Genotin Road is at its peak between 1pm and 5pm where all spaces are used, however at the same time the other car parks in the Town have capacity and some are even at 50% capacity throughout the peak periods.
- 3.26 The income for the car park during the years of 2015, 2016 and 2017 has remained constant at circa £175,000 per annum excluding including season tickets and cashless purchases and not including PCN's. In future years this loss of income will be partially offset by the increased business rates for the new office development due in 2020, however only 30% of rates are currently retained by the Council, future share of retention of rates receipts is subject to further consultation by Government and a decision is due in 2020.
- 3.27 As part of the new office development at Genotin Road, Metaswitch have offered the use of their staff car park at weekends throughout the year to the public alleviating the congestion at very high peak shopping periods. Further mitigation could also be brought forward for a period of two years during the development period.
- 3.28 Overall the loss of car parking spaces during weekdays will have no impact upon parking, employment or GVA given there is surplus capacity at other car parks in Enfield Town. None of the data from the car parking survey shows car parking capacity across Enfield Town being exceeded on a regular basis. Live parking availability is shown on signposts on all major routes into Enfield Town, therefore ensuring that shoppers are able to find alternative car parks.
- 3.29 The impact assessment shows that the same is true for parking at weekends in March, June and October, with parking never going over-capacity under the scenario conditions. The only occasion in the year when parking does go over-capacity is on December weekends and at the peak time of the shopping season.
- 3.30 On Saturdays in December, car parks in Enfield Town currently reach full capacity between 1pm and 3pm. The removal of 123 spaces and the provision of only 90 spaces (Subject to planning) would cause over-capacity across Enfield Town's car parks between 1pm and 4pm. The economic impact of this overcapacity is considered below. Without the provision of 90 spaces, car parks in Enfield Town would be considerably more over-capacity, with 11% more cars than spaces. The table below shows the current occupancy rate of car parks in Enfield Town, and how the occupancy rate would change at peak hours on December Saturdays if Genotin Road car park was lost, and if 90 spaces were provided at weekends.

APPENDIX 1

Saturday	Existing		Without Genotin Road car park	With new Genotin Road car park
	No. of users	% Occupancy Rate	% Occupancy Rate	% Occupancy rate
11-12pm	1,080	87%	97%	90%
12-1pm	1,180	95%	106%	97%
1-2pm	1,230	100%	111%	102%
2-3pm	1,240	100%	111%	103%
3-4pm	1,220	98%	109%	101%
4-5pm	1,030	82%	92%	85%
5-6pm	630	52%	57%	54%

This could be further mitigated as the Council's car parks have not been included such as the Civic Centre Public Car Park.

3.31 Currently on Sundays in December, car parks in Enfield Town are near full capacity, with a 94% occupancy rate between 1pm and 2pm on Sundays. The removal of Genotin Road car park would cause an over-capacity in Enfield Town between 12pm and 3pm. However, providing an additional 90 spaces (subject to planning) at Genotin Road would ensure that car parks in Enfield Town do not reach full capacity. The table below shows the current occupancy rate of car parks in Enfield Town, and how the occupancy rate would change at peak hours on December Sundays if Genotin Road car park was lost, and if 90 spaces were provided at weekends

Sunday	Existing		Without Genotin Road car park	With new Genotin Road car park
	No. of users	% Occupancy Rate	% Occupancy Rate	% Occupancy rate
10-11am	510	41%	45%	42%
11-12pm	1,010	82%	91%	83%
12-1pm	1,130	91%	101%	93%
1-2pm	1,170	94%	105%	97%
2-3pm	1,160	93%	104%	96%
3-4pm	1,020	82%	91%	84%
4-5pm	570	55%	61%	56%

4. PROPOSAL

- 4.1 The proposal in this report recommends a major strategic development of a Global Head Office on Genotin Road Car Park, Enfield Town to retain a key employer and company in the Borough.
- 4.2 Cabinet are asked to approve an Option Agreement that will detail two options that upon Metaswitch obtaining satisfactory planning permission for the redevelopment of the site will trigger either Option 1 or 2 which are discussed in the Part 2 report.
- 4.3 This will give Metaswitch comfort and reassurance and mitigate the risk of them expending considerable resource in bringing forward a planning application, and also will give the Council the luxury with regards to timelines and contingency planning.

APPENDIX 1

- 4.4 The aim for both parties is to construct a high quality office Head Quarters building providing state of the art accommodation of approximately 50,000-70,000 sqft with associated car parking for the staff and public.

5. ALTERNATIVE OPTIONS CONSIDERED

- 5.1 Not trying to retain Metaswitch Networks Ltd in the Borough will be considered a lost opportunity to retain a world class leader in technology, investment and employment.
- 5.2 Officers have considered using other facilities and land owned by the Council for expansion and office development. The Civic Centre has been discussed in particular the Tower (A Block), also a disposal/lease of several office locations in the Town has been discussed, however Metaswitch would prefer an exclusive occupational site.

6. REASONS FOR RECOMMENDATIONS

- 6.1 This is a rare opportunity to be able to retain a key business in the borough and support the expansion to create a global HQ building in the London Borough of Enfield.
- 6.2 This development will catalyse the Enfield Town regeneration and deliver positive outcomes for the whole borough and continue Enfield Council's commitment to Business and Economic development in the borough. It could act as a catalyst for further employment development in the Town Centre.

7. KEY RISKS & MITIGATION

- 7.1 **Failure to provide the Land** resulting in a damaged reputation and failure to meet the needs and aspirations of industry – Mitigated by entering into an Option Agreement with Metaswitch Networks Ltd for the Land.
- 7.2 **Failure to provide adequate parking** for the Town Centre- mitigated by Metaswitch reproviding their staff car park at the weekends to alleviate peaks parking pressures, during the construction stages, the Council can make available Council car parks in the Town area and also Enfield Grammar School have in the past opened up their playground for parking.
- 7.3 **Failure to allocate funding (Forward Funding Option)** resulting in Metaswitch drawing down alternative funding for the project, therefore negating Option 2.
- 7.4 **Risk of public opposition** objecting to parking changes with the largest surface car park in Enfield Town,– Mitigated by early extensive consultation with the public, businesses and other stakeholders during planning submission showing all stakeholders that this is essential for the future of Enfield Town as a viable shopping centre.
- 7.5 **Risk of costs rising** and value of disposal values falling.- Mitigated by monitoring and early identification at Capital/Investment Board of any possible issues.

APPENDIX 1

7.6 **Risk of delays** and additional costs - . Mitigated by consultation with all parties and senior officers; both at the Council and at Metaswitch. Fortnightly Project Board meetings at various stages to continue during design and beyond.

7.7 **Risk of issues with planning** application due to opposition and conservation issues. To be mitigated by early consultation with planners plus a pre planning application.

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

8.1 Financial Implications

See Part 2 Report

8.2 Legal Implications

8.2.1 By Section 123 of the Local Government Act 1972 ("S.123 of the LGA") and Section 1 of the Localism Act 2011 the Council has the power to dispose of land in any manner it wishes, subject to certain conditions.

8.2.2 The Council has a statutory duty to obtain the best price reasonably obtainable, subject to certain exemptions.

8.2.3 In accordance with the Council's Property Procedure Rules the inclusion of property on the disposals programme requires approval either by the appropriate Cabinet member or by Cabinet itself.

8.2.4. The Property Procedure Rules require all disposals to be made on a competitive basis, unless justified and approved otherwise.

8.2.5 In this particular case, as the intended transaction is to be on a non-competitive basis, a valuation report will be required in order to justify the disposal on the terms proposed, and in particular that it achieves best value..

8.2.6 The terms of the Option Agreement should be in a form approved by the Director of Law and Governance.

8.3 Property Implications

8.3.1 As embedded in this report.

8.3.2 External consultants (GVA Grimley) have undertaken valuations that estimate the market value of the land at the Genotin Road.

8.3.3 The Council is of the opinion that the disposal is in line with the Council Property Procedure Rules and the Council have obtained best value under s123 of the LGA (1972); the valuation received confirms the price offered for the land.

APPENDIX 1

9. PERFORMANCE MANAGEMENT IMPLICATIONS

The Option Agreement will have deadlines and dates for both Metaswitch and the Council to adhere to and will be managed accordingly.

10. EQUALITIES IMPACT ASSESSMENT

Not required for this report.

11. PUBLIC HEALTH IMPLICATIONS

Not required for this Report

12. IMPACT ON COUNCIL PRIORITIES

12.1 Fairness for All

By retaining Metaswitch in the Borough, families are not uprooted and moved and the local economy is not damaged with the long term future of Enfield Town secured.

12.2 Growth and Sustainability

The development of the office and global headquarters building will confirm to the wider arena that Enfield is about opportunity, creation and retention of jobs and business friendly which will lead to onward supply chains seeking to relocate to Enfield thereby creating jobs and prosperity.

12.3 Strong Communities

Metaswitch are a community company with over 52% of the workforce residing in Enfield. The Company are also very charitable with donations to local charities and hospices high on their agenda every year. Together this company has been part of Enfield since its conception and it would be a sad day for Enfield if they were to leave the Borough.

13. HR IMPLICATIONS

13.1 Delivering this development scheme within the tight time constraints together with various other complex projects and schemes in the pipeline will require additional resources, initially will be met from within existing sources, however specialist areas where delivery is concerned may need to be met from external sources.

13.2 As the projects(s) evolve there will be a requirement at different stages for further skill sets to complete various tasks, this could be achieved either through the Strategic Partnership Co-Sourcing agreement or through another short term agreement.

BACKGROUND PAPERS

None.

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