

MUNICIPAL YEAR 2018/2019 REPORT NO. 64

MEETING TITLE AND DATE:

Cabinet – 12 September 2018

REPORT OF:

Executive Director Place

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Agenda – Part: 1	Item: 11
Subject: Electric Quarter Grant of Phase B Lease and Start on Site.	
Wards: Ponders End	
Key Decision No: 4560	
Cabinet Member consulted: Cllr Nesil Caliskan (Leader of the Council/Lead Member Regeneration)	

1. EXECUTIVE SUMMARY
1.1 Ponders End is identified in the Enfield Plan Core Strategy 2010 – 2025 as a key regeneration area in North East Enfield and as a strategic location in the upper Lee Valley Opportunity Area. The Electric Quarter Regeneration Scheme is situated south of Queensway and West of Ponders End High Street.
1.2 This report takes forward the Electric Quarter Regeneration Scheme as set out in previous Cabinet reports of April and July 2012, April 2013, June 2014, and March 2016
1.3 Significant progress has been made with Phase A and the delivery of 61 new homes including 21 affordable units which is nearing completion. The first completions and occupations of family sized houses took place in December 2017 and at the time of writing this report 20 of the 40 private units are occupied.
1.4 The Planning Compulsory Purchase Order (PCPO) was confirmed by the Secretary of State in June 2017 and over 90% of land interests for the entire scheme have been secured by the Council
1.5 The Council is in contract with the developer for both phases of the scheme. This report seeks delegated authority to grant the Phase B Lease for the Electric Quarter scheme and disposal of land to the mosque. This will unlock the delivery of 167 housing units including 52 affordable rent and intermediate units, over 750sqm of community space and 1349sqm of commercial and retail space together with civic/public realm, new access roads, associated parking and landscaping.

2. RECOMMENDATIONS

It is recommended that Cabinet:

- 2.1 Delegate authority to Executive Director Place in consultation with the Executive Director Resources, the Leader of the Council and the Cabinet Member for Finance and Procurement to Grant a Lease for Phase B in accordance with the Original Agreement for Lease
- 2.2 Authorise the Director of Law & Governance following consultation with the Leader of the Council to prepare, complete and execute the required legal documentation relating to the Grant the Phase B Lease.

3. Project Background

- 3.1 The Electric Quarter Regeneration Scheme (formerly the Ponders End High Street Regeneration Scheme) represents the implementation of the Ponders End Central Planning Brief, adopted in May 2011, which recognised that rejuvenation of Ponders End required comprehensive redevelopment of the former Middlesex University and other High St sites. The vision of the Brief was for Ponders End to become more prosperous, inclusive, green and stable, with high quality residential development supported by good local services and community facilities.
- 3.2 Scheme objectives were:
 - Catalyse regeneration with minimal public sector investment
 - Maximise Residual Valuation to enable public sector return on investment
 - Improve the economic outlook of the town centre through the diversification of the retail profile
 - Tackle poverty through the provision of a variety of quality affordable homes (size and tenure) for local people
 - Open up strategic pedestrian/cycle gateways and vistas to facilitate the former Middlesex University site
 - Create a distinctive sustainable, high quality development in this key location
 - Improve the environmental quality of the High Street
 - Accommodate the library collocated with other services, within the proposals
- 3.3 The Council secured from the Mayor's Outer London Fund (Round 2) £845,000 towards the scheme and a further £1m towards other socio-economic and environmental improvements to benefit the area.
- 3.4 The land area to be included in the scheme was reduced, and the scheme amended, in 2014, following acquisition of the former Middlesex University site by the Secretary of State for Communities and Local Government. This resulted in a delay to the programme.

3.5 An overarching Agreement for Lease was entered into with Lovell Partnerships Ltd, with separate leases for Phases A and B of the scheme. Under the terms of the Agreement for Lease, Lovell was tasked with securing a detailed planning application (amongst other conditions), whilst the Council was tasked with securing the land and property interests required for the scheme.

3.6 The sequence of Cabinet decisions is as follows:

- **15/6/2011 (Key decision 3285)** – Noted proposals for progressing the regeneration of Ponders End High St, approved a budget to acquire the Ponders End Police Station and authorised commencement of a CPO.
- **25/4/2012 (Key decision 3350)** – Endorsed a comprehensive approach to redevelopment of Ponders End High St Regeneration Scheme, including Sites A and B (see Diagram 1), and approved a delivery strategy, including a land assembly and relocation strategy.
- **18/7/2012 (Key decision 3525)** – Authorised expenditure on consultants and professional fees, procurement of a contractor to demolish the former police station building, and use of prudential borrowing to acquire land within the CPO boundary.
- **24/4/2013 (Key decision 3682)** – Approved the making of the CPO. Authorised the appointment of a preferred development partner and delegated authority to enter into Agreement for Lease with Lovell Partnerships Ltd.
- **25/6/2014 (Key decision 3922)** – Approved the revised development site boundary (as a result of the acquisition of the former Middlesex University site by the Secretary of State for Communities and Local Government) and revised CPO boundary.
- **17/6/2015 (Key decision 4076)** – Resolved to make the amended CPO.
- **26/1/16** Planning permission granted (15/04518/FUL).
- **10/2/16 (Key decision 4229)** – Authorised budget of £10.08m to acquire the balance of land and property interests to enable land assembly for completion of Phases A and B.
- **15/3/2016 (Key decision 4261)** – Granted the Lease for Phase A, (noting that the final land price will not be determined until four years after the Grant of Lease), and subsequent start on site. This satisfied the grant conditions for the GLA Outer London Fund Round 2 (OLF2) to support the cost of land acquisition for the Electric Quarter.
- **19/10/2016 (Key decision 4392)** – Approved the appropriation of the CPO acquired land for planning purposes.
- **16/6/17** London Borough of Enfield (Ponders End Electric Quarter) Planning and Compulsory Purchase Order 2016 was confirmed by the Secretary of State for Communities and Local Government.

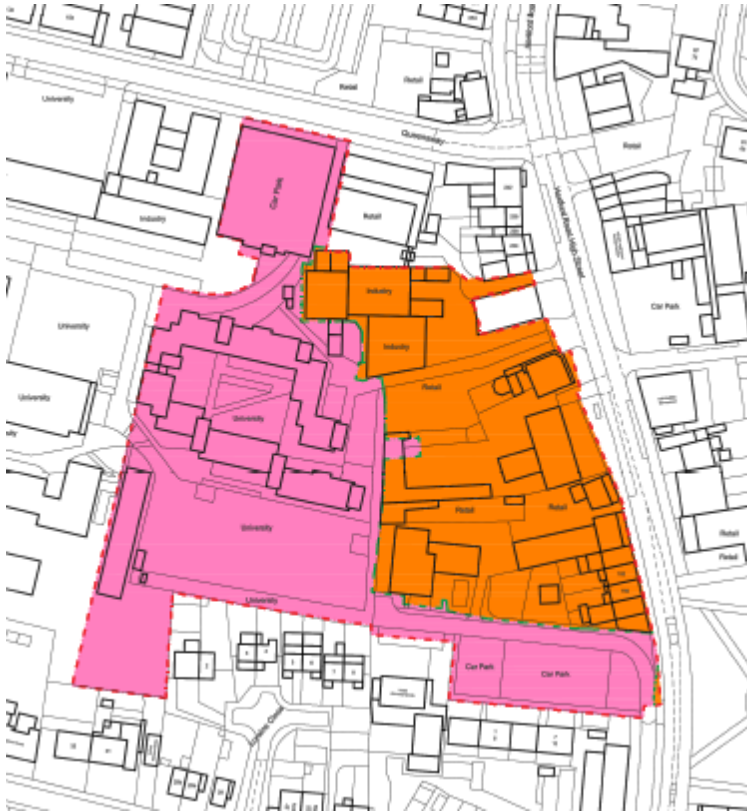


Diagram 1: Electric Quarter Phase Plan (Pink = Phase A; Orange = Phase B)

4. Progress to date

- 4.1 Phase A of the scheme has delivered 40 new family sized houses, with over 50% occupied. A further 21 affordable flats for social rent are nearing completion. The council has 100% nominations rights and therefore the affordable units will be occupied by residents put forward from the Council's housing waiting list. Phase A will be completed by Autumn 2018.



- 4.2 The developer, Lovell has appointed North London Muslim Housing Association as registered provider for both phases A and B affordable units through Islington and Shoreditch Housing Association acting as agents. Both are members of the North London Alliance.
- 4.3 The new Car Park at College Court re-opened in Spring 2018. A section of the car park will remain free to residents, local businesses and visitors.
- 4.4 When the Council has acquired the land that constitutes Phase B, through the CPO process, and all other Phase A lease conditions have been satisfied by Lovell, it will be possible to grant the Lease for Phase B and ensure commencement on site in Autumn 2018.

5. Granting Phase B Lease

- 5.1 Phase B will deliver 167 housing units, including 52 affordable rent and intermediate units; more than 750 sq m of community space; and 1,349 sq m of commercial and retail space; together with civic/public realm, new access roads, associated parking and landscaping.
- 5.2 Commencement of Phase B is subject to assembling the remaining land by way of compulsory Purchase Order. Land assembly is forecasted to be concluded by October 2018. Once the Council has acquired all the land and property interests required for the delivery of Phase B, it will be contractually obliged to grant the Phase B Lease.

5.3 The Phase B agreement for lease conditions are:

- Condition A – Satisfactory Planning Permission (developer obligation)
- Condition B – Land Acquisition (Council obligation)
- Condition C – Registered Provider ((developer obligation)
- Condition D – Price (Council and developer obligation)
- Condition E – Funding (developer obligation)
- Condition F – Design and Sustainability Standards (developer obligation)
- Condition G – Approved Plans (developer obligation)
- Condition H – Compliance Inspector (developer obligation)

- 5.4 Outstanding conditions are B and D (see Part 2)

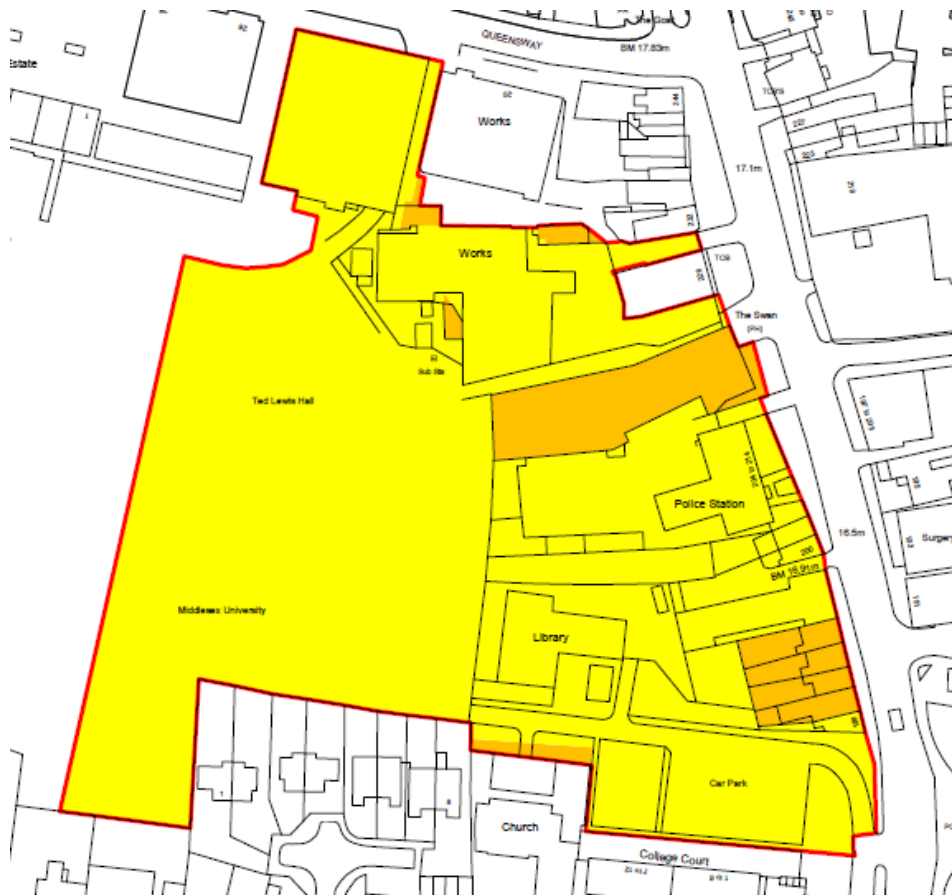
Condition B – Land Acquisition




- 5.5 This is a Council obligation.

- 5.6 Wherever possible, the Council has sought to secure acquisition through private treaty negotiations. As a final resort, the Council has undertaken a Compulsory Purchase Order (CPO) to obtain land that is absolutely required

for the purposes of regeneration. Following a public enquiry in November 2016, the CPO was confirmed by the Secretary of State in June 2017.

- 5.7 To date over 90% of land has been acquired by way of private treaty (see diagram 2). However, the remaining land will be acquired by way of CPO. The General Vesting Declaration and/o Notices to Treat are aligned to secure title to all interests and obtain vacant possession by December 2018.

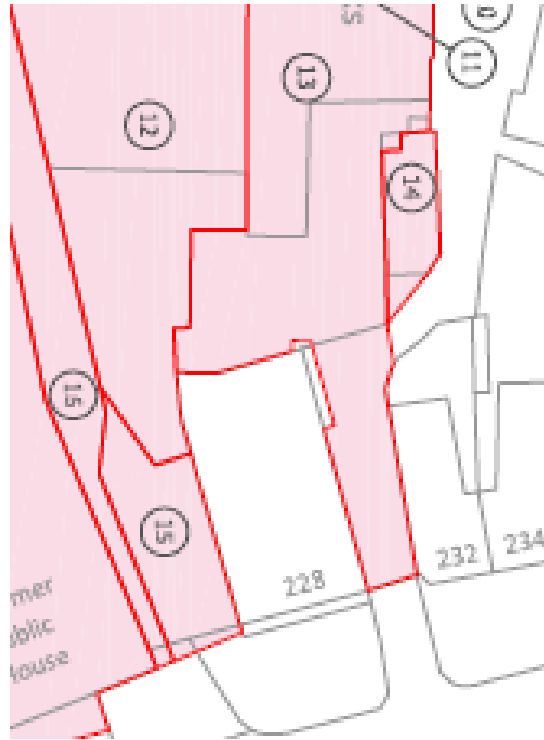


	CPO boundary	20972sq.m 225753sq.ft 5.18 acres
	Sites that have been acquired by the Council	19184sq.m 206501sq.ft 4.74 acres
	Sites that remain to be acquired by the Council	1788sq.m 19252sq.ft 0.44 acres

- 5.8 The Ponders End Mosque and the Council have been in discussions for several years to rationalise and expand land owned by the Mosque and at the same time deliver the housing and community facilities desired by the regeneration project. The Compulsory Purchase Order Land Plan identified Plot 14 (see next diagram), a two-storey building utilised as a ladies prayer room and mortuary and currently owned by the Ponders End Mosque to be acquired as part of the development. The Council has recently formally

provided an offer to sell land adjacent to the Mosque building to the Mosque trustees. Negotiations are ongoing.

- 5.10 Representatives of the mosque have recently expressed an eagerness to explore a range of possible options to extending the existing worship space and providing broader community facilities. The Council and the developer, Lovell have been in discussions and currently are in negotiations with the mosque to assist with their expansion plans.



Condition D – Calculation of Price and land receipt

- 5.10 See Part 2

6. Next Steps

Start on site: Following the Phase B Lease, the developer's delivery programme sets out start on site dates. The initial pre-construction period will include vacant site possession; site welfare; services disconnections and demolishing plastics factory. Construction will then move onto ground piling and sub-structure design, followed by super structure works.

7. ALTERNATIVE OPTIONS CONSIDERED

Do nothing

- 7.1 The Council is obliged to grant the Phase B Lease to Lovell in accordance with the AFL. If the Council refuses to do so this would be a breach of the its obligation in the AFL and Lovell would have a potential damages claim

against the Council. For example, Lovell might allege that, had it been granted the Lease, it would have made a significant profit, and it might therefore pursue the Council for damages to compensate it for that loss in addition to any abortive costs, such as for detailed design work.

- 7.2 The Council will be unable to deliver the Electric Quarter as a major catalyst for the regeneration of Ponders End, potentially resulting in a half-completed scheme and blighted high street frontage.

Provide Lease for part of Phase B

- 7.3 All of the land for Phase B has not yet been acquired through the CPO process. Lovell is seeking a part Lease on Phase B in order to start on site in October, and thus avoid demobilising. If Lovell wanted to start on site on only part of Phase B, a variation to one of the s106 obligations would have to be submitted and agreed by the Local Planning Authority.

8. REASONS FOR RECOMMENDATIONS

- 8.1 Granting Phase B lease will unlock the delivery of the final phase of the Electric Quarter Regeneration Scheme. The provision of a further 106 housing units including 31 affordable units will unlock the housing led regeneration of Ponders End High Street. In addition, it will deliver new modern community space and retail units in Ponders End where demand is high. Entering into the Phase B lease will discharge the Councils contractual obligations under the Agreement for Lease.
- 8.2 The scheme will offer a mix of affordable homes and different tenures and provide the opportunity to deliver transformational change in the area and tackle poverty through high quality and varied housing. It will also assist in the rejuvenation and outlook of the town centre and provide an opportunity to create a “heart” for Ponders End High Street.

9. COMMENTS OF THE EXECUTIVE DIRECTOR RESOURCES AND OTHER DEPARTMENTS

9.1 Financial Implications

See Part 2

9.2 Legal Implications

- 9.2.1 As noted in this report, the Agreement dated 8th October 2014 required the lease of Phase B to be granted to the developer once conditions referred to in paragraphs 5.3 and 5.5 have been satisfied. If the Council does not grant the lease the developer could either sue for economic loss or apply to the Court for an order of specific performance, i.e. compelling the lease to be granted.

- 9.2.2 The council will require ongoing property advice from a mainstream reputable firm of surveyors, represented in the London market place to advise on outstanding valuation matters including retail and commercial.
- 9.2.3 The council will also require ongoing legal advice or counsel to advance the next stages of the CPO and general vesting declaration processes in order to acquire vacant possession of all remaining plots. In addition, the council will require ongoing legal advice relating to the Agreement for Lease and its associated conditions.

10. Property Implications

See Part 2

11. KEY RISKS

- 11.1 If the Council grants the lease the existing project risks will not materially change. These are detailed in previous Cabinet reports (listed at 3.3).
- 11.2 If the Council is unable to grant Phase B lease there are a number of associated risks:

(Legal and financial) Developer withdrawal: If the Council is unable to grant a Phase B lease, a start on site date would be delayed and there is a possible risk that the developer (Lovell) would withdraw its commitment to Electric Quarter – subject to contract. The Council would be in breach of its obligations within the agreement for lease raising a possible risk that the Lovell would sue the Council for loss of revenue. (See Part 2)

Mitigation: Grant Phase B Lease in timely manner to ensure delivery programme is not unduly delayed. Or, Council undertakes new procurement exercise to secure alternative development partner. This approach would incur further costs to the Council.

(Financial) Escalation in Build Costs: Potential delay in start on site date may coincide with escalation of build costs including preliminary costs, which would impact upon profitability of the scheme and Council's projected land receipts.

Mitigation: Council continues to monitor Electric Quarter's financial position. Any increase in build cost maybe compensated by increased sales values.

(Property) Loss of affordable housing: If the Council is unable to start onsite for Phase B, there would be a concomitant impact on Council targets for affordable and family housing – a key strategic priority for Ponders End.

Mitigation: The Council currently has identified several development sites along Ponders End, which could accommodate affordable housing. A delay

to Phase B could be mitigated by revised designs to increase affordable housing units elsewhere in Ponders End.

Phase B lease is granted and Council maintains current delivery timeframe for completion and occupation of affordable units

(Reputational) Undermine wider regeneration plans for Ponders End: Phase B development represents significant place shaping activity that influences Ponders End High Street and particularly the High Street frontage. Failure to grant the Phase B lease would impact upon wider regenerative efforts anticipated for the High Street, and the Council's future ability to attract investment into the area.

Mitigation: It is difficult to mitigate this risk.

(Reputational) Complaints from Phase A residents: Any delay in the grant of the Phase B lease and start on site date would impact upon existing Phase A residents' quality of life.

Mitigation: Council creates small landscaped areas, as well as temporary visually attractive hoarding to improve the temporary quality of the area – if required.

(Regeneration) Loss of retail units: Phase B Electric Quarter includes several ground floor retail elements. Facing onto the high street these units will hold a prominent location in Ponders End. The inability to progress Phase B, would impact on the Council's ability to attract the appropriate types of retailers who could help uplift the area.

Mitigation: The Council investigates the option to acquire leases on Phase B retail units, allowing increased control over the type of retailer at Electric Quarter.

(Social) Loss of community benefits: The phasing and design of Electric Quarter is structured in a way that the majority of social homes, public amenities and community facilities are programmed to be built in Phase B. If the development does not proceed community benefits will not be delivered.

Mitigation: If Phase B is not immediately delivered the Qube and Library would remain on site during the interim period, minimising impact on the community. Council may additionally consider exploring other sites within Ponders End that could serve community needs.

The Council works with existing retail consultants at Ponders End to understand how appropriate retailers can be accommodated elsewhere within identified development sites at Ponders End.

12. IMPACT ON COUNCIL PRIORITIES

12.1 Fairness for All

The Regeneration of Ponders End High Street will promote fairness for all members of the local community through consulting the community on the proposals and by the planned provision of new commercial, community and residential development that is appropriately accessible to the local community. The delivery of the Electric Quarter development will promote fairness for people in the local community and borough. The Council is committed to delivering affordable residential homes. The homes will be a mixture of tenures, sizes, and designs providing housing options for all people living and aspiring to live in the borough

12.2 Growth and Sustainability

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

12.2.2 The development will contribute to an improved rate of economic growth in the borough through increasing the number of social and affordable homes, improving the quality and quantity of commercial and community spaces and increasing the rate of employment, training, and enterprise opportunities available for local people. The Council aim to promote a level of recreational, economic, social inclusivity and access that empowers individuals and families to take advantage of the opportunities that will result from successful delivery of an exemplar housing development programme.

12.3 Strong Communities

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

12.3.2 The development and delivery of the Electric Quarter Scheme is a critical component of the London Borough of Enfield's regeneration priorities aimed at supporting and increasing community resilience, and social, and economic. The Electric Quarter development increases the housing options across all tenures, attracts local and new wealth across income streams, supports improvements and enhances quality of life, civic pride and the diversity of communities in the area. The development also creates high quality community and commercial spaces, delivers new civic amenity, and provides a range of shopping and leisure opportunities. This combined with other

integrated place shaping and transport, projects such as the High-Street Improvement programme will create infrastructure that supports and empowers communities to participate fully in civic, economic, and social life in a revitalised area and high street.

13. EQUALITIES IMPACT IMPLICATIONS

13.1 In accordance with the Contract Procedure Rules Version 6, the Regeneration of Ponders End High Street has been subject to a Predictive Equality Impact Assessment in March 2012 and an Equalities Impact Assessment in October 2012 as part of the outline planning application. A revised Equalities Impact Assessment was submitted with the new planning application. The Electric Quarter Ponders End Equalities Impact Assessment (**EIA**) September 2015 submitted as part of the approved planning application of 26 January 2016 (15/04518/FUL) found that the development scheme has responded positively to delivering a development that will promote equality. The **EIA** Matrix sets out the positive aspects of the development which are Involvement; Crime, Fear of Crime; An Affordable Home; A Home to Meet Needs; Access to Facilities and Services, Public Transport and Accessibility; The table below also sets out the impact against the nine Protected Characteristics set out in the Equalities Act 2010.

13.2 Electric Quarter, Ponders End: Equality Act 2010 Protected Characteristics

Protected Characteristic	Scheme: Electric Quarter	Mitigation
Disability	Positive	Not applicable
Gender	Neutral	None
Age	Neutral	None
Race	Neutral	None
Religion & Belief	Positive	Not applicable
Sexual Orientation	Neutral	None
Gender Re-assignment	Neutral	None
Pregnancy and Maternity	Positive	Not applicable
Marriage and Civil Partnership	Neutral	None

13.3 Overall the Equalities Impact Assessment finds the proposed development will respond positively to securing a development that promotes equality.

14. PERFORMANCE MANAGEMENT IMPLICATIONS

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

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

15 HEALTH AND SAFETY IMPLICATIONS

- 15.1 In relation to the possible purchase of land, it will be necessary, through the process of due diligence, to establish the extent of contaminated land and to ensure that appropriate measures are taken to mitigate risks and to ensure its likely suitability for projected end uses.
- 15.2 The Council would also need to ensure that any acquired land was properly managed in order to provide a satisfactory level of amenity, safety and security.

16. HR IMPLICATIONS

None

17. PUBLIC HEALTH IMPLICATIONS

- 17.1 The Health Impact Assessment prepared for the Outline Planning Application concluded that the development will have an overall beneficial effect on several determinants for health, in particular on employment and education (in terms of job training), which have been identified as priorities in the local area. The detailed Planning Application (15/04518/FUL) included a Health Impact Assessment. It concluded the development will contribute to objectives that have an overall beneficial effect on several determinants of health such as increases in the quality and affordability of housing, supporting active travel, creating a healthy environment, and delivering a vibrant neighbourhood.
- 17.2 Furthermore, the development has the potential to benefit several vulnerable groups which have been identified in the area. These groups include the unemployed, young people and children in poverty, mainly through the education and training opportunities, but also through the re-provision of a more modern and attractive library.

Background Papers

None