

## MUNICIPAL YEAR 2018/2019 REPORT NO.

### ACTION TO BE TAKEN UNDER DELEGATED AUTHORITY

### OPERATIONAL DECISION OF:

Executive Director Place in consultation with the Lead Member for Meridian Water.

Agenda – Part: 1

KD Num: 4796

**Subject: Meridian Works Site One:  
Authority to sign key agreements to enable project delivery.**

**Wards: Upper Edmonton.**

Contact officer and telephone number: Nick Fletcher, 0208 379 8310

Email: [nick.fletcher2@enfield.gov.uk](mailto:nick.fletcher2@enfield.gov.uk)

### 1. EXECUTIVE SUMMARY

- 1.1 On 25th July 2018, Cabinet authorised the Meridian Water Employment Approach report (KD 4717), including in relation to the delivery of *Meridian Works One*.
- 1.2 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 in the Meridian Water Employment Approach agreed by Cabinet on 25th July 2018 (KD 4717). The project involves working with Building BloQs, an existing business within the Meridian Water regeneration area, to expand to provide high quality makerspace.
- 1.3 The project follows the emerging employment strategy and vision for Meridian Water by supporting local businesses. The project will safeguard 84 FTE jobs, and create 209 new FTE jobs.
- 1.4 The recommendations set out in this report reflect the agreement made by Cabinet in July 2018 to progress the project with Building BloQs.
- 1.5 Cabinet delegated authority to the Executive Director Place (in consultation with the Meridian Water Programme Director, the Executive Director Finance and Lead Member) to make all implementation decisions within the budget and scope approved by Cabinet to deliver *Meridian Works One*. Cabinet further delegated to the Director of Law and Governance to approve any legal agreements as required, and this report recommends that the Council signs a Grant Funding Agreement with *Building BloQs* to deliver the project outputs.

## **2. EXECUTIVE SUMMARY**

- 1.6 Cabinet delegated authority to the Executive Director of Resource to authorise the business plan of Building BloQs – the Council's chosen delivery partner for Meridian Works One. The Acting Executive Director of Resource has also now authorised the Building BloQs Business Plan, which was a delegated decision from the Cabinet report.
- 1.7 This Report provides an update on progress on Meridian Works One to date and, subject to the approval of the necessary legal documentation by the Director of Law and Governance, recommends the Council make grant funding available to Building BloQs in accordance with the Cabinet approved scope and budget.
- 1.8 This Report also seeks authority to enter into a Deed of Variation with the GLA to amend the outputs and scope of the current Grant Funding Agreement between the GLA and Enfield Council.

## **2. RECOMMENDATIONS**

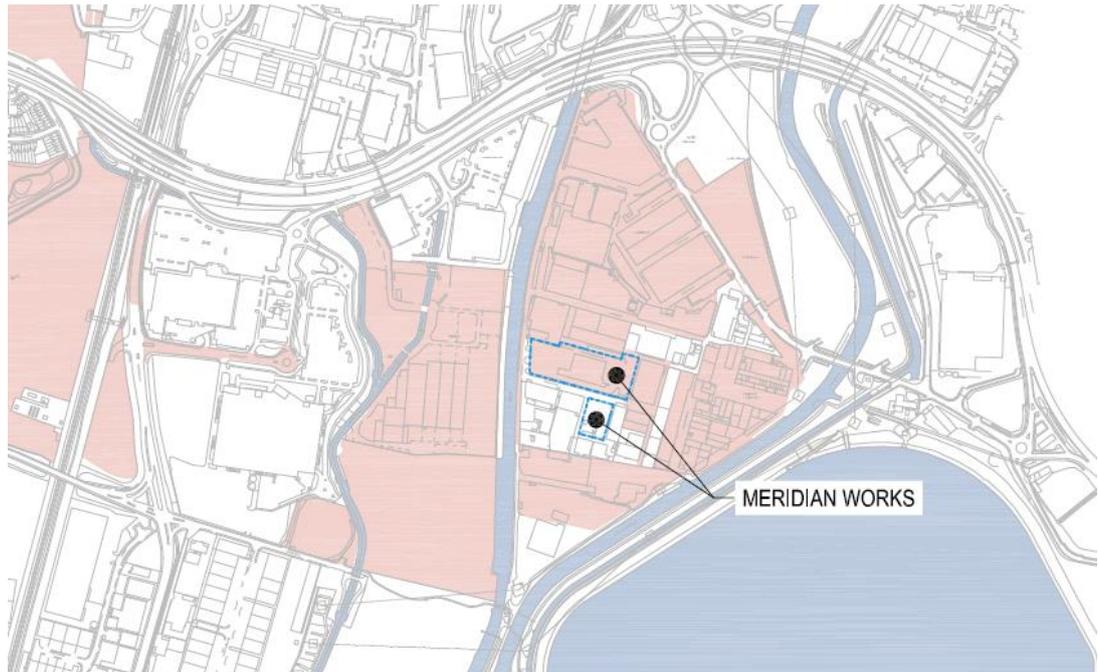
That the Executive Director for Place, in consultation with the Lead Member for Meridian Water and Executive Director for Resource and Director for Meridian Water;

- 2.1 Note progress made with the *Meridian Works One* project to date, and the recommendations that are made in the Part 2 report.
- 2.2 Subject to approval of the necessary legal documents by the Director of Law and Governance and the sign off of Heads of Terms by Strategic Property Services, approves the provision of a grant to Building BloQs at Meridian Works Limited to assist in the delivery of the Meridian Works One Project.
- 2.3 Subject to the sign off of Heads of Terms by Strategic Property Services, approves entering into a lease with Building BloQs at Meridian Works Limited for the former VOSA site.
- 2.4 Approves commencing the procurement of works at the former VOSA site to enable the Council to enter into a lease with Building BloQs at Meridian Works Limited.

### 3. BACKGROUND

#### Project background

- 3.1 On 25th July 2018, Cabinet authorised the Meridian Water Employment Approach report (KD 4717), including in relation to the delivery of Meridian Works One. Meridian Works One is to be delivered at Anthony Way within the east bank area of the Meridian Water Masterplan.



*Location of Meridian Works: 2 Anthony Way (the former VOSA site) and 4 Anthony Way (currently home to Building BloQs)*

- 3.2 The Meridian Works One project focuses on supporting professional and highly skilled makers and creative entrepreneurs and is directly aligned with the emerging Meridian Water employment strategy, as articulated in the Meridian Water Employment Approach agreed by Cabinet on 25th July 2018 (KD 4717). The project involves working with Building BloQs, an existing business within the Meridian Water regeneration area, to expand to provide high quality makerspace.
- 3.3 The project follows the emerging employment strategy and vision for Meridian Water by supporting local businesses. The project will safeguard 84 FTE jobs, and create 209 new FTE jobs.
- 3.4 The recommendations set out in this report reflect the agreement made by Cabinet in July 2018 to progress the project with Building BloQs.

- 3.5 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.
- 3.6 The recommendations set out in this report reflect the agreement made by Cabinet in July 2018 to progress the project with Building BloQs.

#### Cabinet authority

- 3.7 On 25<sup>th</sup> July 2018, Cabinet authorised the Meridian Water Employment Approach report (KD 4717). In doing so, Cabinet authorised a budget and revised scope for the Meridian Works One project to provide approximately 35,000 square feet of existing and new commercial space at Meridian Water for ‘Creative Entrepreneurs’ namely for Building BloQs, a ‘maker space’ organisation, to be relocated from their current premises at 4 Anthony Way to the larger former VOSA Depot site at 2 Anthony Way, and subsequently potential artist studio (subject to reaching agreement with ACAVA, which is the intention of the Council) or other creative space to occupy 4 Anthony Way. The Cabinet approvals were all subject to agreeing commercial terms and further delegated approvals within that report.
- 3.8 The Cabinet report sets out the wider context, chronology of events to date including various options which were considered, and further details of the project objectives.

#### Progress since Cabinet

- 3.9 Progress has been made since that Cabinet meeting on a number of fronts. Efforts have largely been focused on agreeing terms with Building BloQs and developing a scheme design for the new premises at the former VOSA site.
- 3.10 The Council also completed the acquisition of 4 Anthony Way in November which increases its landholdings at Meridian Water and its ability to deliver both meanwhile projects to generate employment and revenue, and longer-term development to realise the vision of the masterplan.
- 3.11 In terms of the Building BloQs scheme, a new project team of architects, engineers, a quantity surveyor/Employer’s Agent, the Council’s project manager and representatives from Building BloQs has been established through new procurements and variations to existing contracts. The team is progressing the scheme design to transform the site of the former VOSA Depot at 2 Anthony Way, partly through refurbishment of the existing structure and the construction of a new weather proof canopy and new thermally proofed structures within it.

- 3.12 After various options were tested, a cost plan has been developed at the end of RIBA Stage 1 which has informed the scope and level of specification for the emerging scheme design, to ensure the project is delivered within the approved Cabinet budget. Assurance that the alignment of the Boulevard, the new east west road and design of the access road to enable continued access for vehicles including buses to the Arriva depot, has been secured.
- 3.13 The Council has agreed the revised outputs, project scope and budget with Building BloQs and the GLA, to support a necessary Deed of Variation to the GLA Funding Agreement which can be signed subject to the approval of the recommendations in this report. As explained in the Meridian Water Employment Approach report (KD 4717), the original project was developed in late 2015 following a successful bid to the GLA as part of the London Regeneration Fund (LRF) and while the project is still supported by a £1.35m grant from the GLA, the set of outputs and anticipated scope have changed since Cabinet authorised the new strategy to deliver Meridian Works One at the former VOSA building and 4 Anthony Way. The new outputs reflect the reduced scale of the building at VOSA and 4 Anthony Way compared to the original proposed location at Orbital Business Park. The revised deed of variation allows for outputs to be reduced/altered further to meet any revisions required as a result of a fixed budget.
- 3.14 The GLA grant will be paid to LBE as their contribution to the overall project which includes LBE's grant to Building Bloqs to deliver machinery, fit-out costs, and capital project costs. The Council is additionally investing in the building refurbishment and construction project to shell & core, for which it will receive a market rent. Due to the GLA London Regeneration Fund (LRF) deadline of 31<sup>st</sup> March 2019 for drawing down funding, and the timescales for delivering a revised Meridian Works One project at a different site, the Council has agreed with the GLA that the GLA funding will be drawn down against those elements of the project where expenditure has been incurred by that date, namely the acquisition cost of 4 Anthony Way which is required to deliver floorspace to meet the wider outputs, and the capital costs for Building BloQs which are largely for machinery that will be used now and when the new premises are occupied.
- 3.15 A number of commercial meetings have taken place between Officers and Building BloQs since the approval of the Cabinet report in July.
- 3.16 Negotiations on the Heads of Terms for the Agreement for Lease and Lease of the former VOSA site have largely been agreed with Building BloQs based on the Cabinet approval for the project. The Heads of Terms and independent report from a Chartered Surveyor confirming that the disposal represents market value is awaited and will need to be reviewed and agreed by Strategic Property Services. The recommendations in this report are contingent on that approval being in place.
- 3.17 LBE Finance has been in dialogue with Building BloQs to ensure sufficient information on their Business Plan is provided. The Executive Director of

Resources, as delegated by Cabinet, has now authorised the Building BloQs Business Plan.

- 3.18 Further information on the commercial aspects of the project is included in the Part 2 report.

Programme and next steps

- 3.19 Subject to the recommendations of this report being approved and the approval of Heads of Terms by Strategic Property Services, the Council will be able to sign an Agreement for Lease that commits both parties to a twelve year lease following the completion of the new premises. The Council will be able to sign the Deed of Variation to the GLA Funding Agreement to draw down GLA monies, and after signing the Grant Agreement with Building BloQs, will be able to fund Building BloQs initial capital costs.
- 3.20 Following completion of the necessary legal documents, efforts will be focused on project delivery and based on the current programme, it is expected that a planning application will be submitted during spring 2019. A formal pre-application meeting will be held at an appropriate stage in the programme to inform the design development and planning strategy and minimise planning risk as far as possible.
- 3.21 Subject to that planning application being successful, the Council will procure a contractor to deliver refurbishment works to the former VOSA building, and the construction of the new extension building under a single contract, both to a shell and core level of specification
- 3.22 It is currently envisaged that a single-stage procurement will be undertaken, with five contractors invited to tender. The form of contract and details of the procurement are being considered and will be presented to Procurement & Commissioning Review Board for approval.
- 3.23 It is anticipated that construction will commence on site in autumn 2019 with completion expected in summer 2020. The project team is seeking to expedite this programme where possible.
- 3.24 Fit out works in accordance with a specification agreed in advance by the Council will be undertaken by Building BloQs (or their sub-contractors). A portion of the grant funding provided to Building BloQs will be used to fund these works. The scope of these fit-out works which sit outside of the building contract are subject to further design development and consideration by the Council and the proposed Agreement for Lease makes provision for a reduction in specification as necessary to ensure that the project remains within the available budget as approved by Cabinet at its meeting in July 2018.

**4. ALTERNATIVE OPTIONS CONSIDERED**

- 4.1 The recommendations set out in this report reflect the agreement made by Cabinet in July 2018 to progress the project with Building Bloqs. Any other approach, for example to pull out of the deal or to seek an alternative site, would not be in line with that decision and would result in the withdrawal of GLA funds and are not therefore considered appropriate.

## **5. REASONS FOR RECOMMENDATIONS**

- 5.1 The recommendations in this report reflect the decision made by Cabinet in July 2018.

## **6. COMMENTS FROM OTHER DEPARTMENTS**

### **6.1 Financial Implications**

- 6.1.1 Financial Implications are included in the Part 2 report.

### **6.2 Legal Implications**

- 6.2.1 Section 1 of the Localism Act 2011 provides the Council with the power to do anything an individual may do, subject to a number of limitations. This is referred to as the "general power of competence". A local authority may exercise the general power of competence for its own purpose, for a commercial purpose and/or for the benefit of others
- 6.2.2 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.
- 6.2.3 Any procurement arising from the matters described in this report (including the procurement of building contractors and consultants) must comply with the Council's Constitution (including the Contract Procedure Rules) and, where applicable, the EU Public Contracts Regulations 2015 and the Public Services (Social Value) Act 2012.

- 6.2.4 Any acquisition or disposal of property (including by way of lease) arising from the matters described in this report must comply with the Council's Property Procedure Rules. Furthermore, any lease granted for more than 7 years will be subject to compliance with s123 Local Government Act 1972. For more information, please see section 6.2 below.
- 6.2.5 The Council must ensure value for money in accordance with the overriding Best Value Principles under the Local Government Act 1999. Accordingly, officers should robustly monitor the recipient's use of the funding in accordance with the provisions of the grant funding documents to ensure that
- 6.2.6 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.

### **6.3 Property Implications**

- 6.1.1 The Council's Property Procedure Rules (the "PPRs") will apply to any lease granted over the former VOSA site and 4AW. The PPRs provide that, to ensure transparency in all property transactions, lettings to any organisation must be on the basis of market value, with any financial assistance or other gratuitous benefit to be provided by way of a grant rather than reduction in the disposal terms. It is noted that it is assumed that the premises will be let at, or broadly equivalent to, market rent. In general, in order to ensure that the best obtainable consideration is received, prior to disposal properties must be placed on the open market and advertised publicly. Any "off-market" disposal as envisaged by the proposals set out in this Report will be subject to a report prepared by the Responsible Senior Officer (and approved by the relevant Cabinet member) setting out justification for such a disposal as being in the best interest of the Council and containing written advice, including a market value, from an external registered valuer. In the event that a disposal is made at less than the best obtainable consideration, the Council is potentially providing state aid. Where this occurs, the Council must ensure that the nature and amount of subsidy complies with State Aid Rules. Leases greater than 15 years and/or where the cumulative value of the term of the lease exceeds £250,000 will require approval from the Executive Director Resource.
- 6.1.2 Any lease granted for more than 7 years will be subject to compliance with s123 Local Government Act 1972. This section prohibits a council from disposing of land for a consideration less than the best that can reasonably be obtained without the consent of the Secretary of State. A General Consent is available where the local authority considers that

the purpose for which the land is to be disposed is likely to contribute to the promotion or improvement of economic, social or environmental well-being and the difference between the unrestricted value of the land to be disposed of and undervalue does not exceed £2,000,000.

6.1.3 Negotiations on the Heads of Terms for the Agreement for Lease and Lease of the former VOSA site have largely been agreed with Building BloQs based on the Cabinet approval for the project. The Heads of Terms and independent report from a chartered surveyor confirming the disposal represents market value is awaited and will need to be reviewed and agreed by Strategic Property Services. The recommendations in this report are contingent on that approval being in place.

6.1.4 To the extent that the report fully complies with paras 6.2.1-6.2.3 above, Strategic property Services fully supports this important initiative.

## **7. KEY RISKS**

7.1 A project specific risk register is included as an Appendix to Part 2 of this report. The content of the document contains commercially sensitive information throughout.

## **8. IMPACT ON COUNCIL PRIORITIES – CREATING A LIFETIME OF OPPORTUNITIES IN ENFIELD**

### **8.1 Good homes in well-connected neighbourhoods**

The implementation of this project has a broadly neutral impact on this objective. Please refer to the Meridian Water Employment Approach Cabinet report, KD4717, for further detail.

### **8.2 Sustain strong and healthy communities**

The implementation of this project has a broadly neutral impact on this objective. Please refer to the Meridian Water Employment Approach Cabinet report, KD4717, for further detail.

### **8.3 Build our local economy to create a thriving place**

The implementation of this project has a highly positive impact on this objective by facilitating the growth of skilled creative industries and boosting employment opportunities at Meridian Water and the borough.

Please refer to the Meridian Water Employment Approach Cabinet report, KD4717, for further detail.

## **9. EQUALITIES IMPACT IMPLICATIONS**

- 9.1 Equality and diversity considerations will continue to be integrated into the development and delivery work for Meridian Water to make sure they are embedded in the decision-making process and to avoid costly design changes.
- 9.2 Corporate advice has been sought in regard to equalities and whilst there are no Equalities implications in agreeing this report seeking authority to sign key agreements to enable project delivery. It is recommended that as part of the review of the Meridian Water Project, the Meridian Water EQIA be reviewed and updated at an appropriate time to embed Equalities and Diversity in the future procurement, design and delivery of the project.
- 9.3 In addition to this it should be noted that projects or work stream deriving from this may be subject to a separate Equalities Impact Assessment and they will therefore be assessed independently on the need to undertake an EQIA to ensure that the council meets the Public Sector Duty of the Equality Act 2010.
- 9.4 It is also recommended that any contracts awarded should include a duty on the successful applicant to assist us with meeting our obligations under the Equalities Act 2010.

## **10. PERFORMANCE AND DATA IMPLICATIONS**

Please refer to the Cabinet report KD4714.

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

Please refer to the Cabinet report KD4714.

## **12. HR IMPLICATIONS**

*n/a*

## **13. PUBLIC HEALTH IMPLICATIONS**

It is considered that this particular project does not have particular public health implications of note.

## **Background Papers**

None