

Overview and Scrutiny Committee BRIEFING NOTE

FOR THE ATTENTION OF:
Overview and Scrutiny Committee

For information

Subject / Title:

Meridian Water briefing for OSC

Ward(s): Upper Edmonton

Date: 04/02/2019

1. Background

- 1.1. Meridian Water will deliver 10,000 homes and thousands of Jobs. (see appendix 1 for Illustrative Masterplan).
- 1.2. The Council has acquired 35.5 hectares of land within the site to date.
- 1.3. Following the withdrawal of Barratt and subsequently PCPD (as reserve bidder), the procurement process for a master developer partner was concluded by Cabinet on 25th July 2018 (KD 4022). The Council has since taken on the role of master developer and will lead the development of Meridian Water.
- 1.4. The Council will lead the phasing of the development by creating contiguous plots of land that can then be developed (see appendix 2 for indicative phasing plan). The first phase of development is Meridian One on the Willoughby Lane site (see section 4).
- 1.5. Meridian Water will be guided by three pillars of placemaking:
 - Mixing uses and animating streets
 - Park life at your doorstep
 - Your place to make and create

2. Station

- 2.1. The new Meridian Water Station is part of the wider £170m Lee Valley Rail Programme.
- 2.2. The station is set to open on 19th May 2019 and will take up to four million passengers per year directly south to Stratford, with onward connections to Liverpool Street, City Airport and Heathrow, and north to Stansted and Cambridge.
- 2.3. Currently Angel Road mainline service is 0-2 trains per hour (tph), this service will commence at Meridian Water Station in May following the existing timetable. From September, services will commence on 3rd track which will layer an additional 2tph through day service. This will realise a 2-3/4tph. A full 4tph service will be enabled by the HIF rail infrastructure works with the earliest operation of a full 4tph service in December 2019.

2.4. Construction is progressing well, delivery of the station is on time and on budget

3. Infrastructure

3.1. The Council has submitted a bid in December for £156M of the MHCLG Housing Infrastructure Fund (HIF). See appendix 3 for HIF proposals.

3.2. The bid is seeking funding for strategic infrastructure in Meridian Water to unlock the site for housing development.

3.3. If successful, the funding will provide infrastructure required for the 10,000 new homes in Meridian Water

3.4. The works proposed for funding include:

- Rail improvements
- Central spine road and link road
- Remediation
- Flood alleviation
- New bridges
- New parks
- Improved pedestrian and cycle links
- Improvement to existing junctions and roads (Leaside road / glover drive)

3.5. The rail improvement works will provide an additional (4th) track from just north of Tottenham Hale to the new Meridian Water station, together with the construction of the 4th platform at Meridian Water station and the associated signalling and electrification works. These improvement works could facilitate a train service of up to 6-8 trains per hour at the new Meridian Water station.

3.6. The central spine road will connect the Meridian Water station to the rest of the MW area and will improve connectivity and access. Six new bridges are required to enable these primary roads to cross the brooks and river. It is envisaged that the new road infrastructure will improve the connectivity to the neighbouring green spaces, such as the Lea Valley Regional Park.

3.7. Large parts of the MW site are subject to flood risk and much of the land is contaminated. Therefore, the proposed works include comprehensive re-levelling of the site to bring the development plots above flood levels. In addition to that it is proposed to naturalise the brooks and create two large parks capable of absorbing extreme flood events. The releveling works provide the opportunity to remediate a significant part of the site at the same time as creating public parks which will act as attractive amenity space for the future development.

3.8. The bids are currently being assessed by central government and the announcement of the schemes that have successfully secured funding is expected in March 2019.

3.9. If funding is successfully secured by the Council a period of preparatory works will start, including design and planning work and procurement. It is envisaged that the first works on site will start in 2020 and that the construction period will last up to 4 years.

4. Meridian One

- 4.1. Procurement of a development partner for Meridian One is progressing. Tenders are returned on 15th Feb and the Council is expecting to enter into contract during the summer subject to Cabinet approval.
- 4.2. The Council shortlisted the following four developers and housing associations who are expected to submit a tender
 - Galliford Try
 - L&Q
 - Peabody
 - Redrow
- 4.3. Meridian One will see the first 725 homes built at Willoughby Lane, alongside new public squares, community, retail and leisure facilities. Outline planning consent is already in place, with enabling works having already started in January 2017. The developer will be responsible for obtaining the reserved matters planning approvals and is then expected to commence construction in 2020. (See appendix 4 for Phase 1 programme).

5. Meridian Two

- 5.1. The former Gasholder site at Leaside Road, is a key scheme to be delivered early in the Meridian Water programme. The 0.74ha site is at the southern edge of the Meridian Water Masterplan adjacent to Pymmes Brook, the Lea Valley Regional Park and within short walking distance of the new Rail Station.
- 5.2. It is anticipated that a new residential-led mixed use scheme could deliver between 200-300 affordable homes along with ground floor workspace.
- 5.3. The site will be included in a wider outline planning application in spring 2019 which covers five separate phases of development incorporating approximately 2000 new homes. This wider application will establish a masterplan and design parameters for the zone, helping to ensure certainty of delivery. It will also set a benchmark for design quality whilst allowing the selected development partner flexibility in working up Reserved Matters applications for each of the five phases, starting with Meridian Two.
- 5.4. Following on from the Meridian One development partner procurement, the Council is again seeking to procure a panel member from the GLA LDP2 Framework, this time to deliver a largely affordable housing scheme. The Council is seeking to commence the procurement process in early 2019 with a view to achieving a start on site during 2020.

6. Employment

- 6.1. The Council is seeking to provide a large amount of floorspace for employment uses. The ambition is to secure two thirds of ground floor space as non-residential space, this is likely to be a mix of retail, community and workspace. This will go towards meeting jobs targets as well as providing a mixed-use environment to animate the streets and create a place.
- 6.2. The Council is working with external consultants to devise an optimum mix and quantum of floorspace to ensure that the Council delivers what the market desires and to provide employment opportunities and space for businesses to locate to and thrive in.

- 6.3. The Council is assessing the potential for a strategic occupier to provide permanent employment space. In the previous OSC report it was mentioned that SEGRO was very keen to deliver an industrial site opportunity that could bring up to 2,000 jobs to the site. Officers are maintaining contact with SEGRO and consulting on their offer. The Council is keen to undertake market testing to ensure that an array of offers is considered. Officers are also in discussion with a provider of film studios, among others.
- 6.4. If the Council is successful in securing the HIF funding and delivers key strategic infrastructure, the attractiveness of the site will be greatly increased to developers of employment offers. Therefore, officers are maintaining conversations with a range of potential employment providers and will make a recommendation following further information and analysis to ensure the Council can take the best direction.

7. Meanwhile

- 7.1. The Council is progressing with its major meanwhile project Meridian Works, with support from the GLA. This will see the refurbishment and extension of a building in the site to provide a state-of-the-art makerspace. The Council is working with Building BloQs, a local business which provides space and equipment for makers and creatives. They provide a range of equipment, from saws and lathes to laser cutters to enable small creative businesses to grow.
- 7.2. The Council is marketing two meanwhile sites:
- 7.2.1. Teardrop
- 0.83 acres
 - B1, B2, B8 Uses (workspace, industrial), and others subject to planning
 - 12 year lease with 4 year break option
 - Right next to the Meridian Water Station, a real place making opportunity, this site will be the gateway into Meridian Water from the station
- 7.2.2. Stonehill
- 7.5 acres
 - B1, B2, B8 (workspace and industrial) and open storage uses, others subject to planning
 - 12 year lease with 4 year break option
 - Situated in the East of the site, next to the North circular. An opportunity for innovative uses as well as more traditional industrial type uses. Access to the site will drastically change with the central spine road and HIF works.
- 7.3. The meanwhile sites will change considerably over the next few years if the Council secures the HIF funding. Providing key infrastructure unlocking the site for housing will also enable the meanwhile sites to evolve over time.
- 7.4. The Council is working in partnership with the Vibration Group to activate the Orbital Business Park site as a cultural and creative hub. Notably this involves, Meridian Water hosting Field Day festival, one of the UK's leading Festivals this summer. The line up has been announced, including an eclectic array of world famous artists as well as promoting upcoming UK talent.

8. Project Management

- 8.1. The restructure report detailing the resourcing of the Meridian Water Team is in the final stages of approval. The restructure will provide the team with additional resource to deliver projects.
- 8.2. The Meridian Water Team has project management support from Stace, including a full time programme manager.
- 8.3. The team regularly reviews the strategic and urgent risk registers to monitor the main risks concerning Meridian Water. An extract of the top strategic risks are appended to this report, (see appendix 5).

Appendix 1 – Illustrative Masterplan



Appendix 2 – Estimated Phase Delivery Dates

Estimated Phase Delivery Dates

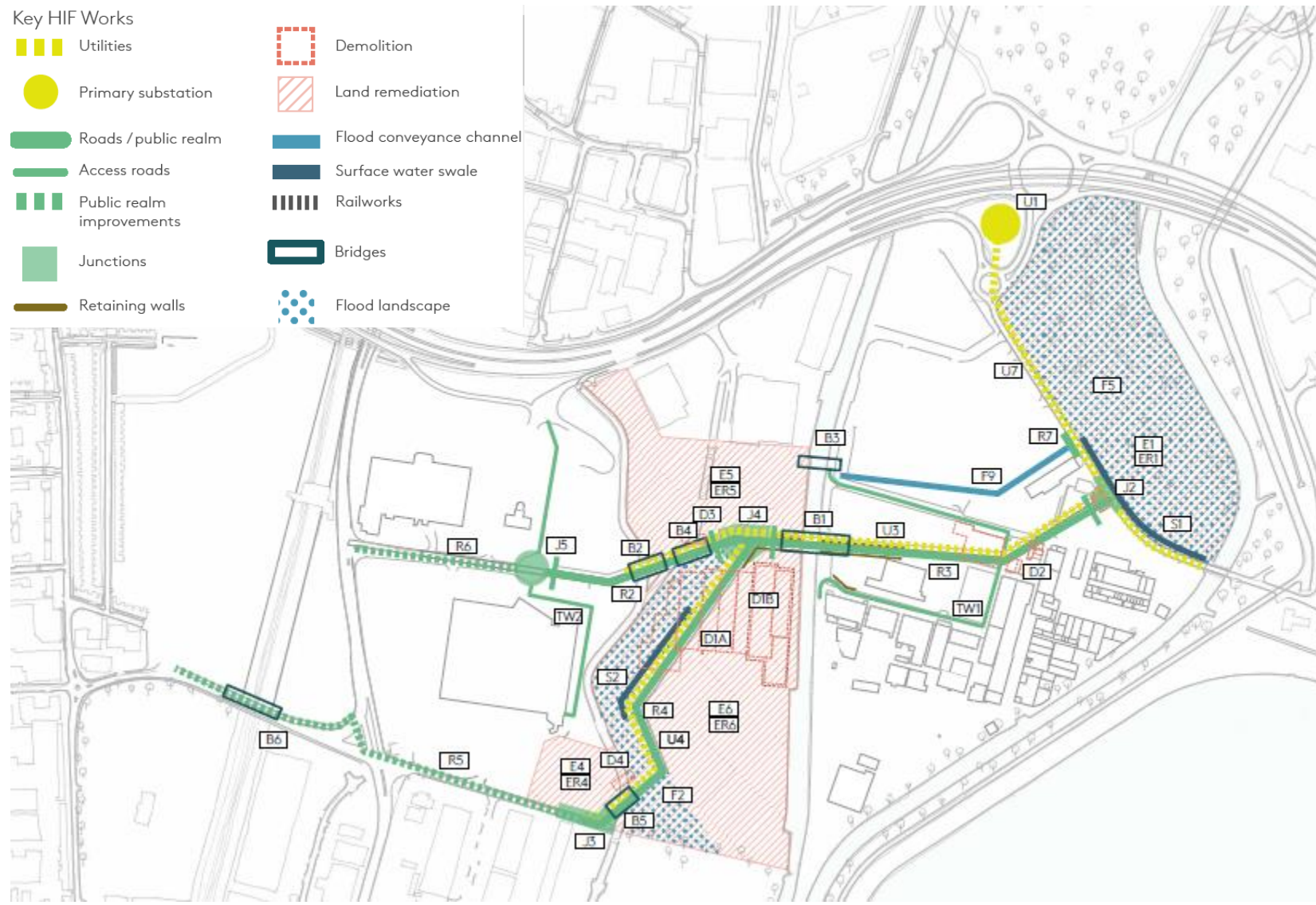
Working information – not yet approved

Phase	Number Units	Start on Site Date	Completion Date
Phase 1 Willoughby Lane	725	2020	2025
Phase 1 Leeside Road	200	2021	2023
Phase 2	1,388	2022	2026
Phase 3	1,674	2026	2035
Phase 4	628	2027	2029
Phase 5	767	2029	2034
Phase 6	328	2034	2036
Phase 7	1,763	2035	2039
Phase 8	2,489	2037	2045

Appendix 3 – Housing Infrastructure Fund Proposals

Key HIF Works

- | | | | |
|--|---------------------------|--|--------------------------|
| | Utilities | | Demolition |
| | Primary substation | | Land remediation |
| | Roads / public realm | | Flood conveyance channel |
| | Access roads | | Surface water swale |
| | Public realm improvements | | Railworks |
| | Junctions | | Bridges |
| | Retaining walls | | Flood landscape |



Appendix 4 – Phase 1 programme milestones

Phase 1: Willoughby Lane (725 homes) Indicative programme milestones

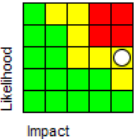
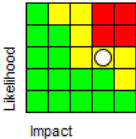
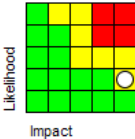
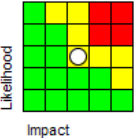
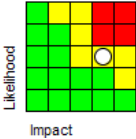
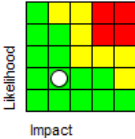
Milestone	Estimated Date
Procurement launch	September 2018
Development Agreement signed	June 2019
Planning reserved matters approved	January 2020
Phase 1a start on-site	June 2020
Phase 1a completion 363 new homes	May 2022
Phase 1b start on-site	March 2022
Phase 1b completion 362 new homes	September 2025

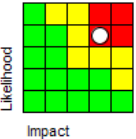
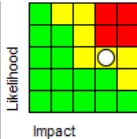
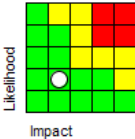


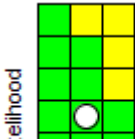
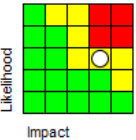
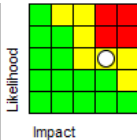
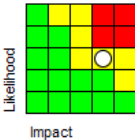
Appendix 5 – Risk Register

Code & Title	Description (Cause & Effect of Risk)	Management	Original Matrix	Internal Controls	Current Risk Matrix	Mitigating Actions (must comply with SMART-O criteria)	Target Risk Matrix	Target Date	Managed By
29/01 2 Tesco/IKEA do not develop their land	Cause: Development of Tesco/Ikea land is under the control of third part landowners Effect: however the deliver of the c. 1,400 homes on their land is crucial for delivery of 5,000 homes Masterplan	Strategic Risk		Conversations ongoing with Tesco and Ikea at most senior level to discuss proposals		01-02-19: Cabinet resolution from 2016 gives in-principle authority to use CPO powers to assembly land in Meridian Water for housing delivery including on Tesco/Ikea land that is not required for operational purposes		29-Dec-2022	Paul Gardner
AW 005 *Urgent* Construction of new PRS and diversion of LP MP main	Cause: PRS works result in delays to construction of new homes by April /May 2020 Effect: impact on programme scope and finances	Operational Risk		17-10-18: Julian Cox in negotiation with Cadent regarding new PRS v IP main diversion. Paul Gardner leading negotiations assisted by LSH to purchase existing PRS. It is expected that once an agreement to purchase has been confirmed, work to procure a contractor for the new PRS will		29-01-19: awaiting confirmation of acquisition from National Grid to unlock construction work and tendering of specialist contractor (Cadent). Business case prepared for submission to Procurement Board – Cadent direct award recommended 12-11-18: Julian Cox continues to chase Cadent for new PRS delivery programme (subject to		29-Mar-2019	Julian Cox

Code & Title	Description (Cause & Effect of Risk)	Management	Original Matrix	Internal Controls	Current Risk Matrix	Mitigating Actions (must comply with SMART-O criteria)	Target Risk Matrix	Target Date	Managed By
				proceed 19-09-18: awaiting NG response to offer (week commencing 01-10-18); PRS (new) needs to be designed, built and commissioned by October 2019 otherwise the next window for commissioning is March 2020 followed by three months remediation work. Construction of Phase 1 cannot begin until June/July 2020.		conclusion of acquisition of PRS by Enfield). Indications from Cadent are that new C4 for PRS construction will be sent to Enfield early 2019 with construction work beginning second quarter 2019 04-11-18: Julian Cox continues to progress works with cadent who will provide full programme for IP main diversion - awaiting acceptance of offer for sale by NG			
18/04 30 *Strat* Quantum of affordable housing	Cause: The Council is unable to achieve 40% of affordable housing within the context of a viable scheme Effect: Housing need; increase in temporary accommodation costs; planning risk increased	Scope and Resource Risk	 Likelihood Impact	06-11-18: GLA grant Phase 2 - 8 business plan	 Likelihood Impact	29-01-19: Financial model supports 35% affordable housing and 40% will unlock additional funding from the GLA. A series of 5-year business plans will seek to increase the affordable housing level to a target of 40%. Phase 2 - 8 business plan has been replaced by the series of 5-year business plans	 Likelihood Impact	31-Dec-2019	Peter George; Jennifer Price

Code & Title	Description (Cause & Effect of Risk)	Management	Original Matrix	Internal Controls	Current Risk Matrix	Mitigating Actions (must comply with SMART-O criteria)	Target Risk Matrix	Target Date	Managed By
18/04 5 HIF *Strat* General	<p>Cause: LBE does not secure HIF funding in full, or partially</p> <p>Effect: alternative infrastructure financing must be found with potential financial implications to the Council</p>	Financial Risk		<p>03-12-18: HIF business case successfully submitted on 3 Dec 2018</p> <p>08-11-18: Funding proposal increased to £156m</p> <p>06-11-18: strong external team putting together the business case under our stewardship</p> <p>Close working with senior stakeholders</p> <p>13 August 2018: High level lobbying suggests a positive outcome for LBE.</p> <p>Contingency and mitigation in the event of reduced funding or clawback being developed</p> <p>17 July 2018: The extension of the deadline to March 2023</p>		<p>29-01-19: HIF brochure being produced and lobbying of stakeholders through Meridian Water Panel.</p> <p>Detailed responses to Economic Case questions from MHCLG to be submitted 7 Feb 2019.</p> <p>A successful site visit held with Homes England on 9 January 2019</p> <p>Awaiting funding announcement March 2019</p>		31-Mar-2023	Lisa Woo

Code & Title	Description (Cause & Effect of Risk)	Management	Original Matrix	Internal Controls	Current Risk Matrix	Mitigating Actions (must comply with SMART-O criteria)	Target Risk Matrix	Target Date	Managed By
18/04 23 *Strat* Financial	<p>Cause: The capital receipts from the land do not achieve total cost recovery and a reasonable return on investment</p> <p>Effect: The Council makes a loss on Meridian Water</p>	Resource Risk		<p>06-11-18: Phase 1 – 8 baseline financial model almost at completion Phase 2 – 8 Delivery Plan being prepared</p> <p>6 Nov 2018: LSH preparation of an overarching financial model</p>		<p>29-01-19: Financial model complete, currently being scenario tested Phase 2 – 8 superseded with a series of 5-year business plans</p>		31-Dec-2019	Jennifer Price
18/04 27 Employment	<p>Cause: The delivery of the Meridian Water employment strategy does not secure the quality of jobs, the opportunities for local people and the transformational change desired</p> <p>Effect: The strategic objective is not achieved</p>	Strategic Risk		<p>17 July 2018: The Employment report takes us forward, but a strategy needs to be prepared and agreed later this year 22 May 2018: Adoption of Employment strategy</p>		<p>29-01-19: Findings from analysis of employment strategy to be drafted to report with recommendation to Cabinet in Summer</p> <p>18-10-18: The procurement of support for both the employment hub and ground floor uses across the site has been progressed. Adoption of Employment Strategy</p>		28-Jun-2019	Clive Tritton

Code & Title	Description (Cause & Effect of Risk)	Management	Original Matrix	Internal Controls	Current Risk Matrix	Mitigating Actions (must comply with SMART-O criteria)	Target Risk Matrix	Target Date	Managed By
18/04 28 *Strat* Resource (people)	Cause: The Council fails to adequately resource the Meridian Water project Effect: delay and poor decision making and loss of income	Resource Risk		08-11-18: Stace embedded 22-10-18: Recruitment of permanent staff in hand; structure report to address shortfall (first draft end of October 2018)		29-01-19: Meridian Water structure approved, recruitment commenced 13-11-18: Dedicated in-house resource (Planning, Procurement, Legal, Communications) are being recruited 08-11-18: Meridian Water structure report prepared Review recruitment and procurement approaches		30-Sep-2019	Oluyemisi Morgan-Raiwe
29/01 3 *Strat* Local Plan	Cause: The Local Plan does not achieve release of SIL (in part or whole) Effect: Impacts Masterplan, SIL release, residential density on the East Bank	Scope and Resource and Programme				04-02-19: Examine possible locations for SIL swap within the Borough and developing intensification of SIL to co-locate industrial and residential		31-Dec-2019	Lisa Woo
29/01 2 Tesco/IKEA do not develop their land	Cause: Development of Tesco/Ikea land is under the control of third	Strategic Risk		Conversations ongoing with Tesco and Ikea at most senior level to discuss proposals		01-02-19: Cabinet resolution from 2016 gives in-principle authority to use CPO powers to assembly land in Meridian		29-Dec-2022	Paul Gardner

Code & Title	Description (Cause & Effect of Risk)	Management	Original Matrix	Internal Controls	Current Risk Matrix	Mitigating Actions (must comply with SMART-O criteria)	Target Risk Matrix	Target Date	Managed By
	part landowners Effect: however the deliver of the c. 1,400 homes on their land is crucial for delivery of 5,000 homes Masterplan					Water for housing delivery including on Tesco/Ikea land that is not required for operational purposes			
LW NNN *Strat* Public realm – Time pressure	Cause: The Council fails to deliver the public realm works prior to the station completion Effect: delays station opening and has financial consequences	Resource and Programme Risk		<p>08-11-18: Obtaining additional finances via DAR to enable works completion MW Design Team and LPA are satisfied with the designs produced</p> <p>19-09-18: Lisa Woo working with Gerald Fox (Station design champion) to oversee the design by LHE and Periscope for station public realm. This should include hard and soft landscaping, hoarding and way-finding</p>		<p>01-02-19: DAR complete, awaiting approval</p> <p>13-11-18: Obtain additional funding via submission of a DAR for approval by the relevant Portfolio Manager. Continue to review the scope of works and detailed construction programme activities with Volker to ensure the station can open on time on 19/05/19. Review the PCSA period to establish if Volker can enter in to Contract prior to Christmas with a start on site in early January 2019. Agree minimum customer obligation requirements with NR to open the station. Place direct orders with Enfield</p>		31-May-2019	David Duffield

Code & Title	Description (Cause & Effect of Risk)	Management	Original Matrix	Internal Controls	Current Risk Matrix	Mitigating Actions (must comply with SMART-O criteria)	Target Risk Matrix	Target Date	Managed By
						Highways to install new entrance crossover and pedestrian crossing, to take alleviate some of the pressure on the Volker construction programme			
PGa 004 *Strat* Revenue income	<p>Cause: Project revenue fails to service the debt financing by 2025</p> <p>Effect: Negative impact on Council's finances and additional capitalisation</p>	Resource Risk		<p>19-09-18: agreed process with Property to authorise new leases and lease renewals</p> <p>05-09-18: Additional property resource required to help get in place leases and lease renewals on vacant sites. Once head lease arrangements in place on Stonehill, can begin to reduce security costs</p> <p>Meanwhile Board reviews income. Close working with Finance team</p>		<p>29-01-19: Review to be carried out of short-term decisions on meanwhile income and longer term impacts on revenue stream</p> <p>06-11-18: Providing a contractual mechanism to take residential assets in lieu of capital receipts Phase 1 – 8 financial model and increasing non-residential ground floor uses to 65%</p>		29-Mar-2019	Paul Gardner

Code & Title	Description (Cause & Effect of Risk)	Management	Original Matrix	Internal Controls	Current Risk Matrix	Mitigating Actions (must comply with SMART-O criteria)	Target Risk Matrix	Target Date	Managed By
18/04 26 Communities	<p>Cause: The Meridian Water development alienates the existing and new communities</p> <p>Effect: does not improve the lives of residents; creates reputational and estate management problems</p>	Reputational Risk		<p>17 July 2018 – no change</p> <p>22 May 2018 – Estate Management Strategy to address</p>		06–11–18: preparation of a Community Cohesion Strategy		31–May–2019	Clive Tritton
18/04 6 HIF Land Assembly	<p>Cause: LBE fails to acquire the required land</p> <p>Effect: increased costs and delays to infrastructure delivery</p>	Strategic Risk		<p>17 July 2018</p> <p>HIF CPO is being progressed</p> <p>Negotiations with landowners to acquire via private treaty</p> <p>Governed under the Employment meeting with expert team recruited</p>		<p>29–01–19:</p> <p>Land group meeting fortnightly. JLL progressing private treaty negotiations. Team drafting Statement of reasons with Trowers and Hamlins.</p> <p>06–11–18: a Land group has been established to provide advice on land assembly and CPO preparation. Consultancy representation from CPO surveyor, legal, property agent and design team advising on land assembly particularly for HIF</p>		07–Jan–2021	Paul Gardner

Employment

Land 29-01-19: