

## MUNICIPAL YEAR 2018/2019 REPORT NO.

### ACTION TO BE TAKEN UNDER DELEGATED AUTHORITY

### PORTFOLIO DECISION OF:

Leader

### REPORT OF:

Executive Director - Place

**Agenda – Part: 1**

**KD Num: 4802**

**Subject:** Orbital Business Park Meanwhile Uses

**Wards: All**

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## 1. EXECUTIVE SUMMARY

- 1.1 On 25th July 2018, Cabinet authorised the Meridian Water Employment Approach report (KD 4717), including the meanwhile programme for Meridian Water.
- 1.2 At that meeting Cabinet endorsed pursuing the option to work with Broadwick Venues Limited / The Vibration Group to develop proposals for the Orbital Business Park Sheds and the IKEA Clear Site.
- 1.3 Officers have been in negotiations with Broadwick Venues Limited/Vibration Group and this Report now sets out the recommended option for meanwhile use at the Orbital business park vacant sheds and the Ikea clear.
- 1.4 Part 2 of the report seeks authority to enter into an agreement for lease with Broadwick Venues Limited once the conditions associated with the agreement for lease are satisfied, to enter into the Lease agreement as set out in the Heads of Terms.

## 2. RECOMMENDATIONS

- 2.1 To note the placemaking and socio-economic benefits of the proposal.
- 2.2 To delegate finalising the Heads of Terms, subsequent lease and other legal documents with Broadwick Venues Limited to the Programme Director of Meridian Water and the Director of Law and Governance (or Legal Services on his behalf); and
- 2.3 To delegate to the Programme Director of Meridian Water and the Director of Law and Governance (or Legal Services on his behalf) the negotiation with Dwyer's to approve the entry by the Council into an agreement for lease and subsequent lease with Broadwick Venues Limited on the terms set out in the Heads of Terms in the form attached at Appendix 2.

### **3. BACKGROUND**

- 3.1 Meridian water, located in the South East of Enfield, is one of London's most exciting regeneration and development opportunities.

The site is covered by light industrial uses and big box retail outlets. The Council has a strong vision for Meridian Water as a vibrant mixed-use environment with up to 10,000 homes, thousands of new jobs and new facilities such as; schools, restaurants, shops and hotel.

- 3.2 Pivotal to the Council's ambition for Meridian Water is the need to tackle the deprivation which persists in the neighbouring Edmonton wards which are amongst the 10% most deprived nationally. The council is determined to address this as part of the process of redevelopment to maximise the benefits for Enfield residents.

- 3.3 Local communities will benefit from growth through training, employment and support to local business to compete for new opportunities; and strategic investment in the area's infrastructure.

#### 3.4 Meanwhile use programme

- 3.4.1 In July 2018 Cabinet noted the Meridian Waters Employment principles and agreed both short term and long-term visions, priorities and identified a series of projects. A report will be taken to Cabinet in July 2019, that will set out the next stages of delivery.

- 3.4.2 Cabinet gave a clear mandate to proceed with key meanwhile projects that help generate income for the Council and support placemaking activity. In this report, the term 'meanwhile use' refers to the short-term use of temporarily vacant land and or buildings prior to permanent development.

- 3.4.3 The Council's approach is to work with several operators to deliver temporary projects across the site, make efficient use of land and create short to medium-term employment opportunities. Meanwhile and placemaking activity will help support the step change away from light industrial and warehouse uses and encourage the natural development of community, culture and commerce.

#### 3.5 Opportunity site

- 3.5.1 Significant progress has been made by the Council to ensure that the site is primed for delivery, this includes the acquisition of 68% of developable land at Meridian Water. The scale of land and buildings in council ownership offers a significant opportunity for the council to start to deliver on the employment vision from the outset

- 3.5.2 The first opportunity, Units 4,5,6,9, 9a are for the Orbital business Park together with front and rear forecourts are currently vacant. The architecture of the large blue warehouse units presents a unique offer with; high roof heights, 7,000sqm of interconnected column free spaces, large loading doors and concrete floors.
- 3.5.3 To secure the acquisition of the Orbital Business Park in December 2015, the Council entered into an Option Agreement with Dwyer the previous land owner. As per the agreement, the Council must secure their consent to grant new leases on the option area which includes Units 4B, 5, 6, 9, 9A. The site was earmarked for the Building BloQs project. This makerspace project has moved to another location within Meridian Water. Dwyer have confirmed they will provide consent for Leasing the sheds to Broadwick.
- 3.5.4 The second opportunity meanwhile site; 'Ikea Clear', is immediately to the south and comprises a site of approximately 10.4 acres of scrubland. Due to the shallow soil contamination, the site will require a cover layer to prevent exposure to future site users.
- 3.5.5 In July 2018 Cabinet endorsed option to develop proposals for the vacant Orbital business park units and Ikea Clear that generate income and nurture an exciting range of temporary uses from the outset such as; festivals, pop up shops, music workshops and creative start up studios, to help animate these key sites at the centre of Meridian Water and pave the way for future permanent inhabitants.
- 3.5.6 The Orbital Business park will ultimately need to be demolished to make way for the strategic road network, a park and residential led mixed-use development. There is a window of opportunity c. 26 months to secure meanwhile uses on the Orbital Business Park and Ikea Clear sites until they are due to be required for the HIF infrastructure works in Summer 2021.

### 3.7 Contracting party

- 3.7.1 Broadwick Venues Limited sit under the Vibration group umbrella of creative event businesses and specialise in the development and operation of award winning festival brands and campaigns. In July 2018 Cabinet endorsed a recommendation to scope the opportunity to work with the 'Vibration Group' who are industry leaders in commercial, meanwhile and cultural placemaking to develop proposals to activate the vacant Orbital Business Park units and the IKEA clear site.
- 3.7.2 The success of the project relies on utilising the resource and unique suite of 'in-house' services Broadwick Venues Limited offer. Entering into direct contract with Broadwick Venues Limited provides certainty in the negotiation and delivery of the project.

3.7.3 For clarity, the legal contracting party will be Broadwick Venues Limited and for the purposes of this report, shall henceforth be referred to as Broadwick.

### 3.8 Portfolio of projects

3.8.1 Some of Broadwick's notable projects include;

#### 3.9 The Printworks, Canada Water

3.9.1 The former printing factory for the Evening Standard Newspaper was converted into a 119,200 sqm multi-purpose event space with a 6,000 capacity and a 2am licence at the weekends. The venue's carefully curated cultural programme includes immersive productions from the Royal Ballet, club nights and family friendly events that attract hundreds and thousands of visitors. Printworks has quickly gained international acclaim since opening in February 2017. The venue continues to increase footfall to Canada Water, generate considerable PR and helps change perceptions of the area supporting its regeneration.

#### 3.10 Battersea Power Station:

3.10.1 Broadwick worked closely with Wandsworth Council to breathe life back into this iconic landmark. They helped transform the derelict shell of Battersea Power Station into a global destination and over a four year period have attracted 500,000 in footfall, generated by private and large public events.

#### 3.11 Leeds dock:

3.11.1 Broadwick wrote and delivered a site wide placemaking strategy that transformed the perception of the destination within the city, established it as a thriving and innovative cultural destination, fostered and grew it as a community, and positioned it as a desirable location for business, leading to full ground floor tenancies within one year

#### 3.12 The proposal

3.12.1 The proposal for Meanwhile use at the Orbital opportunity site will be a catalyst to establish Meridian Water London's most exciting new cultural destination. The proposal is for the Council to lease the sheds and Ikea Clear land to Broadwick Venues Limited for up to 3 years. In turn they will retain the current building and capitalise on its industrial aesthetic, transforming the vacant warehouses into an internationally recognised, bustling cultural centre.

3.12.2 London's new cultural hub will feature a year-round programme of;

- Live Performance,

- DJ's
- Art Installations
- Theatre & Immersive Shows
- Film Studios
- Conferences
- Brand Experiences
- Corporate Events
- Outdoor Festivals
- Community Activity
- Family Friendly Experiences
- Food & Drink

3.12.3 As part of the proposal, Field Day festival is proposed to take place on the opportunity site on Friday 7th June 2019 and Saturday 8th June 2019. Field Day is an established live music festival in London. The festival took place for 10 years at Victoria Park in Tower Hamlets, before moving to Brockwell Park in Lambeth for the 2018 event. The festival will significantly increase the number of visitors to Meridian Water with a projected capacity of 50,000 attendees over the duration of the two day event.

3.12.4 The new Meridian Water station is due for completion in May 2019. The West Anglia Mainline service will be operational for the duration of the event and Broadwick are in advanced discussions with Greater Anglia and Network Rail to run an additional special shuttle service using the STAR line to Stratford, to service the festival. There are contingency plans in the event that the rail is not ready.

### 3.13 **Terms and conditions of engagement**

3.13.1 To scope the potential of the project, Cabinet agreed an exclusivity period to explore the feasibility of such a project carry out due diligence, agree a business plan and to resolve project logistics. In particular;

- Broadwick have submitted a robust business plan, that supports the Council's meanwhile and placemaking objectives. They have demonstrated an ability to capture market share in commercial placemaking, positioning the project to succeed.
- Parties have agreed key aspects of project delivery including; timescales and dependencies, resource, delivery of works, costing work schedules, project financing and draft Heads of Terms.
- Parties have carried out due diligence and captured risks, anticipated impact and developed measures to mitigate and manage them.

Finally, scrutiny of the project finances demonstrates adequate financial resource to deliver the project and an appraisal of the overall deal establishes that the proposed letting represents 'Best consideration' for the Property as it achieves significant short-term savings for the Council and develops placemaking activity.

### 3.14 **Steps so far**

3.14.1 Since Cabinets endorsement in July 2018, Officers have been working with Vibration Group and have progressed a number of requirements, these include:

- Heads of Terms looking to complete a lease
- Landlords works to make the site accessible and safe for occupation are underway
- Broadwick Venues have submitted a change of use planning application
- The Council has submitted a planning application in relation to capping works to the IKEA Clear site
- Premise Licence Application has been submitted
- Discussions are well developed with Greater Anglia to provide a special rail shuttle services.

3.14.2 Delegated Authority is sought as part of this report to allow the Programme Director of Meridian Water and the Director of Law and Governance (or Legal Services on his behalf) to finalise the Heads of Terms, the Lease and any other legal matters that finalises the partnership with Broadwick Venues.

## **4. ALTERNATIVE OPTIONS CONSIDERED**

### **4.1 Do nothing**

4.1.1 Units 4,5,6,9 and 9a of the Orbital Business Park and Ikea Clear remain vacant and the Council suffers loss in rental revenue. In addition to void payments of for service charges, insurance and security. The Council also loses out on any potential Placemaking benefits.

### **4.2 Traditional letting**

4.2.1 Let the buildings to businesses in a similar fashion to the historic warehouse use. Once a letting is secured, subject to the financial status of the tenant, the income is guaranteed.

4.2.2 Disadvantages of a traditional letting are as follows;

- Low likelihood of obtaining a consent from Dwyer's
- There is the possibility of a long void before a letting is secured;
- Because of the condition of the units, a longer rent-free period is possible;
- No place making benefits.

Refer to Part 2 of the report for further details.

## 5. REASONS FOR RECOMMENDATIONS

5.1 Cabinet agreed an exclusivity period to scope the feasibility of this proposal. The wider opportunities that arose for use of the site were evaluated against the Meridian Water meanwhile and placemaking objectives. The table below provides an overview of the degree to which each of the proposed uses contributes to those objectives. It provides a quick litmus test against which we can measure opportunities from all angles.

5.2 The three use options were scored against their compatibility with the Meridian Water meanwhile objectives. The scores indicate;

- Score of 1 indicates poor compatibility
- Score of 2 indicated fair compatibility
- Score of 3 indicated good compatibility
- Score of 4 very good compatibility
- Score of 5 indicated excellent compatibility

*Table 3: Proposed use compatibility with Meanwhile objectives*

| Meanwhile Objectives                  | Broadwick Venues Limited proposal | Film Studios | Industrial Use |
|---------------------------------------|-----------------------------------|--------------|----------------|
| Changing perceptions                  | 3                                 | 2            | 1              |
| Increase Awareness                    | 5                                 | 2            | 1              |
| Increase footfall                     | 5                                 | 2            | 1              |
| Complementary Uses                    | 4                                 | 3            | 3              |
| Benefits for local people             | 4                                 | 3            | 2              |
| Jobs/Employment                       | 2                                 | 2            | 3              |
| <b>Total out of 30</b>                | <b>23</b>                         | <b>14</b>    | <b>11</b>      |
| <b>Compatibility Percentage score</b> | <b>77%</b>                        | <b>47%</b>   | <b>37%</b>     |

5.3 In summary the advantages of the proposed letting are set out below, it should also be noted that the Council are pursuing an opportunity to accommodate a film studio within other buildings that don't require Dwyer's consent.

- Advantage of the regeneration and placemaking opportunity of the site.
- The Council recovers its costs as a minimum inclusive of security cost savings;

- There is a possibility of a greater income if the tenant has higher revenues/lower costs than forecast;
- Most likely to achieve Dwyer's consent, consent to the proposed lettings has provisionally been received from the former owner;
- The proposed disposal represents best consideration for the property

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

### **6.1 Financial Implications**

Refer to Part 2 of the report

### **6.2 Legal Implications**

**Dated 7<sup>th</sup> March 2019**

**MD**

**6.2.1** The Council has a general power of competence under section 1(1) of the Localism Act 2011 to do anything that individuals may do, provided it is not prohibited by legislation and subject to Public Law principles.

**6.2.2** Any acquisition or disposal of property (including by way of lease) must comply with the Council's Property Procedure Rules. It is proposed that the Council make an "off-market" disposal to Broadwick Venues Limited. To comply with the Council's Property Procedure Rules, any such disposal must be subject to a report prepared by the Responsible Senior Officer (as defined in the Property Procedure Rules) and approved by the relevant Cabinet member setting out justification for such disposal as being in the best interests of the Council. Such report must contain written advice (including a market valuation) from an external registered valuer. A copy of the valuation is appended to the Part 2 Report.

**6.2.3** With regard to the Orbital Business Park sheds, the Council must be mindful of and continue to comply with its obligations under the Dwyer Option agreement. In particular:

- (i) there is a prohibition on the Council creating any new lease or other right of occupation (other than by way of a building licence) over the sheds which are the subject matter of this report. The Council must therefore obtain the express consent of the option holder prior to entering into the agreement for lease with Broadwick Venues Limited; and
- (ii) the Council must use all reasonable endeavours to comply with the planning requirements set out in the Option Agreement by December 2019 and, within three years of the date on which the planning obligations are satisfied or waived, complete the required remediation works on the Option site. Officers must



therefore ensure that vacant possession of the sheds is obtained in good time to fulfil this obligation.

**6.2.4** The Council should consider the adequacy of its insurance provision in light of the proposed new use of the sheds and IKEA clear site.

**6.2.5** Any procurement of works or services required as a result of the subject matter of this report must comply with the Council's Contract Procedure Rules and, where applicable, the Public Contracts Regulations 2015.

**6.2.6** It is proposed that a Memorandum of Understanding will be entered into between the parties to record social benefits that are to be delivered by the tenant as part of this transaction. A memorandum of understanding is usually expressed to be non-legally binding. Further advice should be sought from Legal Services to ensure that any such agreement is in compliance with procurement legislation (if applicable).

**6.2.7** Any legal agreements to be entered into as a consequence of the subject matter of this report must be approved in advance of completion by Legal Services on behalf of the Director of Law and Governance.

**6.2.8** See Part 2 of the report

### **6.3 Property Implications**

Please see Part 2

## **7. KEY RISKS**

Refer to Part 2 of report

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

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

**8.1.2** The GLA on behalf of Enfield Council submitted a Housing Infrastructure Fund (HIF) bid to the Ministry of Housing, Communities and Local Government for £156m, to forward fund necessary infrastructure across the Meridian Water site.

**8.1.3** The funding will unlock the delivery of up to 10,000 homes by supporting rail improvements to increase service frequency to enable 6-8 trains per hour at Meridian Water station and the delivery of a range of strategic infrastructure including site remediation, pedestrian and cycle links, bridges, flood alleviation and landscaping etc.

**8.1.4** To support the business case, the Council must demonstrate the demand for an increased train frequency to stakeholders. The

proposed use will bring hundreds and thousands of visitors to the site a year, a large portion of which will use the Meridian Water station. Uses such as this are strategic to support the developments long term vision of a well-connected community.

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

- 8.2.1 Some of the factors that underpin strong and healthy communities can be categorized as physical and non-physical.
- 8.2.2 The long-term development of the site will address some of the Physical factors which include; decent and affordable housing, access to opportunities, high quality public services, good quality and sustainable public realm and good transport connections.
- 8.2.3 In the short to medium term, meanwhile use of the site will support the establishment of some of the non-physical factors that promote healthy communities. Some of the non-physical factors include; safety, local social networks, social inclusion and spatial integration, cultural heritage, a sense of belonging and identity, and well-being.
- 8.2.4 Meanwhile use will address these by;
- Providing opportunities for people to meet, improve wellbeing and reduce loneliness,
  - Strengthening civic society by increasing volunteering and promoting community cohesion and reducing social exclusion.
  - Helping smooth the transition for local communities and give them a platform and voice to shape emerging development proposals.
  - The proposed cultural use and associated community initiatives will also instil a sense of community ownership and place identity.

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

- 8.3.1 The Councils vision for Meridian Water is to create a vibrant and truly mixed-use environment with up to 10,000 homes, thousands of new jobs and facilities. Carefully curated meanwhile uses will provide an opportunity for early wins by quickly bringing life and activity to the area before permanent development begins and boost the local economy. The proposal will diversify the cultural and entertainment offer in Enfield and encourage the establishment of a night time economy. The proposed creative use will have a transformative impact on the local economy by creating job opportunities and career pathways in culture and events management sector. The increased footfall, hundreds of thousands of people a year, will drive up revenues for local businesses such as those with a food and beverage offer.

## **9. EQUALITIES IMPACT IMPLICATIONS**

- 9.1 An initial assessment indicated this no discrimination or adverse impacts on the protected characteristics:
- Age
  - Disability
  - Gender Reassignment
  - Marital and Civil Partnership
  - Maternity and Pregnancy
  - Race
  - Religion or Belief
  - Sex (gender)
  - Sexual Orientation
- 9.2 Broadwick Venues Limited will be required to comply with standard Equality Act requirements in order to prevent any discrimination based on these characteristics.
- 9.3 As part of the licensing process, they have planned for pick up and drop of points within proximity of the event that will include a provision for parking for Blue Badge holders throughout the duration of the events, including during the set up and dismantling phases. Field day festival is an over 18 only event. This is permissible under the Equality Act 2010 as it ensures the health and safety of customers and protects the welfare of minors.
- 9.4 Broadwick Venues Limited have a track record of hosting events that have attracted a significant number of attendees, from a diverse range of backgrounds. The proposed events provide a significant opportunity to foster good relations between groups who share a protected characteristic and those who do not.

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

Indicators of success for the project include short term gains such as increase in footfall, number of arts/ culture events held, number of marketing and social media campaigns/ articles that help change perceptions of the area; combined with longer-term benefits such as uplift in land value which are hard to quantify during lifespan of the project. A framework will be developed to measure the social value and the socio-economic benefits that this proposal brings.

## **11. PUBLIC HEALTH IMPLICATIONS**

Meanwhile uses should help to increase the wealth and prosperity of the Meridian Water area and encourage business development. The effect on the health of the public will depend upon what those uses are, how they are implemented and to what standards. These should include considerations of environmental health as well as restricting smoking, sensible drinking, healthy diet and maximising physical activity as an integrated part of everyday life.

## **Background Papers**

*Report 1 Appendices: Site plan and site images*