

## MUNICIPAL YEAR 2019/2020 REPORT NO.

### ACTION TO BE TAKEN UNDER DELEGATED AUTHORITY

### OPERATIONAL DECISION OF:

Executive Director  
Place

**Agenda – Part: 1**

**KD Num: 4875**

**Subject: Montagu Industrial Estate  
Redevelopment – Joint Venture  
Agreement Amendment and Indemnity  
Agreement**

**Wards: Edmonton Green**

Contact officer and telephone number: Jessie Lea – 0208 379 4004

Email: [jessie.lea@enfield.gov.uk](mailto:jessie.lea@enfield.gov.uk)

### 1. EXECUTIVE SUMMARY

- 1.1. On the 20<sup>th</sup> September 2016 Cabinet approved the redevelopment of the Montagu Industrial Estate and approved a £15m Capital Programme for the acquisitions, by way of private treaty or under Compulsory Purchase of land on the estate.
- 1.2. On the 13<sup>th</sup> July 2017 Cabinet approved entering into a Joint Venture (JV) Agreement using a Limited Liability Partnership with Henry Boot Developments Limited (HBDL) as a special purchase vehicle for the Redevelopment of the Montagu Industrial Estate
- 1.3. The Council and HBDL are yet to agree the formal masterplan and obtain consent for the Compulsory Purchase Order (CPO). This will go to Cabinet in November 2019 for approval of the masterplan and the CPO.
- 1.4. For Phase 1 of the Redevelopment to proceed, surveys and a planning application are required to be undertaken and submitted to move forward with the redevelopment. HBDL under the JV agreements are due to undertake and pay for these.
- 1.5. However, the trigger point in the JV agreement for formal commencement of the JV for redevelopment is the formal acceptance by both parties of the masterplan.
- 1.6. For HBDL to expend the sums on Surveys and Planning applications they will require an indemnity protecting their expenditure until the masterplan is agreed at Cabinet.

- 1.7 The original joint venture agreement red outline plan excludes some parts of the Montagu Industrial Estate. The JV agreements now need to be amended to provide certainty for the JV master plan and to proceed with the first phase of the development. See part 2 Report for location plans of assets to be included.
- 1.8 Officers recommend the short indemnity agreement until the masterplan is agreed and officers recommend correcting the JV documents to add the additional sites to the redevelopment agreement.

## **2. RECOMMENDATIONS**

- 2.1 It is recommended that the Executive Director for Place uses their delegated authority to approve the indemnity agreement with HBDL. Indemnifying any costs for Planning Permission, which shall be reimbursed should the joint venture redevelopment not proceed, following an unsuccessful cabinet approval for the master plan.
- 2.2 It is recommended that the Executive Director for Place approve the amended red outline plan of the Redevelopment to include the area for Phase 1, and the land at Rays Road, to assist with improved access to the development, and agrees that the JV legal documents be updated accordingly.

## **3. BACKGROUND**

- 3.1 The Council is preparing a CPO for the Montagu industrial Estate. This is to enable the Council to acquire the private freeholds and to sever any leasehold interests to obtain vacant possession and redevelop.
- 3.2 HBDL have designed a masterplan for the redevelopment of the estate, which Council officers support. The formal approval of the master plan will go to Cabinet in July 2019.
- 3.4 Phase 1 of the Redevelopment at the north of the estate on Montagu Road is ready for redevelopment. Demolition of the buildings has been carried out by the Council. Detailed planning consent for this phase can be submitted now. The construction of this phase can commence once planning is approved.
- 3.5 Any planning permission or surveys will be for the benefit of the council. Successful outline or detailed planning consent will improve the value of the council's assets at Montagu Industrial Estate.
- 3.6 If for any reason the JV masterplan cannot be agreed then The Council will have to refund HBDL costs as per the indemnity agreement. The Council can still proceed to implement the planning consent to redevelop its assets in isolation. Therefore, the wider value of the indemnity amount will not be lost to the Council, even if it has to be refunded to HBDL, as it will have

paid for a valuable planning permission on Council owned assets.

- 3.7 The Council currently hold £10m in the Capital budget for the redevelopment of the Montagu Industrial Estate. This fund is available to repay HBDL the indemnity amount should it be required.
- 3.8 When entering into the agreements with Henry Boot two areas of land that were part of the September 2016 Cabinet consent for redevelopment were excluded from the JV agreements. This was due to the potential disposal of these sites outside of the JV. These separate disposals are not progressing, and authority is sought for these sites to be added into the red outline of the JV agreements.
- 3.9 The additional sites will enable HBDL to progress with outline planning for the whole site and enable a better transport access to the estate from the south and to provide an additional 3 acres for Council owned land to be developed.

#### **4. ALTERNATIVE OPTIONS CONSIDERED**

##### **Do nothing and wait until the masterplan is agreed without the additional Council sites**

- 4.1 See Part 2
- 4.2 Phase 1 is ready for development and being vacant leaves the asset vulnerable. Significant costs are being incurred for security by the Council. Including this asset within the red line, as was originally intended in the earlier Cabinet Report, will allow it to be developed sooner by HBDL, as Phase 1 of the scheme.
- 4.3 Leaving land outside the joint venture agreement is not a sensible use of vacant assets as it delays their development and income producing potential.

##### **Pay Henry Boot direct for Planning Permission costs**

- 4.4 This option is not recommended. The joint venture partnership agreements place the responsibility of planning, surveys, design and construction in the hands of HBDL once the master plan is agreed.
- 4.5 Paying for the planning costs without the extra two sites will not produce the best development plan, as the site is smaller and poor access to the estate will continue.

## **5. REASONS FOR RECOMMENDATIONS**

- 5.1 The recommendation to provide the indemnity to HBDL and add the additional sites to the scheme will protect the Council's redevelopment plans by obtaining outline planning consent for the whole scheme with improved access to the development.
- 5.2 Phase 1 of the redevelopment when planning is approved and constructed could bring in significant income to the JV. Any delay in the planning or construction will delay the joint venture income.
- 5.3 Phase 1 site is currently vacant, costing significant daily costs to secure the asset from trespass and fly tipping attempts. The earlier this site can be developed the faster these costs can be reduced/removed.

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

### **6.1 Financial Implications**

*See Part 2*

### **6.2 Legal Implications**

*MD 17<sup>th</sup> May 2019*

- 6.2.1 Section 1 of the Localism Act 2011 provides the Council with a general power of competence to do anything which an individual generally may do so long as it is not restricted under s.2 of that Act. The recommendations in this report are within the powers of the Council under its general power of competence.
- 6.2.2 It is noted that the Council is preparing a Compulsory Purchase Order for the Montagu industrial Estate. Under section 226 (1) (a) of the Town and Country Planning Act 1990 a local authority has a general power to make a compulsory purchase order for the acquisition of any land in their area in order to facilitate the carrying out of development, redevelopment or improvement in relation to the land. In exercising these powers, the Council must demonstrate that the proposed development/improvement is likely to contribute towards the promotion or improvement of the economic or social or environmental well-being of their area. When pursuing a CPO, the Council is expected to negotiate with landowners and demonstrate that there are no financial or planning impediments to development. Further Legal Implications of utilising CPO powers will be included in future reports. The Land Agreement entered by the Council in respect of the redevelopment contains terms related to obtaining the CPO which the Council must comply with.

6.2.3 The report recommends that additional land in the Council's ownership is transferred to the joint venture. By virtue of s123 Local Government Act 1972, the Council may dispose of land owned by it in any manner it wishes subject to obtaining the best consideration reasonably obtainable. The disposal must also be in accordance with the Council's Property Procedure Rules and the provisions of the Land Agreement entered by the Council in respect of the redevelopment.

6.2.4 See Part 2

### **6.3 Property Implications**

6.3.1 The property implications are in the body of this report.

## **7. KEY RISKS**

The risk has been assessed as limited. It is not expected that the indemnity will require payment of costs to HBDL. In the unlikely event of this happening, the value of the council asset will have increased significantly higher than the planning costs paid to HBDL, due to the new planning consent

## **8. INTERNAL DEPARTMENT IMPLICATIONS/CONSULTATION**

8.1 Highways consulted no implications

8.2 Planning consulted no implications

8.3 Corporate Maintenance & Construction consulted no implications

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

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

The proposed redevelopment of this site will significantly enhance the working environment of the estate's workforce. It will also have a positive impact on the surrounding neighbouring residents, particularly those residing on the estates boundary, as the built environment will significantly improve and relate better to adjacent residential units. The uses will significantly improve can provide additional accommodation to a much higher standard. There will also be an increase in the supply of much needed new housing for different tenures and income levels.

### **9.2 Sustain strong and healthy communities**

Local residents, businesses and key stakeholders within and in close proximity to the Estate will be consulted about the scheme. A significant economic multiplier effect is envisaged, and it is estimated that c. 2520 jobs could be created and safeguarded as part of the redevelopment.

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

- 9.3.1 The proposed redevelopment will provide a greater range of commercial employment use space. This will allow SMEs to be provided with suitable accommodation within the borough and permit business to expand or shrink as required.
- 9.3.2 The provision of new commercial space will also allow the borough to attract new businesses and given the range of unit typologies to be provided, will support businesses in their growth trajectories. The retention of employment use space within the borough will also benefit the borough's workforce by providing employment opportunities in close proximity to where they live. Additionally, the creation of new jobs will also improve spending power within the borough.

## **10. EQUALITIES IMPACT IMPLICATIONS**

Corporate advice has been sought regarding equalities and an agreement has been reached that an equalities impact assessment is neither relevant nor proportionate for the approval of this report. However, it should be noted that projects or work stream deriving from this may be subject to a separate Equalities Impact Assessment. Therefore, any projects or work stream will be assessed independently on its need to undertake an EQIA to ensure that the council meets the Public Sector Duty of the Equality Act 2010.

## **11. PERFORMANCE AND DATA IMPLICATIONS**

The redevelopment will be managed by Strategic Property Services and external consultants. The Montagu Industrial Estate will be managed by Strategic Property Services and external agents until the property is ready to transfer to the Joint Venture for redevelopment.

## **12. HEALTH AND SAFETY IMPLICATIONS**

The surveys and inspection into asbestos and ground contamination as part of the planning and design process will be carried out by Henry Boot's approved sub-contractors, all access and investigative works will be monitored to ensure accordance with best practice and Legislation.

## **13. PUBLIC HEALTH IMPLICATIONS**

There is no significant public health implication related to the DAR for Montagu Industrial Estate Redevelopment – Joint Venture Agreement Amendment and Indemnity Agreement

### **Background Papers**

None

