

MUNICIPAL YEAR 2019/2020 REPORT NO. **133**

**MEETING TITLE AND DATE:**

Cabinet 13<sup>th</sup> November 2019

**REPORT OF:**

Executive Director Place

**Agenda – Part: 1**

**Item: 11**

**Subject: Meridian Water land Acquisition**

**Wards: Upper Edmonton**

**Key Decision No: 4984**

**Cabinet Member consulted: Cllr Caliskan  
and Cllr Maguire**

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**1. EXECUTIVE SUMMARY**

- 1.1. Enfield Council has been successful in its bid to secure £156M for key infrastructure from Central Government's Housing Infrastructure Fund (HIF).
- 1.2. The Council will need to purchase a number of parcels of land in order to deliver the HIF works. To this end the Council is requesting authority from Cabinet to make a Compulsory Purchase Order (KD 4832 PL 19/059 C). The CPO is a final measure and the Council aims to acquire land required through private treaty agreement in the first instance.
- 1.3. Anthony Way is required to deliver the HIF works. The Council has negotiated with the owner of Anthony Way and adjoining industrial units and has reached an agreement on price. The price is in line with an independent Red Book valuation.
- 1.4. The report seeks approval for the acquisition of Anthony Way and units 5, 11, 11a.

**2. RECOMMENDATIONS**

It is recommended that the Cabinet:

- 2.1. Approves the acquisition of the site as detailed in the report.
- 2.2. Delegates Authority to the Meridian Water Programme Director, in consultation with the relevant legal officer to finalise the documentation for exchange and completion of the acquisition.
- 2.3. See part 2.

### **3. BACKGROUND**

#### **3.1. Meridian Water**

3.2. The Meridian Water Regeneration Area is located in the South East of the Borough in the ward of Upper Edmonton. It is bounded by the A406 North Circular road to the north, the London Borough of Haringey to the South, London Borough of Waltham Forest to the East and Kimberley Road to the West.

3.3. Meridian Water is one of London's most significant regeneration opportunity areas. It comprises approximately 85 hectares (210 acres) and is one of the largest developable areas in London. Located in the Central Leaside growth area and the Mayor of London's wider Upper Lee Valley Opportunity Area, it has significant redevelopment potential.

#### **3.4. Strategic Infrastructure Works**

3.5. The Meridian Water team has been working with ARUP and KCA to develop the design for key infrastructure to unlock the delivery of homes at Meridian Water.

3.6. The proposed Strategic Infrastructure Works (SIW) which includes:

- Rail improvements;
- Central spine road and link road;
- Remediation;
- Flood alleviation;
- New bridges;
- New parks;
- Improved pedestrian and cycle links; and
- Improvement to existing junctions and roads (Leaside Road / Glover Drive).

3.7. On 3<sup>rd</sup> December 2018 the Greater London Authority (GLA) submitted a bid on behalf of the Council to the Ministry of Housing, Communities and Local Government seeking to secure £156 million from the Housing Infrastructure Fund (HIF).

3.8. On 17<sup>th</sup> August 2019 the Chancellor announced £156 million for the Meridian Water bid to deliver rail works, road infrastructure, land remediation, flood alleviation and utilities to unlock up to 10k homes was successful. Receipt of the HIF funds will be subject to satisfaction of certain pre-conditions and acceptance of funding terms, currently being negotiated (see Key Risk Section 7).

3.9. The funds from the HIF will need to be drawn down by March 2024.

3.10. **Land acquisition**

3.11. The Council has to date acquired circa 36 hectares of land in Meridian Water.

3.12. Meridian Water is comprised of a patch work of land ownership. The Council is acquiring land to enable the delivery of key infrastructure, and to create contiguous parcels that can be disposed of to developers. The Council will need to purchase a number of additional parcels of land in order to deliver the SIW works

3.13. In the first instance, the Council is aiming to acquire land by private treaty, however, a Compulsory Purchase Order (CPO) will also necessary to ensure that all the land required for the strategic infrastructure can be acquired within the requisite timeframe. A report is being presented to Cabinet (KD 4832) with a recommendation to make a CPO for the delivery of Strategic Infrastructure at Meridian Water.

3.14. **Anthony Way**

3.15. The Property comprises the freehold interest in Anthony Way, together with land and buildings adjoining. Anthony Way is an un-adopted private road, leading from Towpath Road, which provides vehicular access to several industrial properties.



*Figure 1 Anthony Way and industrial units and Anthony Way*

- 3.16. In addition, there are three industrial buildings adjacent to Anthony Way of varying age and construction, totalling 1,808 sq. m (19,460 sq. ft) with a hard-surfaced external yard. The total site area of the road and buildings is approximately 0.5266 hectares (1.3 acres).
- 3.17. In order to deliver the main bridge landing and access road for the HIF works, the Council would need to acquire a private road known as Anthony Way and the return of land between the VOSA building and Towpath Road.
- 3.18. However, the industrial buildings themselves on Anthony Way do not need to be demolished for HIF. The buildings are located within Phase 7 in the current Phasing Development Plan, which would be developed between 2035 and 2039. The buildings will therefore have a lifespan of at least 15 years and can be used for meanwhile activities (see below).



Figure 2 Demise of ownership on Ordnance Survey Map

- 3.19. The Meridian Water Team has been in negotiations with the land holders to acquire their land holding since February 2017.
- 3.20. The Meridian Water Team had provided an offer for the road in isolation, which is required for the SIW. However, the owners have rejected this offer and have been clear that they will not separate their holdings and will only sell the road together with the industrial units.

3.21. **Meanwhile Proposal**

3.22. A breakdown of the buildings and their current use can be seen below

<b>Unit</b>	<b>Description</b>	<b>Size (sq. ft)</b>	<b>Current Use</b>	<b>Condition</b>	<b>Lease</b>
Unit 11	Large warehouse fronting Anthony Way includes first floor offices	10,618	Vacant	Occupiable. Requires cosmetic work	n/a
Unit 11a	Rear Unit. Modern Warehouse	3,350	Warehouse	Good	5 years (break effective 2020)
Unit 5	1930s, north light roof building	5,492	Vehicle repair workshop	Poor. Needs refurb.	3 years expiring Sept 2020

3.23. The Council could utilise the industrial units for generating income as well as placemaking through meanwhile use. These units have particular potential for meanwhile use given their location adjacent to Building BloQs' current operation and the 'VOSA' building that is to be refurbished in to a state-of-the-art makerspace (PL 18/022, KD 4717). This presents an excellent opportunity to create a creative cluster to seed the future economy of Meridian Water.



*Unit 3: Interior Warehouse: Unit 11*

3.24. Income details are provided in Part 2 Report

3.25. **Valuation of site**

3.26. BNP Paribas undertook an independent red book valuation for the site, see Part 2 appendix for red book valuation of BNP Paribas

3.27. The valuation is in line with the purchase price agreed

**4. ALTERNATIVE OPTIONS CONSIDERED**

4.1. **Do not purchase the land.** This is not recommended as Anthony Way is required for the completion of the SIW. Purchasing this site through private treaty will allow for works to commence earlier, reducing costs from delays. If the land is not purchased via private treaty the acquisition would require a CPO. This would incur delays which would impact on programme and cost of delivering the SIW.

**5. REASONS FOR RECOMMENDATIONS**

5.1. It is vital that the Council acquire Anthony Way in order to complete the SIW, to unlock the development of homes at Meridian Water. In order to acquire the land in a timely manner and to avoid delays with associated consequences it is recommended to acquire the site by private treaty as detailed in this report and in part 2.

5.2. An independent red book valuation of the site undertaken by BNP Paribas shows that the agreed price demonstrates good value for money. Furthermore, acquiring the site by private treaty avoids costs associated with CPO and costs incurred by delay, increasing the attractiveness of deal for the Council.

**6. COMMENTS FROM OTHER DEPARTMENTS**

**6.1. Financial Implications**

See part 2

**6.2. Legal Implications**

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 The Council also has a specific power under Section 120 of the Local Government Act 1972 (LGA) to acquire land for the benefit, improvement or development of their area. Section 123 of the LGA gives a power of sale or leasing. The recommendations detailed in this report are in accordance with these powers.

- 6.2.3 The proposed acquisition must comply with the Council's Constitution including its Property Procedure Rules which set out mandatory procedures regarding (amongst other matters) the acquisition and disposal of property assets. This report contains justification for the acquisition as being in the best interest of the Council, including confirmation as to market value from BNP Paribas Real Estate, the external registered valuer is appended to this report.
- 6.2.4 Any subsequent disposal by way of lease of all/part of the site to be acquired must comply with the Council's Property Procedure Rules and s123 LGA.
- 6.2.5 The contents of this report constitute a Key Decision as the proposed capital expenditure exceeds £250,000. The Council must comply with the Key Decision procedure set down in its constitution.
- 6.2.6 All legal agreements arising from the matters described in this report must be approved by Legal Services on behalf of the Director of Law and Governance.

### 6.3. **Property Implications**

- 6.3.1 This acquisition supports the principals of increasing in come and optimising assets in the Council's Strategic Asset Management Plan.
- 6.3.2 The following sections of the property procedure rules (PPRs).

- 4.1 *The acquisition, by any means, of a freehold interest or a leasehold interest over one year in duration requires the approval of the relevant Director and the Responsible Senior Officer, unless the acquisition is:*

*4.1.1 Covered by the Property Scheme of Delegation*

*4.1.2 Vested by statutory authority*

*4.1.3 Owing to the Council acting as trustee*

*4.1.4 Made under planning and highways legislation as a condition of a planning permission or a planning obligation.*

- This report delegates Authority for the acquisition to the Meridian Water Programme Director, in consultation with the relevant legal officer to finalise the documentation for exchange and completion of the agreement for sale.
- 4.2 *Any acquisition with a market value in excess of £250,000 and lower than £500,000 has to also be approved by the relevant service Cabinet Member and the Cabinet Member with the property portfolio, and any acquisition with a market value exceeding £500,000 has to be approved by Cabinet.*

- This acquisition is recommended for approval by cabinet as it exceeds £500,000.

4.3 *Every acquisition must be accompanied by the service Director's report that states:*

- 4.3.1 *How the acquisition will help deliver the Council's strategy, goals, metrics and initiatives*
- 4.3.2 *The life-cycle costs whereby the Council is able to demonstrate its ability to fund all costs (including running costs), expenses, impacts and risks and any other costs associated with the acquisition (for example allowed/required by legislation).*
- 4.3.3 *The report is approved by the Responsible Senior Officer and the Director of Finance Resources and Customer Services*
- 4.3.4 *The Responsible Senior Officer has approved the provisional terms for the acquisition*
- 4.3.5 *The Responsible Senior Officer has certified that the price and terms and conditions represent value and in most circumstances has obtained an independent valuation*

- This acquisition is required to deliver the construction of the Strategic Infrastructure Works. This will in turn help the Council to deliver Meridian Water, its flagship regeneration project.
- The life-cycle costs of the acquisition have been considered in the body of the Part 2 report at section 3.16 to 3.26.
- Strategic Property Services have approved the provisional terms for the acquisition and following the receipt of an independent Red Book valuation can confirm that this acquisition is value for money and the price agreed is in line with market value.

5.1 *A resolution to make a Compulsory Purchase Order must be made by Cabinet, following a recommendation by the appropriate Director and the Responsible Senior Officer.*

5.2 *Compulsory purchases or purchases by agreement prior to a Compulsory Purchase Order being confirmed, are considered as acquisitions and subject to these Rules.*

- The site is included in the Compulsory Purchase Order Boundary which is due to be recommended for approval by Cabinet on [KD4832].
- This acquisition is a purchase by agreement prior to a Compulsory Purchase Order being confirmed.

6.3.3 This acquisition will add to the Council's corporate landlord liabilities and will need to be added to the Council's asset register. The expected income from the asset is expected to be sufficient to cover all corporate landlord liability.

## 7. KEY RISKS

**Risk:** Council cannot secure tenants for the site

**Impact:** Reduced income generated

**Mitigation:** Two out of the three units are tenanted and generating rental income. The market demand for industrial units for rent is strong and the vendor is already in negotiation with a prospective tenant for the third unit (see Part 2). If this tenant is not secured before acquisition, the Council will immediately market the site in order to secure a tenant and generate income.

**Risk:** Anthony Way gets fly tipped

**Impact:** Financial and reputational cost to the Council

**Mitigation:** The Council has requested that the access roads leading to the rear, Anthony Way and the yard to the rear of the property are to be empty and cleared of waste on completion. The road and property are protected by the security measures in place including two barrier entrances to the site, as well as the court injunction.

**Risk:** HIF Funding is not received.

**Impact:** Strategic Infrastructure works would not proceed as per the current proposal and timeframe.

**Mitigation:** The asset being acquired is generating a rental income so can cover holding costs. Given that the property is only scheduled for development in c. 15 years' time, there is a time window for a mitigation Strategic Infrastructure plan to be developed or alternative funding to be secured. As a worse case scenario, if development on the East Bank was not to proceed, the property can be re sold at industrial values for the price for which it is being acquired (as confirmed via the independent Red Book valuation). In the meantime any necessary maintenance works to the road or the buildings to secure meantime income can be met through an existing capital budget allocations.

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

- 8.1 There are no immediate implications for other Place departments, however this report has been shared with the Planning Policy, Highways, Enforcement and Development Control teams.

## **9. IMPACT ON COUNCIL PRIORITIES**

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

Acquiring this land is necessary to ensure delivery of the strategic infrastructure. The strategic infrastructure will provide key infrastructure enabling the development of 5,000 homes (with the potential for an additional 5,000) and the regeneration of Meridian Water. The infrastructure will ensure that the development is well connected.

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

Acquiring this land is necessary to ensure delivery of the strategic infrastructure. The strategic infrastructure works will deliver two new parks to provide green space vital to a healthy community. The works will also provide cycle routes to encourage cycling, which is beneficial to health.

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

Acquiring this land is necessary to ensure delivery of the strategic infrastructure. The strategic infrastructure enables the delivery of Meridian Water. As well as delivering homes, Meridian Water will deliver non-residential space including retail, workspace and community space. This will enable animated streets with mixed uses, developing a local economy and thriving place.

## **10. EQUALITY IMPACT IMPLICATIONS**

- 10.1. An EQIA is not considered to be relevant or proportionate for the acquisition of this site

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

- 11.1. Income generated by the units will be monitored by the Meridian Water and Finance Teams

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

- 12.1. N/A

## **13. HR IMPLICATIONS**

- 13.1. N/A

## **14. PUBLIC HEALTH IMPLICATIONS**

- 14.1. Acquiring Anthony Way will allow the Council to improve the road, which is currently poorly maintained with fly tipping of waste and broken cars. This will improve the environment of the surrounding area, which should bring positive public health benefits.

### **Background Papers**

*none*