

MUNICIPAL YEAR 2019/2020 REPORT NO. **168**

MEETING TITLE AND DATE:

Cabinet 22nd January 2020

REPORT OF:

Executive Director Place

Agenda – Part: 1

Item: 8

Subject: Meridian Water PRS Site Acquisition

Wards: Upper Edmonton

Key Decision Number: KD4945

Cabinet Member consulted: Cllr Nesil Caliskan

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1. EXECUTIVE SUMMARY

- 1.1. The first phase of the Meridian Water scheme will facilitate the build of at least 725 residential units on Willoughby Lane. Galliford Try has been selected as developer for this phase and construction works are intended to start in 2020.
- 1.2. A Pressure Reduction Station (PRS) for an intermediate pressure gas main supply is housed on a prominent developable area of the Willoughby Lane site of approximately 0.88 acres under the freehold tenure of National Grid PLC trading as Cadent.
- 1.3. It is a condition of the Development Agreement to be entered into between the Council and GTP that the PRS is relocated to enable the development of the scheme, and the relocation of the underground gas mains are also required.
- 1.4. Acquiring the PRS site would bring into Council control land that has the potential to accommodate 137 residential units.
- 1.5. This report is seeking authority (i) to acquire the current PRS from Cadent and (ii) to transfer to Cadent of a small parcel of existing Council land on which Cadent will construct a new PRS and then grant by the Council to Cadent of ancillary rights in relation to the transferred land.
- 1.6. While it would be practically possible for the relocation to take place without the land swap, not acquiring the PRS site would mean the Council forgoing the opportunity to complete land assembly in Zone 1 at best consideration price as is currently being offered. This report sets out why it is recommended that the Council undertake this land swap and acquire the former PRS site at this time.

2. RECOMMENDATIONS

It is recommended that Cabinet approves:

- 2.1. The acquisition by the Council of the 0.88-acre plot of land which currently houses the Pressure Reduction Station site for the figures set out in the Confidential Schedule.
- 2.2. The disposal by the Council of the 0.07-acre plot of land to the north of Willoughby Lane for the construction and maintenance of a new Pressure Reduction Station facility for the figures set out in the Confidential Schedule.
- 2.3. The granting of a 3-metre exclusion zone surrounding the boundary of the land to be transferred together with suitable access rights over land to Albany Road.
- 2.4. The granting of a building licence to Cadent required for the construction of the new Pressure Reduction Station
- 2.5. Delegation to the Director of Meridian Water in consultation with the Acting Executive Director of Resources to approve entering into the land swap agreement subject to a review of the overall financial position of the deal following the receipt of the C4 estimate for the new PRS station.
- 2.6. Delegation to the Director of Law and Governance to complete all necessary documents to formalise the sale and purchase of land and the grant of a building licence on the basis of the Heads of Terms attached to the Confidential Schedule.
- 2.7. Delegation to the Director of Meridian Water to approve remediation and enabling works on the PRS site for the figures set out in the Confidential Schedule.
- 2.8. Note the intention to market the Pressure Reduction Station site for a meanwhile use and enter into a lease subject to compliance with the Property Procedure Rules.

3.1. Introduction

- 3.1.1. Enfield Council's Flagship Regeneration Programme, Meridian Water, will facilitate the delivery of a neighbourhood in upper Edmonton consisting of approximately 10,000 homes, retail and employment spaces, community and leisure spaces and public realm. Galliford Try has been selected as developer for phase one of the project unlocking the delivery of at least 725 homes within the Willoughby Lane site; for which construction works are intended to start in 2020.
- 3.1.2. The 0.88 acres Pressure Reduction Station (PRS) owned by Cadent Gas Limited is situated within the Willoughby Lane site but sits outside the redline for Meridian One that will be transferred to Galliford Try under the terms of the Developer Agreement. The aerial image below shows the site location of the existing PRS, and the red line of the area the Council would acquire through this land swap. It also shows the blue oval structure of the new PRS in the northern corner of the site,

the footprint of which would be transferred to Cadent as part of this agreement.

- 3.1.3 There are two reasons for proceeding with this acquisition agreement at this time. The first is that agreement locks in a mechanism whereby the former gas infrastructure is relocated, thereby removing the residual site constraints for development of Meridian One, including a contractual commitment in the Development Agreement. The second is that the PRS site itself can be incorporated into the Council's regeneration plans and brought forward for future residential



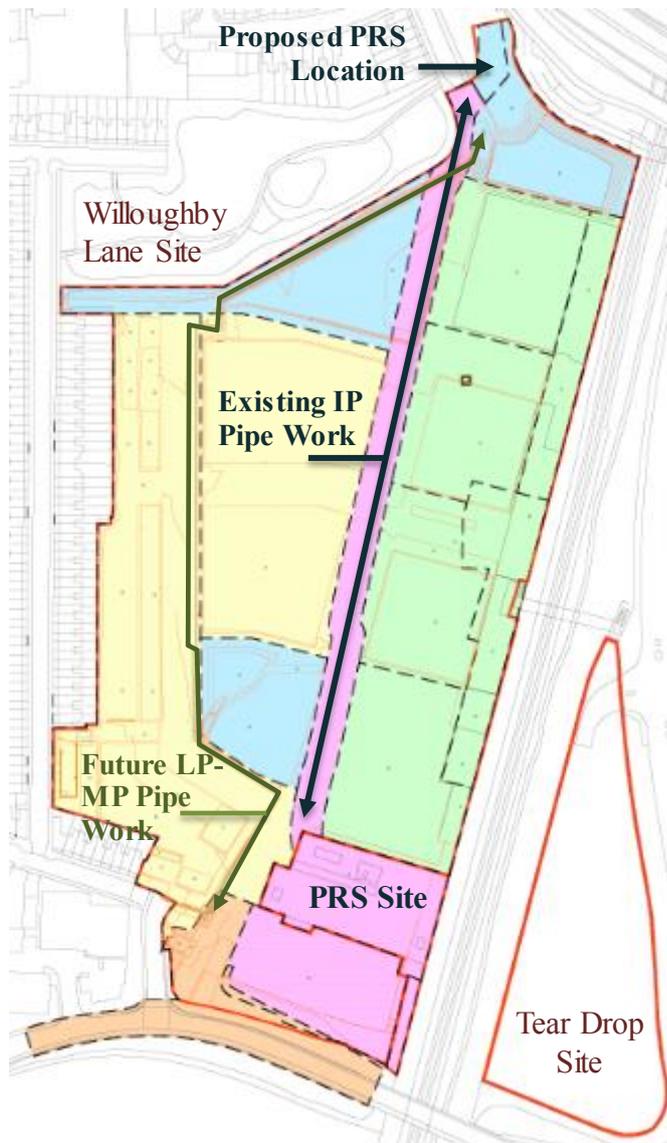
development.

3.2 Unlocking Meridian One

Meridian Water
Train Station

- 3.2.1 The proposed agreement with Cadent makes the Land Swap conditional on re-routing the gas main that current runs through the centre of the site and on the delivery of a new PRS facility (at the Council's cost) and the removal of above ground infrastructure on the current PRS site (at Cadent's cost). Structuring the deal in this way secures for Cadent an operational PRS before the existing one is decommissioned and secures for the Council a cleared site before the completion payment is made. All these works have to be undertaken by Cadent, which owns and manages and is responsible for delivering all works to the gas network in North London.
- 3.2.2 The image on the next page highlights the obstruction to the Meridian One site caused by the Intermediate Pressure (IP) main and shows the route of the diverted Low Pressure-Medium Pressure (LP-MP) main.

3.2.3 The IP Main pipework represented by the pink line through the Willoughby Lane site will need removal in order to complete remediation and prepare the site for the Meridian One development as building works cannot take place over the pipework or easement. The pipework can only be removed once the new PRS has been built at the northern end of the site and is operational. Planning permission for the new PRS was secured subject to conditions on 26th March 2018 (planning reference 17/05006/RE4), with work commencing in spring next year (see timetable below).



3.2.4 Completion of the Land Swap agreement is conditional on the removal and dismantling of all site infrastructure on the former PRS site. Furthermore, under the terms, all existing rights of access across such land shall be extinguished, and Cadent will relinquish rights to the easement in relation to the IP main being decommissioned, which

currently runs through the centre of the site. This means that Meridian One can be brought forward for development without undue title constraints. It also means that the remaining redundant gas infrastructure associated with the former National Grid gasholder site will finally be removed, erradicating the asthetically displeasing intrusion to the quality, green development proposed for Meridian One.

3.2.5 The following table sets out the sequence of works that need to be undertaken, their timetable and the current status of securing authority.

Task/Milestone	Responsible	Status/Authority	Date
Placing of Works Order for new LP-MP main	LBE	Done (KD4439)	Oct' 2017
Construction of new LP-MP main	Cadent	Works underway	Sept '19 to Mar '20
C4 Estimate cost for new PRS	Cadent	Pending	Jan/Feb '20
Land Swap agreement	LBE/Cadent	This Cabinet Report	Jan '20
Exchange of Contracts	LBE/Cadent	This Cabinet Report	Feb '20
Placing Works Order for new PRS	LBE	Separate future authority report	Feb '20
Construction of new PRS	Cadent	Placing of new Works Order	Mar '20 to Dec '20
Demolition/Removal of old PRS	Cadent	Conditional Land Swap Agreement	Jan '21 to Feb '21
Completion of Acquisition	LBE/Cadent	Conditional Land Swap Agreement	March '21
Removal of IP main, and remediation of IP main strip	Phase 1 Developer	Phase 1 Developer Agreement	April '21 to May '21
Remediation of PRS Site	LBE	Delegated Authority as requested in this Cabinet Report	Spring/summer 2021

3.3 Future Development on the former PRS Site

3.3.1 The former PRS site, located on a prominent position within the Willoughby Lane site, will benefit from future development and facilitate the full implementation of the Meridian Water Masterplan.

- 3.3.2. The PRS site is located 120 metres from the new railway station, which is open and operating with the West Anglia service plus the Lea Valley Rail Line service of two trains per hour to Stratford. Furthermore, under proposals for a further rail upgrade as part of the Housing Infrastructure Fund works, funding for which was announced in September 2019, the frequency of trains could increase to a more regular service. 6-8 trains per hour. The site is therefore well placed for higher density development.
- 3.3.3. A site capacity study devised by Urban Projects Bureau is for a residential apartment scheme of 137 units. Enabling this development opportunity would necessitate removing the PRS equipment and relocating the PRS.



- 3.3.4. A development appraisal has been undertaken on this proposal by Lambert Smith Hampton (LSH) and a Red Book Valuation of the site produced which concludes that best consideration is achieved by the Council purchasing the existing PRS site (see Part 2)
- 3.3.5 According to the phasing delivery plan (produced by KCA and LSH), this site is in Phase 4a, which is currently due for development between 2027-2030. This development will be subject to a new and separate developer procurement, or direct delivery; the decision which will be made nearer the time.

3.4 Heads of Terms

3.4.1 JLL is acting as Property Agent for the Council for this acquisition. JLL has negotiated and agreed the terms of this deal with Cadent on behalf of the Council.

3.4.2 The agreed terms are set out below:

- The freehold lands comprising land titles AGL89446 & SGL340013 totalling approximately 0.88 acres as shown on plan attached at Appendix 1 will be transferred to Enfield Council.
- The freehold land of 0.07 acres to be removed from Title AGL89444 will be transferred to Cadent Gas Limited.
- Deposit of 10% is payable on exchange of contracts
- The Council will pay a balancing amount to Cadent on completion of the land transfers
- Completion of the land transfers is conditional on the construction of a new PRS facility, the decommissioning of the existing IP Main and the release of the easement around the IP Main. The work will be carried out by Cadent but at the cost of Enfield Council.
- Completion is also conditional on the removal of all above ground site infrastructure and machinery on the existing PRS site with a target date of 3 months from the date at which the new PRS becoming operational, all costs of which are borne by Cadent.
- The Council shall also grant a 3 metres exclusion (non-development) zone around the land transferred to Cadent and a right of access over land to Albany Road, to enable servicing and safe operation of the new PRS facility.

See Part 2

3.5 Meanwhile Use of PRS Site

See Part 2

3.6 Red Book Valuation

LSH undertook an independent Red Book valuation of the site, dated 18 November 2019. See Part 2 for details.

4. ALTERNATIVE OPTIONS CONSIDERED

4.1 The deal agreed with Cadent links the acquisition of the PRS site with the relocation of the PRS through the terms of a Conditional Land Swap Agreement. While practically it would be possible for the relocation to take place without the land swap, the Council would still have to agree to dispose of a parcel of its land for the new PRS site –

meaning that the Council would not be able to use the value of its land to offset against the cost of the acquired old PRS site (as is the case in this deal). Furthermore, decoupling the deal would require the whole agreement to be renegotiated, which could potentially introduce the risk of significant delays to the delivery of Meridian One.

- 4.2 The acquisition and development of this site forms part of the Council's strategic master plan for the wider Meridian Water Scheme and it has always been intended to acquire this site; it forms part of a relatively early phase in the phasing plan (Phase 4a from 2027). However, compulsory purchase is not currently a feasible option on this site as there is no planning permission in place on the PRS site, and none being prepared.
- 4.3 The choice of alternative options is therefore whether to acquire the PRS site now (on the terms proposed here), or to attempt to acquire it later, or decide not to acquire it at all. These alternative options are not deemed to be financially or strategically beneficial to the Council for the reasons set out in more detail in Part 2.

See Part 2

5. REASONS FOR RECOMMENDATIONS

- 5.1. The acquisition of the PRS site on the terms negotiated has been assessed by LSH and the valuation report concludes that best consideration is achieved by purchasing the PRS site.
- 5.2 The agreement with Cadent allows for the removal of physical and title encumbrances on the site, including the decommissioning of the IP main running through the centre of the site and the relinquishment of the associated easement, thereby facilitating the delivery of Meridian One development by GTP.
- 5.3. Acquiring the PRS site at this stage of the Meridian Water Scheme will also:
- Create efficiency in the delivery of phase one
 - Enable the delivery of an aesthetically pleasing, green, vibrant area reflecting the three placemaking pillars of the scheme, particularly Parklife On Your Doorstep.
 - Enables the delivery of a new meanwhile site, which can directly contribute towards the deliver of the placemaking objectives, particularly Parklife On Your Doorstep, should the site be used for a Tree Nursery, or Activating Streets and Your Place to Make and Create, should the site be used for a active meanwhile use.
 - Bring into Council ownership a well-located development site for the delivery of an additional 137 units.

See Part 2

6. COMMENTS FROM OTHER DEPARTMENTS

6.1. Financial Implications

See Part 2

6.2. Legal Implications

MD 6th December 2019

- 6.2.1 The Council has power under section 1 of the Localism Act 2011 to do anything that individuals generally may do provided it is not prohibited by legislation and subject to public law principles.
- 6.2.2 Furthermore, section 120(1)(b) of the Local Government Act 1972 gives Councils a specific power to acquire land for the benefit, improvement or development of their area. In addition, the Council has powers under section 227 of the Town and Country Planning Act 1990 (the Planning Act) to acquire land by agreement in order to facilitate redevelopment or improvement.
- 6.2.3 The Council has a fiduciary duty to taxpayers and a duty to act prudently with public funds entrusted to it. The Council also has a general duty to act reasonably and to show that its decisions are made after having given due and proper consideration to all relevant factors (disregarding irrelevant factors). Accordingly, it is advised that any acquisition of land is subject to thorough and satisfactory due diligence being conducted in relation to such matters as the condition of the land, development potential as well as an assessment of all costs (including running costs), expenses and risks associated with the acquisition.
- 6.2.4 When considering an acquisition and/or disposal of property the Council must act in accordance with its Property Procedure Rules, including obtaining advice that the terms negotiated represent value for money. In relation to the disposal of land to Cadent envisaged by this report, s123 Local Government Act 1972 requires the Council to obtain the best consideration that can reasonably be obtained. A valuation confirming this has been appended to this report.
- 6.2.5 A planning application (ref: 17/05006/REF) for the erection of the new PRS with associated parking, landscaping and access from Albany Road was approved by the Local Planning Authority (subject to conditions) on 26th March 2018. It is noted that the Local Planning Authority have directed that the Phase 1 Meridian Water s106 will need to be amended to include reference to the new PRS site, that the site wide obligations will apply to the PRS site and that future long-term

access arrangements and landscaping proposals regarding the new PRS site will need to be secured through the discharge of conditions and reserved matters through the Phase 1 outline planning permission (or variation thereof). In relation to the site to be acquired by the Council, the Town and Country Planning Act 1990 requires planning permission to be obtained for any material change of use (including change from one sui generis use class to another). Officers are advised to seek further legal and/or planning advice where necessary as to the planning status of the site and its potential for future residential and/or meanwhile use.

- 6.2.6 The Development Agreement to be entered into between the Council and Galliford Try will contain obligations in relation to the PRS Relocation Works. The developer will be responsible for monitoring the works and ensuring that they are completed within the timeframes and budget set out in the development agreement. The Council will be responsible for paying Cadent for the Relocation Works and, in the absence of developer default, will be responsible for any increase in Relocation Costs.
- 6.2.7 All legal agreements arising from the matters described in this report must be approved in advance of commencement 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 income and optimising assets in the Council's Strategic Asset Management Plan. As the site will not be developed until the late 2020s, it will be leased for the purpose of a meanwhile use that will generate income.

- 6.3.2 The following sections of the property procedure rules (PPRs) apply:

- 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.

The report has been approved by the Director of Meridian Water. As this report is going to Cabinet, the Cabinet decision would supersede the authority of the Director and the Responsible Senior Officer.

- 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:*

This Cabinet Report is the required Service Director's report.

4.3.1 *How the acquisition will help deliver the Council's strategy, goals, metrics and initiatives*

This acquisition will acquire land in Zone 1 that accommodates the delivery of 137 residential units, thereby contributing to the overall Council's home delivery targets.

The agreement allows for the removal of physical and title encumbrances on the site, including the relinquishment of the easement on the IP main running through the centre of the site thereby facilitating the delivery of Meridian One development by preferred developer GTP.

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).*

The life-cycle costs of the acquisition have been considered in the body of the Part 2 report at Section 3.4.

14.2 *Such disposals are subject to a report prepared by the Responsible Senior Officer, and approved by the relevant Cabinet member, that includes:* 14.2.1 *Justification for such a disposal as being in the best interest of the Council*

14.2.2 *Written advice, including a market value, from an external registered valuer.*

These requirements are met, as this report is the appropriate report by the Director of Meridian Water and written advice including a valuation from an independent registered valuer has been received.

See Part 2 Report

7. KEY RISKS

See Part 2

8. INTERNAL DEPARTMENT IMPLICATIONS/CONSULTATION

Acquiring the PRS site will help to deliver Meridian Water thus enabling the following impact on key Council priorities;

8.1. Good homes in well-connected neighbourhoods

Meridian Water will provide high quality and sustainable homes to meet the diverse housing needs of the borough and London. Meridian Water will deliver high quality public spaces in a well-connected neighbourhood through improvements in both street and rail networks improving accessibility and increasing the frequency of services as well as reducing travel times not just for those living at Meridian Water, but for surrounding communities in Edmonton.

8.2. Sustain strong and healthy communities

Meridian Water will provide social infrastructure allowing opportunities for the local community to partake in healthy lifestyle choices with access to leisure centres, a cycle network and access to high quality public open spaces. Meridian Water will encourage walking and cycling and use of sustainable transport modes.

8.3. Build our local economy to create a thriving place

Meridian Water will bring economic growth, support, inward investment, and create new jobs and build a strong and sustainable future for the local community. The development will be aligned with the three pillars of placemaking for Meridian Water, including 'Mixing uses; animating streets'. This will ensure that the area is a lively place to complement and strengthen the local economy. The proximity to the station and attractive public realm will encourage people to visit and enjoy the area.

9. EQUALITIES IMPACT IMPLICATIONS

N/A

10. PERFORMANCE AND DATA IMPLICATIONS

N/A

11. HEALTH AND SAFETY IMPLICATIONS

N/A

12. HR IMPLICATIONS

N/A

13. PUBLIC HEALTH IMPLICATIONS

- 13.1. Acquiring the PRS site will help deliver the first phase on Meridian Water and the public health benefits of the project. Mixed tenure residential units and delivery of public realm areas encouraged by the space gained through the acquisition will inspire social cohesion and improved well-being within a green environment. Facilitating the Meridian Water scheme will unfold the delivery of a regeneration neighbourhood promoting the expansion of public transport with a more frequent rail service through the now launched Meridian Water station bordering the Phase 1 site, integrated walk and cycle routes through not only Willoughby Lane, but the wider site and expanded bus services will promote public health benefits encouraging active movement.

Background Papers

N/A