

MUNICIPAL YEAR 2019/2020 REPORT NO.

ACTION TO BE TAKEN UNDER DELEGATED AUTHORITY

PORTFOLIO DECISION OF:
Cllr Nesil Caliskan

REPORT OF:
Executive Director – Place

Agenda – Part: 1	KD Num: 4798
Subject: Meridian Water Station Land Fund	
Wards: Upper Edmonton	

Contact officer and telephone number: Paul Gardner 020 8132 2577
Email address: paul.gardner@enfield.gov.uk

1. EXECUTIVE SUMMARY

- 1.1 The Greater London Authority (GLA) has made a grant offer towards the cost of the Meridian Water station through its Land Fund programme which was established to address land and infrastructure cost barriers to the delivery of homes in London.
- 1.2 In addition to the direct output of the station itself (which was delivered in June 201), the required output for the grant is the delivery of 1,528 homes in a period between 2022-2028. The construction of these new homes in Enfield has been made possible due to the new rail station.
- 1.3 The remaining of the funding package for the station is made of up Community Infrastructure Levy (CIL), Developer Contributions and direct funding by Enfield Council itself.
- 1.4 Entering into the Funding Agreement and receipt of the grant will reduce the capital cost to the Council, and ongoing finance payments associated with this expenditure and consolidate the partnership with the GLA.

2. RECOMMENDATIONS

It is recommended that the Leader:

- 2.1 Delegates authority to the Programme Director of Meridian Water in consultation with Director of Law and Governance and Executive Director of Resources to agree the Funding Terms for the Land Fund.
- 2.2 Delegates authority to the Director of Law and Governance to enter into the Land Fund Agreement with the GLA

3. BACKGROUND

3.1. Meridian Water Station

- 3.1.1. In July 2017 Cabinet authorised entering into an Implementation Agreement with Network Rail for the delivery of a new Station at Meridian Water (KD 4470).
- 3.1.2. The high-quality new station located at the heart of Meridian Water replaced the inaccessible and under-used Angel Road and will serve as a major catalyst for the regeneration of this part of Enfield.
- 3.1.3. The station was built between September 2017 and May 2019. Opening on 3rd June 2019, the station was ready to be used for the successful summer Field Day Festival that was held in the Drumsheds in Meridian Water on 7/8 June 2019, at which 30,000 people attended over 2 days.
- 3.1.4. Services were subsequently increased in September 2019 with an additional daily service of 2 trains an hour in both directions alongside the Lee Valley line to Stratford via Tottenham Hale.
- 3.1.5. The new station has successfully delivered on its design objectives set out in the 2017 Cabinet Report.
- 3.1.6. On 17th August 2019, the Chancellor announced that Enfield Council had successfully been awarded £156 million of Housing Infrastructure Fund (HIF) toward Strategic Infrastructure Works (SIW) which include £40m towards further rail upgrades to enhance the services and frequency of trains to and from Meridian Water.

3.2. Land Fund Objectives and Outcomes

- 3.2.1. At the time of the original Implementation Agreement, the GLA had offered to making a funding contribution to the station via a Housing Zone part-grant and part-loan. However, this grant was conditional on entering into an agreement with a Master Developer which would provide the contractual obligation for the delivery of housing unit outputs. When negotiations faltered with Barratt in 2017, and they withdrew their bid in October 2017, it was no longer possible to secure the grant and in March 2018 this funding stream was closed (see Confidential Schedule attached).
- 3.2.2. Subsequently, an alternative source of funding became available that would allow Enfield Council to secure the same amount of grant originally offered towards the building of the station. In 2019 an application was made to the GLA's Land Fund through the submission of a Business Case for a grant contribution towards the capital cost of the station.
- 3.2.3. On 11 February 2020, the Mayor of London's Executive Director of Housing and Land approved the provision of £6m grant funding from the Land Assembly

Fund to the London Borough of Enfield to contribute to the new Meridian Water's train station.

3.2.4. The GLA Land Fund grant will be used to offset incurred expenditure on the Meridian Water station. The loan element of the original Housing Zone offer is no longer required as the station has already been built and the expenditure incurred.

3.2.5. While the direct output of the money (the new station) has already been delivered and is in successful operation, the objectives of the Land Fund are about using GLA investment to address land value and infrastructure challenges in order to unlock and accelerate the delivery of housing in London.

3.2.6. As set out in detail in the Land Fund Business Case, the geographical, environmental and physical nature of the Meridian Water lend it particularly well to the needs of an intervention by the Land Fund and its core objectives of:

- **Getting more Homes Built**
- **Increasing the Proportion of Affordable Housing**
- **Accelerating the Speed of Building**
- **Capturing More Value Uplift for the Public Benefit**

3.2.7. The Land Fund application gave specific housing outcomes that would be delivered over the next 8 years. A summary table of those outcomes is below:

Phase/Location	Market Units	Affordable Units	Total Number of Units	Timescale for Delivery
Meridian One	400	400	800	2021-2026
Phase Two	437	291	728	2023 – 2028
Total	837	691	1,528	

3.2.8. The business case for the Land Fund intervention is that the grant will contribute to the cost of delivery of the new Meridian Water Station that will enable and accelerate delivery of at least 1,528 new homes within the first six years of the scheme. The Business Case sets out in tabular form the number of units to be delivered in each year for each site.

3.2.9. Meridian One refers to the Willoughby Lane site that constitutes the first phase of residential development at Meridian Water. Vistry Partnerships (formerly Galliford Try) signed a Development Agreement with Enfield Council for the development of this site in December 2019. Outline planning permission is in place for 725 units. Vistry intends to deliver part of this through the discharging of Reserved Matters in 2021, and to resubmit a revised planning application for a second tranche of development (with higher density) in 2020. Start on site is due in June 2020 for the commencement of enabling utility diversions and remediation, with home construction starting in early 2021 and the first homes being delivered in 2022.

- 3.2.10. Phase Two refers to the land in the centre of Meridian Water, currently the Orbital Business Park and what is known as the Ikea Clear site. The unit outputs detailed above are for part of Phases 2a and 2b, specifically four blocks: two in the south of Phase 2, one of which fronts the canal, and the other two in the area bounded by the new Brooks Park, the Central Spine Road and the Leaside Road link road extension. Outline planning permission for Phase 2 residential development was submitted in August 2019 and is due for determination in March 2020. Currently different models for the delivery of this phase are being considered. Any of these models of delivery would be consistent with the required outputs. However, it should be noted that the current masterplan for this area is only indicative, and subsequent detailed planning applications brought forward either by the Council or a developer could be quite different to what is currently shown in the outline planning permission. This wouldn't invalidate the funding condition outputs provided that the minimum number and tenure split were still achieved.
- 3.2.11. The tenure split is important because the affordable units (both London Living Rent and Intermediate or Shared Ownership products) cannot be "double-funded" by GLA grant. It is anticipated that applications will be made for GLA grant funding for all affordable units on Phase 2. Therefore the Business Case explicitly states that the eligible outputs for this funding agreement are the 837 market homes (not the 691 affordable units) across the two phases.
- 3.2.12. The summary table below specifies which type of GLA grant funding will apply to which units.

Summary Table		
	No. of Units	GLA Funding Intervention
Affordable Units (45%)	691	Affordable Homes Grant Programmes/ Section 106
Non-Affordable Units (55%)	837	Homes for Londoners Land Fund
Total	1,528	

3.3. Timescales

- 3.3.1. The timetable for this funding agreement is set out below:

Target Milestone	Date/ Deadline
Agree HOTs	15/02/2020
Enter into Funding Agreement	March 2020
Funding to be drawn down	31/03/2020
Time period for delivery of housing outputs	2022-2028
Time period to secure developers' contributions	Until 2039

4. ALTERNATIVE OPTIONS CONSIDERED

4.1. Do not accept GLA Land Fund Grant.

Since the station has been built, and all other potential sources of funding have been exhausted, this is the last opportunity to secure a major public grant contribution towards the cost of the station. The result would be that this cost would have to be borne by the Council, this option is therefore dismissed.

5. REASONS FOR RECOMMENDATIONS

5.1 Reduces the direct capital cost to the Council

The station was forward funded by the Council on the basis of a financial model whereby this cost would be recovered over time from grant funding and developer contributions. Receipt of this Land Fund grant would replicate the grant funding that would have been provided through the Housing Zone grant before this funding stream expired. The injection of funding for the station would improve the capital cost position both for the project itself and for Meridian Water as a scheme.

5.2 Consolidates the partnership with the GLA

The Land Fund constitutes the first major injection of funding by the GLA into the Meridian Water project. Entering into the Funding Agreement with the GLA commits both parties to the delivery of the housing outputs specified. This means that the GLA has a stake and ongoing interest in the successful delivery of these outputs, providing another incentive for it to support the Council on a wide range of enabling workstreams from securing the Housing Infrastructure Fund to gaining Planning Consents.

6. COMMENTS FROM OTHER DEPARTMENTS

6.1 Financial Implications

See Part 2 Report

6.2 Legal Implications

MD: 06/02/20

6.2.1 Section 1 of the Localism Act 2011 provides the Council with the power to do anything an individual may do, subject to a number of limitations. This is referred to as the "general power of competence". A local authority may exercise the general power of competence for its own purpose, for a commercial purpose and/or for the benefit of others. This general power of competence provides sufficient power for the Council to enter into a grant funding agreement with the Greater London Authority.

6.2.2 The transfer of funds by way of grant from the Greater London Authority to the Council does not give rise to incompatible State Aid to the Council, Network Rail/TfL, rail operators nor any developer.

6.2.3 Funding will be contingent on delivery by the Council of certain outputs by defined milestone dates. Furthermore, the grant agreement will contain rights of termination and repayment in the event that the Council does not meet such milestone dates or otherwise breaches the conditions set out in the grant agreement.

6.2.6 All legal agreements entered into in consequence of the approval of the recommendations set out in this report must be approved in advance of commencement by the Director of law and Governance.

6.3 Property Implications

There are no Property Implications.

7. KEY RISKS

7.1 Risk: Failure to meet housing output targets

Impact: GLA would claim proportional clawback of grant

Mitigation: Proposed outputs are relatively conservative estimates of what the project is expected to deliver. In addition, flexibility is being negotiated (e.g. a 6-month tolerance around housing output milestones) within which clawback wouldn't be triggered.

7.2 Risk: Risk of default on Funding Agreement

Impact: Potential clawback of full grant amount

Mitigation: Likelihood of risk deemed extremely low. Scrutiny of funding agreement by legal team before entering into agreement to ensure that there are no onerous clauses that would be difficult to meet. Ongoing monitoring of funding agreement by Meridian Water team and Finance to ensure compliance.

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

8.1 Good homes in well-connected neighbourhoods

Funding for the station would ease debt overall on the Meridian Water project improving the overall financial model and thereby improving the viability for the delivery of more homes, and a higher percentage of affordable homes at Meridian Water.

8.2 Sustain strong and healthy communities

Easing the impact on revenue accounts of the Council by accepting the funding will benefit the wider Council budget, and all of its service intervention including in the areas of health and well-being.

8.3 Build our local economy to create a thriving place

The station itself is a significant catalyst to the local economy. The contribution of the Land Fund grant into Enfield constitutes a significant investment from the London Assembly into a deprived and previously poorly served part of the borough. By improving the overall financial position of Meridian Water, the grant strengthens the viability of the regeneration project to invest in the local economy and contribute to a more vibrant and prosperous neighbourhood.

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

n/a

Background Papers

None