

8th September 2020

Councillor Nesil Caliskan - Leader of the Council
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Dear Scrutiny Panel Members,

We are writing to acknowledge your preparation of the Meridian Water Scrutiny Workstream Report. The report contains some good suggestions which will be used to inform the next stages of the project. However, the report also contains some inaccuracies and misunderstandings that we can clarify in order to present the most accurate public record in relation to the Meridian Water programme.

We have attached an appendix to this letter that sets out some corrections and clarifications set against the report as prepared by yourselves that we think can help you gain a definitive understanding of the current status of the Meridian Water programme.

Meridian Water is a unique major regeneration programme in London, being designed around and for local people. Enfield Council is committed to ensuring that local people will be the principle beneficiaries of the growth generated by the project. 'Local' is defined as the neighbourhood of Edmonton which in turn is defined in terms of the three Edmonton wards: Upper Edmonton, Edmonton Green and Lower Edmonton. We also anticipate that the scale and reach of Meridian Water will also have a beneficial impact on our residents in the wider borough, as a catalyst for local sustainable employment and training opportunities as well providing enhanced infrastructure that can increase connectivity to London.

Role of the Council as Master Developer

In July 2018 the new administration at Enfield Council took the bold decision to assume the role of the master developer. The Council assuming the role of master developer on a major regeneration project of the scale of Meridian Water is unprecedented in the UK and our approach has won praise from industry and other local authorities. The rationale for the approach is driven by the values of the Council – we believe that a strong public sector is a force for good.

The Scrutiny Report makes reference to Meridian Water being for private investors and overseas buyers. If the report was written three years ago before the current administration of the Council took the decision to take control of the Meridian Water site, then the assertions in the report and subsequent recommendations may have been fitting. We recognise that under the earlier plan for the site, we could not guarantee that by entering into a single contract with a single private sector partner that affordable homes and social infrastructure could be secured for the people of Edmonton.

However, with the Council now in control of the project as master developer since July 2018 and the direction taken since, the reality is that the risk associated with private investors and overseas buyers has been significantly diminished. With the Council now acting as master developer, we can ensure that private homes will instead be sold to first buyers and UK nationals, and we can do far more to ensure that local people are the priority for the new jobs created on the site. We can also do more to ensure that essential social infrastructure (such as schools, health, nurseries) is provided as part of the regeneration of the site to ensure its long-term sustainability.

This means that the points in the report that state the Meridian Water is designed for private

investors and overseas buyers are simply not true and out of date.

Housing Affordability

The Meridian Water project is seeking to achieve 10,000 new homes over the next 25 years. The housing offer will cater to a diverse range of needs – there will be affordable housing for key workers, for those in priority housing need including people who need wheelchair accessible housing, those who require extra care, for people who want to rent privately in quality accommodation on longer term tenancies, and for those who would like to buy into the area. These principles are reinforced in the Council's recently published Housing and Growth Strategy.

It is the affordable housing that will have the greatest benefit for the people of Edmonton. Planning policy seeks 40% affordable housing. We have deliberately ensured that the first two sites achieve higher levels of affordable housing than required under planning policy – the first site achieves 50% affordable housing and the second site achieves 100%. The Council is actively discussing with the Greater London Authority (GLA) and government how they can support us with increased levels of grant to achieve 50% affordable housing across the whole of Meridian Water.

There are two types of affordable housing that are funded by the GLA – intermediate which can include rented or part ownership, and affordable rented. The report makes incorrect statements regarding the affordability of both these types of affordable housing for local people which are covered by housing benefits. Furthermore, without GLA grant this housing would not be affordable to deliver.

There are different housing offers which are classified as intermediate affordable housing, and these types of homes are typically targeted at key workers as illustrated by the affordability case studies in the Housing and Growth Strategy.

Enfield Council regards the private housing in the Meridian Water project a financial necessity as it cross-subsidises the cost of the affordable housing and the social infrastructure: the schools, health centres, nurseries, leisure, parks etc. Income from private housing also allows the Council's historic investment in Meridian Water to be recovered.

The report states that Meridian Water should achieve higher levels of affordable housing to meet Borough wide housing need. We support this aspiration which is why we are lobbying for increased grant funding for the affordable housing programme.

The Council strongly believes that the way to address the tragic levels of geographic inequality within Enfield is to create diverse, mixed income communities. That is why the Council is taking an active role not just as master developer on Meridian Water but also our borough wide 3,500 council house building programme. To achieve this there needs to be a mix of housing at Meridian Water as well as affordable housing in the parts of the Borough where there is currently a serious undersupply.

Employment

The report references the Employment Strategy that was approved by Cabinet on 11th March 2020. That Employment Strategy sets out Enfield Council's approach to employment at Meridian Water for the next 25 years. It is the Council's ambition that Meridian Water will deliver 6,000 new high-quality jobs. The strategy also sets out the objective for 1,000 jobs through meanwhile employment uses, and 1,000 jobs through construction. Additionally, the strategy sets out how we intend to ensure local businesses benefit from the construction supply chain.

Jobs for Local People

The three pillars of job creation at Meridian Water are: *Construction*, *Meanwhile* uses and the *Permanent* jobs in the new commercial space. The construction phase predicts 1,000 construction jobs annually, of which no less than 25% or 250 will go to local people.

▭ The *Meanwhile* employment uses are predicted to create 1,000 jobs and the expectation is that no less than 25% of the roles - 250 jobs, will go to local people, and circa 50% Enfield or adjacent boroughs.

The development of the new permanent commercial space will see the creation of 6,000 jobs and it is anticipated that between 25-50% of these jobs will go to Enfield residents, or 1,500 to 3,000 local jobs.

▭ Overall therefore there is potential for circa 3,500 jobs to benefit local people; set against the 1,500 residents in Edmonton claiming Job Seekers Allowance Meridian Water can make a major impact on local levels of employment and consequentially raise levels of prosperity in Edmonton.

Training for Local People

The demographic profile of the Upper Edmonton Ward shows a high percentage of the workforce have no or low qualifications, with 30.6% of the population in the Edmonton Leaside Area Action Plan (ELAAP) study area over the age of 16 having no qualifications. This is significantly above the average for the borough of 23%. Jobs are currently concentrated in three key sectors: wholesale & retail, manufacturing and logistics, which together account for over 60% of employment. These figures emphasise the need for us to provide a more diverse employment offer to local people using our three pillars of *Construction*, *Meanwhile* and *Permanent* Employment opportunities supported by training avenues to get local people into better paid and sustainable employment.

The Meridian Water project will be integral to developing and implementing a Council wide approach to skills and employment. As part of the development of Meridian 1 we are working with Vistry to ensure there is a new skills academy on site that target's local people and provides them with training to obtain quality jobs in the construction industry.

We have used both the contract with Vistry and the S106 agreement to ensure that 25% local labour is used on site - this level is considered best practice in the industry.

For those residents who require additional support to enter / re-enter the job market there will be opportunities to obtain fundamental skills such as English language, numeracy and literacy. Pre-construction training through short courses will be offered, combined with the provision of practical work placements prior to jobs being advertised, and guaranteeing those trainee's an interview for those jobs, optimising the uptake by local residents.

It is a strategic move on behalf of the Council to frontload skills academies at the onset of Meridian Water to train up local people so that they can access the quality jobs on offer. We are working on plans for a second skills academy in a different industry which we hope to announce later this year.

Business opportunities for local companies

By promoting social value in our procurements and through the planning process we aim to optimise support to local business through the use of local companies. This objective is enshrined in the Employment Strategy: enabling local Enfield employers to supply Meridian Water, starting with its construction, with no less than 10% of all investment benefiting local companies. This equates to approximately £360 Million of contracts going to local business through the development process.

Local businesses will also have opportunities to relocate or setup business at Meridian Water. The Council can enable this to happen because we have taken the bold decision to retain ownership of all commercial premises on the ground floor of the residential blocks.

Meridian Water as a Place to Work

Meridian Water will be an attractive place, able to attract new and emerging businesses. The prime location of the site in the Upper Lea Valley for both business and leisure, enhanced through hugely improved rail and bus transport connectivity and state of the art digital infrastructure will enable the sustainability of Meridian Water as a place to work and enjoy.

Commercial Spaces will be provided in a range of different formats of space, in high quality and energy efficient buildings, with generous ceiling heights, and flexible layouts. The commercial property developed will offer a continuum of spaces. This will include shared office space to small studios, as well as larger units for denser commercial space. The continuum will enable small emerging companies to expand or contract, with flexible leases that respond to the dynamism of smaller companies and the economy.

Impact of COVID on Employment

The Employment Strategy spans a 25-year period and will be regularly reviewed and updated throughout the lifetime of the project. In direct response to COVID and possible changes to working patterns, the Council will suggest that the newly formed Regeneration and Economic Development Scrutiny Panel has a workstream specifically looking at the impact of COVID on employment work patterns, residential designs and open space requirements.

Job numbers

The report states inaccurately that there are currently 2,600 people employed at Meridian Water and that 1,500 of these jobs will be lost as a result of the redevelopment. These figures were derived from the 2016 ELAAP which states that the development will create a starting deficit of 1,500 jobs. A large portion of the displacement calculated happened through the clearance of the Stonehill Estate by the previous landowner. The Meridian Water project will aim to create 6,000 new high-quality jobs, and this has been a key feature of the project that has helped us secure the support of the GLA and government as set out in relevant Council reports.

The Committee report states, with little evidence, that the site is not big enough to accommodate 6,000 jobs. The Meridian Water masterplanning work clearly demonstrates that Meridian Water can accommodate 10,000 homes, 6,000 jobs and 30% green open space. The Council's ability to produce credible masterplanning work has been key to securing the additional funding we have acquired recently from regional and national government.

Land and planning

Housing Density

In the context of a national housing crisis optimising the density of all new developments is a strategic matter for Enfield, London and the UK. Many areas in London are historic environments that responded to the population growth and needs of the city in the past. The new developments in London must now respond to the new GLA housing targets with appropriate density arrived through a design-led approach, taking account of the site context and infrastructure capacity.

The report suggests that the density proposed at Meridian Water will make it amongst the densest in London – this is not correct. The density levels at Meridian Water will be comparable with other

Zone 2-4 developments but significantly less dense than the type of development you see in Zone 1 which benefits from far stronger public transport.

Green Open Space

The buildings and spaces in the emerging Meridian Water masterplan are reconfigured to allow for highly accessible and quality greenspaces approximately 2 minutes walking distances from all households. This benchmarks us strongly against similar projects that have delivered change of this scale and nature. The Meridian Water masterplan demonstrates that 30% open space is achievable and the landscape will be high quality and high performance in order to meet the wider sustainably objectives.

Financial related risk for Enfield Council

The primary driver for Meridian Water has never been about generating a profit to the Council. The financing of Meridian Water is driven by a need to recover the Council's investment in the project, manage financial risks to the Council, and to generate an ongoing revenue stream that can finance council services given the pressures created by huge cuts to local government funding.

The baseline financial model has been developed by the Council's commercial and financial advisors and signed off by the Executive Director of Resources, prior to being approved by Cabinet in October 2019.

Various metrics are calculated from the financial model to monitor the financial health of the scheme and assess whether the Council is able to recoup its investment at the end of the project. The average interest rate which the Council pays on its borrowing is 3.5% and the forecast internal rate of return (IRR) is 4.63%. Therefore, these metrics should be considered as broadly reflecting a break-even position for the Council. The minimal positive return is viewed as contingency against the many risks inherent in a scheme of this size and complexity; however, by acting as the master developer the Council is better placed to manage financial risks of the project than we were before.

We hope that this covering letter and detailed appendix can give you suitable assurance that the risks of a few years ago now have robust controls attached and that our new direction gives us the best chance possible to make Meridian Water really work for local people.

We are really proud of what we have achieved to date at Meridian Water: delivering the brand new Meridian Water train station, securing £156m grant from government to deliver infrastructure, appointing Vistry to deliver 950 new homes, securing planning permission for the first 3,000 homes, purchasing over two thirds of the developable land, delivering the Drumsheds culture venue and a drive-in cinema, and commencing work on Europe's largest open workspace in partnership with Edmonton company Building BloQs. We are however even more excited about what the future holds and we have proven that by leading Meridian Water as the master developer we can deliver upon the priorities of local people.

Yours sincerely,



Cllr Nesil Caliskan
Leader of the Council



Peter George
Meridian Water Programme Director