

## London Borough of Enfield

### Portfolio Report of the Leader of the Council

**Report of:** Mark Bradbury, Director Property and Economy

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**Subject:** Good Growth Fund – Fore Street, Angel Edmonton

**Cabinet Member:** Cllr Caliskan, Leader

**Executive Director:** Sarah Cary

**Ward:** All

**Key Decision:** KD5080

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#### Purpose of Report

1. The Good Growth Fund (GGF) is Mayor Sadiq Khan's £70 million regeneration programme to support growth and community development in London. The third and final round of this fund opened for applications in September 2019. There were around 170 Stage 1 applicants for the final £20 million funding round.
2. Funded by the London Economic Action Partnership (LEAP) and managed and delivered by the Mayor of London's Regeneration and Economic Development team, the programme is underpinned by three strategic and interrelated delivery themes:
  - Empowering London's people;
  - Strengthening London's places; and
  - Growing London's prosperity.
3. Following a successful Stage 1 Expression of Interest in December 2019, a full Stage 2 bid for Fore Street, Angel Edmonton was submitted on the 3<sup>rd</sup> February 2020.
4. On the advice of the GLA following Stage 1, the value of the full bid was increased to £2.2m comprising £1.1m capital grant from the GLA and £1.1m Council match funding (this is a capital fund requiring a minimum of 50% match funding from the recipient). This funding is been outlined in the existing approved capital programme, under the Town Centre Development budget.
5. The Council was informed on the 9<sup>th</sup> March 2020 that the bid was successful and now wishes to progress with the project and enter into a funding agreement with the GLA for a period of three years.

## **Proposal(s)**

6. To authorise the Director of Property and Economy to agree to accept £1,100,000 of capital grant funding from the GLA.
7. To authorise the Director of Property and Economy to allocate match funding of £1,100,000 from the capital programme, under the Town Centre approved Development budget.
8. To authorise the Director of Legal & Governance to enter into a legal agreement and complete all necessary legal documentation with the GLA to achieve the objectives of the GGF project.
9. To authorise the Director of Property and Economy to take all necessary actions to the deliver the project in accordance with the Council's Property Procedure Rules and Contract Procurement Rules as appropriate
10. To approve the making of an application to the Secretary of State under Section 19 of the Housing Act 1985 for consent to the appropriation of land from housing to planning purposes in accordance with S122 LGA 1972'. Please note, this application relates to change of use rather than ownership.

## **Reason for Proposal(s)**

11. The design of the project directly responds to issues and opportunities identified through engagement activity with the local community, businesses and potential partners and identified in the Angel Edmonton Town Centre Action Plan. It also aligns strongly with the objectives of the Corporate Plan and emerging Economic Development Strategy. It also aligns strongly with the objectives of the Corporate Plan and emerging Economic Development Strategy.
12. To facilitate community engagement and build capacity. We want to ensure both existing and new communities play a key role in shaping the area's future and benefit from new opportunities – with development that reflects the needs of the local community.
13. To deliver employment and skills opportunities. In conjunction with anticipated population growth, we want to ensure Angel Edmonton's economy provides opportunities for the existing community, ensuring that it is inclusive, diverse and resilient.
14. To improve health and well-being. To make improvements to the physical environment to support community safety and improve air quality to establish a boroughwide precedent and pre-empt forth-coming improvements forming part of the proposed Liveable Neighbourhoods Programme in the area.

## **Relevance to the Council's Plan**

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

Angel Edmonton town centre sits at the heart of a long-term programme of major regeneration. It is located adjacent to the Joyce & Snells regeneration

programme, which is proposed to deliver 2,130 new homes and is a short walk to Meridian Water, where the Council will deliver 10,000 new homes over the next 25 years.

#### **16. Safe, healthy and confident communities.**

To ensure the community can benefit from long-term regeneration, we must start to tackle issues now. The GGF project is designed to kick start that process. It seeks to address barriers that prevent people from reaching their full potential, from getting a good job and moving themselves and their families out of poverty. It looks to harness creativity and leverage cultural and ethnic diversity, to change perception and act as inspiration. It looks to provide a shop window for regeneration, through which the community will be able to access a broad range of services, a new community hub and affordable workspace.

**17. An economy that works for everyone.** In conjunction with anticipated population growth in the area, the GGF project seeks to ensure Angel Edmonton's economy provides opportunities for the existing community, ensuring that it is inclusive, diverse and resilient. It is designed to help co-ordinate development and regeneration and nurture the community – both of which are crucial components for stimulating successful economic growth.

### **Background**

18. Fore Street is a well-used local high street with a significant proportion of independents whose diverse offer reflects the cultural diversity of the neighbourhood. The vacancy rate is low and during the day, Fore Street is a lively high street that provides well for the local community. Yet, Fore Street has issues with antisocial behaviour and is ill equipped to respond to the changing consumer behaviour affecting high streets nationwide.

19. Angel Edmonton features amongst the 10% most deprived areas for several of the English Indices of Deprivation. The south and the east of the borough are most acutely affected by crime, barriers to education, skills, training and employment. Income deprivation and a poor living environment are affecting local communities, particularly those living in Angel Edmonton.

20. Meridian Water, Joyce & Snells and other regeneration and development projects in the area provide a significant opportunity to address these issues and work with the local community to ensure their quality of life improves and opportunities are offered to all.

### **Main Considerations for the Council**

21. This project is a direct response to community engagement and leverages Council owned assets to address needs and enable the development of a vibrant local economy. A multilateral approach seeks to address a range of priorities identified in consultation including:

- addressing crime/ anti-social behaviour hot spots
- public space improvements + placemaking
- improving access to workspace

- increasing access to employment + training
- facilitating greater community cohesion
- empowering local people to contribute to the shaping of their environment
- improving air quality

22. To deliver against the GGF project objectives, the project elements (Urban Room, workspace, programme for business employment and skills opportunities and public realm) seek to achieve impact by highlighting and strengthening the existing identity of Angel Edmonton. Through the consultation process, ideas have developed to respond to specific stakeholder needs and aspirations but also pursue the wider regeneration objectives.

23. The Urban Room and Workspaces take advantage of the proposed redevelopment of the Joyce & Snells estate and provide meanwhile uses for underused sites in advance of their future redevelopment. The Good Growth Fund proposals have been developed in close consultation with the Joyce and Snells Regen Team. Neither site is intended for redevelopment until at least 2025 under current proposals. It is intended that the social, economic and cultural infrastructure of the Urban Room and workspaces will be both inform and be integrated into the permanent masterplan.

24. The Grant Fund Agreement with the GLA will cover a time period from signing from signing until 31/03/2022. Acceptance of the grant places obligations on the Council to deliver objectives, milestones and/or project outputs that have been set out in the Grant Fund Agreement with the GLA, which will be measured by the outcomes detailed below:

**Facilitate community engagement and build capacity.** Improving 325sq m of community space along with a strategic programme of engagement and consultation will lead to increased levels of inclusion and the feeling of ownership and pride from the local community. The following outcome metrics will be used to evaluate progress against this objective:

- Percentage of residents who report sense of belonging to the area
- Number of volunteering opportunities created

**Deliver employment and skills opportunities.** Providing 31 new workspaces and a programme of business, employment and skills advice will support new and existing SMEs and deliver employment opportunities for the local community. The following outcome metrics will be used to evaluate progress against this objective:

- Amount of commercial space created or improved
- Increase business turnover
- Number of businesses supported
- Number of people progressing into work
- Number of jobs being safe-guarded or new jobs created
- Number of vacant units bought back into use

**Provide the foundation for a strategic spatial plan.** Strategic engagement and consultation, nurturing future economic opportunities and co-ordinating

development programmes will inform a spatial plan to accommodate good growth. GGF project deliverables will test, in a meanwhile capacity, longer term interventions that will be delivered by Joyce & Snells, Meridian Water, Economic Development and Healthy Streets projects. The following outcome metrics will be used to evaluate progress against this objective:

- Number of residents who participate in the project over the project duration

**Improve health and well-being.** Community engagement, cultural, and public realm improvement projects will lead to increased footfall and the perception of safety in the area. The school streets initiative will engage the community on air quality and environmental issues and lead to a reduction in pollution exposure NOX, PM10 & 2.5 in its vicinity – testing future interventions to be made by the Healthy Streets Liveable Neighbourhoods programme. The following outcome metrics will be used to evaluate progress against this objective:

- The amount of public realm being created or improved
- Increase in footfall
- Increase in visitor satisfaction

## 25. Project Elements:

**Urban Room:** the project will provide a highly versatile ‘Urban Room’ space. Incorporated within the existing Fore Street Library, the Urban Room will be at the heart of community activities driving the regeneration of Angel Edmonton - creating a physical hub to connect LBE’s teams and partner organisations directly on the high street.

The ‘Urban Room’ will be in operation for at least 3 years from its opening, and most likely substantially longer. Its programme will include community events, formal consultation, an extension to existing library services, and activities programmed by partner organisations. It is likely that the Urban Room will be staffed on a full-time or part-time basis by an individual curating and managing its programme. The options being investigated regarding what the role consists of and how it might be funded are detailed in Section 28 of this report, but include the possibility of Section 106 funding for a new post, staffing as payment in kind by a partner organisation and extending the job descriptions of existing library staff.

Maintenance implications of the urban room will be limited, since the space will contain only limited furniture and exhibition boards. Any cleaning and upkeep will be carried out as part of the existing library upkeep.

**Provide affordable and flexible work and studio space for local businesses.** Creating 31 small workspaces, totalling 600 sq/m, that will support young and innovative businesses through affordable rents, co-location + business support on simple, flexible terms. The brief for the affordable workspace will take into account the evolving post COVID19 landscape for office and workspace. The workspaces will be in operation for at least 3 years from opening, and most likely substantially longer.

An operator for the workspaces is currently being sought. The income generated by the workspaces will cover the loss of existing rent generated by the garages and provide additional income to the council. It is anticipated that staggered rents for the workspaces will form part of the strategy to both make the workspaces affordable but also generate profit, however the detail of this will depend on both the business model and license with the selected operator, which will be advanced over the coming months as the council adopts a detailed brief for the workspaces. Section 56 goes into greater detail regarding the financial arrangements for the workspaces.

The Economic Development team will be managing the relationship with the workspace provider with support from Strategic Property Services. They will be expected to provide updates in line with the metrics established with the GLA to monitor the on-going performance of this project element. The lease will be made out with the HRA as owners of the site. An application to the Secretary of State under Section 19 of the Housing Act 1985 will be made in order to authorise the use of this land as workspaces.

**Offer a programme of business, employment and skills opportunities.** The Urban Room will act as a shop window for an employment and skills centre proposed on Meridian Water, as well as offering a programme run by partners of the 'Build Enfield' programme. The Workspace will be integrated into business support offered by partners.

**Deliver placemaking interventions to inform strategy.** Public realm improvements will enhance connectivity and celebrate the unique character of Angel Edmonton and consider the short, medium and long-term improvements that will accompany the transformation of the wider urban context and to mitigate the impact that the changes will have on local residents and businesses.

**The project will implement Air Quality Improvements - School Street.** This project will remove cars from school gates on either a permeant basis, or during school opening and closing times. St John & St James Church of England Primary School is sited on Grove Street, opposite the proposed northern entrance to the Workspace site and sits within an area which has been classified as a 'Liveable Neighbourhood' priority area.

## 26. Proposed Programme

Signing of GLA Grant Fund Agreement	21/10/20
Urban Room Works Commences	February 21
Workspace / Public Realm Works Commences	May 21
Urban Room Delivery	July 21
Public Realm Delivery	November 21
Clean Air / School Street Delivery	November 21
Workspace Delivery	December 21

It should be noted that the programme may be required to respond to COVID19 developments, particularly with regard to the impacts upon the ability to deliver, and timelines for, consultation and the programmes for adjacent masterplans and public realm works.

## **Safeguarding Implications**

27. This proposal will improve the safety of Angel Edmonton, thereby reducing safeguarding risks to vulnerable adults and children. Concerns have been raised consistently by residents and business owners through the consultation process that have highlighted poor quality public realm, petty crime, drug dealing and anti-social behaviour as issues. Through delivering targeted public realm improvements along the high street such as improving alleyways, addressing poor lighting and activating a disused garage site which has been a site of anti-social behaviour, Good Growth Angel Edmonton will seek to improve the connectivity and character of the high street.
28. The Urban Room will act as a physical hub to connect the local community to the Council services and partner organisations and deliver additional space for community engagement. Through enabling the local community to engage with local services and initiatives, children, young adults and vulnerable adults will have access to a safe space in the town centre which will support social connections, access to services, community and events.
29. Good Growth Angel Edmonton will not cause any direct or indirect risks to children, young people and vulnerable adults.

## **Public Health Implications**

30. Good Growth Angel Edmonton will help narrow the gap between the best and poorest physical and mental health and wellbeing through:
31. School Street: Improving air quality around Enfield Schools is a key priority for Enfield Council who are actively exploring opportunities to deliver School Streets borough wide. The new School Street, located on the street if St. John & St. James' Church of England Primary School is sited on Grove Street, opposite the proposed northern entrance to the garage yards site and sits within an area which has been classified as a 'Liveable Neighbourhood' priority area. This project will either remove cars from school gates on a permanent basis, or during school opening and closing times, subject to feasibility and consultation. This project delivers the following: Improved air quality at the school gates, improved road safety, increased levels of physical activity, enhanced public realm, improved access to the garage yard site and an educational campaign to encourage walking and cycling to school.
32. Urban Room. The Urban Room will provide a new, configurable space for the local community which will contribute towards strengthening community resilience and opportunities to make new social connections.
33. Public realm improvements. Active travel will be promoted through the targeted public realm improvements around Fore Street that improve the experience of walking and travelling through the town centre. Active travel will also be promoted through the School Street project and the engagement pupils and local families about the project. Engagement will raise awareness of the purpose of the School Street and issues around air quality and will also promote active travel.

## **Equalities Impact of the Proposal**

34. This proposal will tackle socio-economic inequality by specifically focusing efforts and outcomes on communities disadvantaged through the following socio-economic factors: communities living in deprived wards/areas; people not in employment, education or training; people with low academic qualifications; people living in social housing; people on low incomes and people in poor health.
35. Through offering a programme of business, skills and jobs opportunities, this proposal will impact on communities living in deprived areas and wards, people not in employment, education or training, people on low incomes and people with low academic qualifications. New space on the high street will act as a shop window for activity, providing opportunities for the community to access learning, find local employment or establish new enterprise. The design of employment and skills activity will focus on nurturing opportunities for the community that directly respond to the emerging commercial context. We will also pilot new approaches to business space on a small scale to identify opportunities to 'scale up' in later stages of the regeneration programme.
36. This proposal will impact people living in social housing because the new Garage Yard Workspace Hub is located on the Joyce & Snells estate which is home to social housing tenants who will benefit from the improved connectivity between the estate and Fore Street, increased activity and opportunity at the Garage Yard Workspace and improved access to services at the Urban Room.
37. The Urban Room will provide new space for cultural events and community engagement, helping to foster relations between different groups in the community and improve access to information and services. Cultural events are to be defined as activities which bring people together to enjoy shared experiences including celebration of culture, history or heritage. Culture in Enfield is diverse and varied – events can include local theatre group activities, artist exhibitions or evenings celebrating heritage and language. Feedback from residents and local organisations such as the Millfield theatre will inform what events take place.

## **Environmental and Climate Change Considerations**

38. This meanwhile uses project makes use of existing buildings, thereby limiting waste associated with demolition and construction. As the urban room and workspaces are temporary projects, design briefs will include the requirement to consider the life cycle of buildings and materials.
39. Design briefs for the Urban Room, workspace and public realm will include a requirement to:
- Minimise energy consumption
  - Reduce carbon emissions

- Minimising the risks associated with the day-to-day environmental management
- Integrate other sustainable design solutions where possible
- Opportunities for blue green infrastructure will be considered in the approach to public realm

40. Whilst there will be an intensification of use on the urban room site, any increase in emissions will likely be offset by the retrofitting of the library building.

41. The proposal will deliver a new School Street to the Angel Edmonton area which will reduce exposure to pollution by ten per cent. Delivery of this will be monitored by baseline data on air quality and reduction to be determined as we design the school streets scheme. Post monitoring data collection & reporting is factored into the costs of project delivery. This will inform LBE if pollution has reduced in the area outside the school. As part of the air quality project, an engagement package will be built in to engage with school children and parents. This engagement will be carried out, monitored and reported on by the LBE Healthy Streets team. At least 60 school pupils and parents will be engaged with on air quality and environmental issues Since the project.

#### **Risks that may arise if the proposed decision and related work is not taken**

42. Without the project elements that Good Growth Fore Street will deliver, Angel Edmonton will under-perform against its potential.

43. Without the project elements that Good Growth Fore Street will deliver, Angel Edmonton's community capacity will remain under-developed.

44. Without the project elements that Good Growth Fore Street will deliver, the planned development works which surrounds Angel Edmonton will lack strategic spatial oversight.

45. Without the project elements that Good Growth Fore Street will deliver the health and well-being of Angel Edmonton's residents will not benefit from improvement.

#### **Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks**

46. **Grant Funding.** Potential risk of grant fund reduction, suspension or repayment demand from GLA if objectives, milestones and/or project outputs set-out in grant fund agreement are not met. (Section 59, Legal Implications, provides more detail).

- Risk without mitigation: Medium
- **Risk with mitigation: Low:**
  - Due diligence with internal LBE teams including finance and legal followed prior to signing of grant fund agreement.
  - Establish LBE project management processes including internal board and reporting to ensure obligations set-out in grant fund agreement are delivered.

Regular project meetings and reporting established between LBE and the GLA to communicate processes, flag and resolve challenges and adjust programme if necessary, in agreement with GLA to ensure expectations are managed and obligations are met.

**47. Procuring a third-party operator for Workspace.** Possible challenges involved in procuring the right third-party operator for the Workspace once the site is in operations.

- Risk without mitigation: Medium
- **Risk with mitigation: Low:**
  - Engage early on with suitable operators to ensure the developing design accommodates any requirements they have to run the space optimally once in use.
  - Undertake early market testing to stimulate awareness amongst possible providers. Keep preferred and/or shortlisted operators engaged during the detailed design and development stages so that the completed development remains fit for purpose.

**48. Obtaining Planning permission and the conditions.** Risk of planning conditions being constraining and negatively impacting the success of both schemes i.e. unforeseen requirements by Planners could severely impact the programme, the design and the overall cost.

- Risk without mitigation: Medium
- **Risk with mitigation Low:**
  - Review recently approved developments in the area and the likely conditions expected from Planners, including Draft London Plan. Ensure the design is applied in accordance with current policies.
  - Undertake additional and or more detailed surveys during the Stage 1-2 period. Procure consultants early on during the investigative period to allow sufficient time for reports, detailed analysis and documents to be compiled for the eventual planning submission.
  - Engage with a planning specialist to discern any extraordinary requirements Planning may expect to be fulfilled and obtain advice on drafting the Planning Statement or have this done by the consultant.

**49. Ongoing cost control and budget.** As the design evolves, more of the project requirements are defined and there is greater chance of costs exceeding the budget.

- Risk without mitigation: Medium
- **Risk with mitigation: Low:**
  - Monthly cost report will be provided by the Quantity Surveyor to inform anticipated final account.
  - Provisional sums will be kept to a minimum and used only where design details cannot be developed.
  - Where appropriate, elements of Contractor's design will be considered to mitigate any costs incurred due to insufficient design detail.

- A costed risk register will be reviewed by them team on a monthly basis which will inform the level of contingency and amount to be offset throughout the project.
- A robust change control process will be enforced whereby change is priced prior to instruction to maintain a level of cost certainty.
- Value engineering opportunities will be explored to reduced cost whilst maintaining value. For example, Stage 3 and Stage 4 VE workshops

**50. Community oppose to project objective/s.** Community or key stakeholders object to one or more project elements i.e. the school street.

- Risk without mitigation: Medium
- **Risk with mitigation: Low**
  - Continue to consult and engage with the community and stakeholders through delivery stages (already planned) and ensure community updates are given at each client progress meeting.

### **Financial Implications**

51. Proposal 9 of the report seeks approval to allocate £1.1m of the £6.677m 10year Capital Town Centre approved budget envelope. The total approved town centre capital budget envelope is £6.677m.

As stated in the report there are potential revenue implications for the creation of the Urban Room and Workspaces and these options are currently being explored.

With regards to the Urban Room, the estimated cost is the creation of a PO1 post at a cost of £47,500 pa. (includes on costs) and a total cost of £237,500 over the five years of the project. The report details the options that are currently being explored and alternatives options to creating the post, so therefore this is the estimated maximum cost and it should be noted that fulfilling the fundamental functions of the room is not dependent on the proposed post being created.

The revenue implications for the Workspaces will be dependent on the final business model and the options for this are still being considered. However, the report provides high level estimates of an option being explored based on the rental income generated from the workspaces and estimated costs for the operator. Under such a model and looking at a mid-range income expectation the income generated will meet costs, the lost garage income and potentially contribute towards the revenue costs associated with the urban room. The mechanism of how the income generated from the workspaces is received by the council will need to be considered in the business model and any agreement with the eventual operator if such a model is implemented.

These elements of the project will not proceed until the business model has been agreed upon and the relevant revenue funding secured.

### **52. HRA**

As stated in the report 'Financial considerations for Workspaces' section, its proposed to use 30 HRA garages as workspaces, as part of this project. The current annual rental income is £7.9k and its envisaged that the HRA would receive this income from a procured operator, ensuring no cost or loss of income to the HRA.

Any profit generated would be considered as funding towards the project costs. These costs are currently unknown and would need to be considered in a future report.

The garages/workspaces would remain as HRA assets so no appropriation of assets would need to be considered.

Other options to be considered once the project progresses are legal fees associated with Security of State approval. These haven't been established and may not be necessary but further funding commitments are unknown at this time.

### 53. Financial Profile

**Total Project Budget:** £2,200,000

GLA Capital Funding £1,100,000

LBE Capital Programme Funding £1,100,000

#### Estimated Cost Breakdown

Element		Detail	GLA Capital	LBE Capital		LBE Revenue	LBE Source	Funding period
				Capitalised Officer time	Capital			
<b>Urban room</b>	Capital	Construction & delivery	£120,762.50		£100,762.50		Capital budget	2020-2021
	Revenue	Revenue stream to be agreed prior to advancing role				TBC	TBC	2021-2027
<b>Work Spaces</b>	Capital	Construction & delivery	£669,634.00		£649,634.00		Capital budget	2020-2021
	Revenue	Aspiration to make workspaces element cost neutral to council	£0.00					
<b>Public Realm</b>	Capital	Construction & delivery	£160,464.00		£140,464.00		Capital budget	2020-2021
<b>Air Quality</b>	Capital	Construction & delivery	£155,700.00		£125,700.00		capital budget	2020-2021
<b>Spatial Plan</b>	Capital		£3,439.50	£80,000.00	£3,439.50		Capital budget	2020-2021
<b>Totals</b>				<b>£80,000.00</b>	<b>£1,020,000.00</b>			
			<b>£1,110,000.00</b>	<b>£1,100,000.00</b>		<b>£0.00</b>		
				<b>£1,100,000.00</b>				

## 54. Revenue Requirement for Urban Room

The staffing estimate for lifetime of project on a full-time basis 2021/22 - 2026/2027 would be:

1 FTE PO1 £35,000+ on costs at approx. £42,000pa, totalling £210,000 over the duration of the project.

The creation of this role will not be progressed until revenue funding has been agreed. A number of options are being investigated including funding from the profit generated by the workspaces, section 106 funding, business sponsorship and cross team role sharing with wider regeneration projects. Other options will be considered as alternatives to an entirely new role, including expanding existing roles of existing library staff and staff at the Angel Community Centre and partnerships which exchange free rent of the urban room for assistance managing the space. Options are not exclusive of one another. In addition, funding the role part-time only will be considered.

It should also be noted, that in the unlikely event it is not possible to secure this funding, the fundamental functions of the urban room will still be able to be fulfilled using existing resources.

## 55. Financial considerations for Workspaces

The garages site is currently owned by HRA. Of 30 garages, 7 garages are currently let at £13pw generating the HRA £394.31per month and 3 garages are currently let at £30pw generating £260 per month. The total current income to HRA under the current arrangements is £660.31 per month.

As part of the Good Growth Fund proposal, ownership of Snells Park garages will remain with HRA. The proposal will be at least cost neutral to the HRA over the lifetime of the project, by procuring an operator who will pay the HRA a minimum of £7,923.72pa to cover the annual lost earnings from the garages + an additional £3,961.86 over the lifetime of the project to cover the anticipated 6 month construction programme during which no income will be drawn from the site.

Any profit generated from the workspaces will be paid to the HRA less any agreed to cover project costs, such as staffing costs for the urban room.

The following break-even analysis has been prepared to understand what the potential profit margins might be for the project:

<b>GGF Workspace Break-even Analysis</b>			
<i>Current LBE Income</i>			
	<i>per month</i>	<i>per year</i>	
Previous income from garages		<b>£ 8,000</b>	Known
<i>Operator Income (variable)</i>			

30 x £400 studios (upper range)	£ 12,000	<b>£ 144,000</b>	Assumed
30 x £200 studios (lower range)	£ 6,000	<b>£ 72,000</b>	Assumed
<i>Operator Costs (Fixed)</i>			
Staffing (1 x FTE)		£ 40,000	Assumed
Business rates		£ 8,000	Assumed
Utilities		£ 8,000	Assumed
Internet		£ 5,000	Assumed
Sundries		£ 5,000	Assumed
Insurance		£ 800	Assumed
Contingency		£ 5,000	Assumed
Total		<b>£ 71,800</b>	
<i>Potential profit from converted garages site. (Operator Income – Operator Costs – Current LBE Income) Agreement to determine profit share terms between operator and LBE.</i>			
Upper Range		<b>£72,200</b>	Assumed
Lower Range		<b>£200</b>	Assumed

It should be noted that some operators in the affordable workspace sector require revenue support in the first two to three years, whilst they get established and fill the space. This is a standard approach and normally paid as a 'management fee'. In the context that such an operator was thought suitable, revenue funding would be sought prior to advancing any negotiations. Options may include section 106 funding or a business sponsor. As part of this, any additional funding would look to cover lost revenue to HRA.

#### 56. Estimated Capital Draw Down Schedule

	GLA	LBE	
<b>FINANCIAL YEAR 2020-2021</b>			
<b>20Q3 Oct – Dec 2020</b>	£40,248.80	£37,098.15	
<b>21Q4 Jan - March 2021</b>	£96,428.27	£29,447.47	
<i>Financial year total</i>	<i>£136,677.07</i>	<i>£122,725.11</i>	
<b>FINANCIAL YEAR 2021-2022</b>			
<b>21Q1 April – June 2021</b>	£0	£56,179.50	
<b>21Q2 July – Sep 2021</b>	£0	£188,923.21	
<b>21Q3 Oct – Dec 2021</b>	£689,721.60	£183,833.67	

<b>22Q4 Jan - March 2022</b>	£273,601.33	£605,348.81	
<i>Financial year total</i>	£963,322.93	£977,275.69	
	<b>£1.1 million</b>	<b>£1.1 million</b>	

£80,000 of the council's contribution to the project is ear-marked to be capitalised in order to cover the staff costs associated with managing the project.

## Legal Implications

57. Provided by MP on 4<sup>th</sup> August 2020 based on report that was circulated on 24<sup>th</sup> July 2020 timed at 10:14. Further Legal Implications were provided by OD on 28<sup>th</sup> September 2020. An updated version of this report was circulated on 30<sup>th</sup> September 2020 and has been further reviewed and commented on by MP on 1<sup>st</sup> October 2020.

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

Under s.111 Local Government Act (1972) local authorities may do anything, including incurring expenditure or borrowing which is calculated to facilitate or is conducive or incidental to the discharge of their functions.

EU State Aid rules regulate the use of a public resource by member states which is considered to potentially distort competition and trade between member states. The LEAP has an obligation to ensure that all financial arrangements under the good Growth Fund comply with State Aid requirements.

The Council must satisfy itself that to the extent that State Aid may apply, consider what exemption might apply to the proposals set out in this report.

If the grant being received from the GLA is deemed to amount to state aid, the Council will need to ensure that all funding received is managed and utilised in accordance with State Aid law. The Council is also expected to take steps to ensure that any use of funding to it from the GLA will not amount to unlawful State Aid. It will need to utilise the grant funding in accordance with the terms and conditions of the grant agreement.

The LEAP makes it abundantly clear that if the use of any funding awarded by LEAP is subsequently found to constitute unlawful State Aid then the Council will be required to repay such sums (along with potentially having to pay interest on such sums).

This report constitutes a Key Decision (KD). A KD is defined as a proposal that involves expenditure/savings of £500,000 or above (including proposals phased over more than one year) and match/grant aided funding with a total of £500,000 or above; and/or which has significant impact on the local community in one or more wards.

The Council must ensure that all guidance available to it regarding this scheme is adhered to at all times and it must further ensure that all legal agreements entered into in consequence of the approval of the proposals set out in this report must be approved by the Director of law and Governance.

The Council must ensure that any procurements to be carried out, are done so in accordance with the Council's Constitution, its Council's Contract Procedure Rules and to the extent that the Public Contract Regulations (2015) shall apply, in accordance with such Regulations also.

The funding agreement to be entered into with the GLA outlines (under clause 7.1) certain circumstances in which the GLA may at its absolutely discretion reduce, suspend or withhold GLA funding. Further, under clause 7.4 of the agreement, the GLA may, at any time, terminate the agreement by giving 2 months' notice in writing to the Council. If the agreement is terminated, the Council shall be obliged to repay such amounts of the funding as the GLA deems appropriate (as further outlined in clause 7.5. iv). In light of the above, the Council must assess these risks (along with any others as outlined in this report) and satisfy itself that it is willing to proceed with entering into the agreement with the GLA.

58. As these garages are part of estate, this transaction will fall under Section 19 of the Housing Act 1985, which makes an exception to the general exemption for Local Authorities under S122 Local Government Act 1972 (to appropriate any land which is no longer required for the purpose for which it is held), and local authorities should apply for this consent if they wish to appropriate land which contains housing property from Part II to any other purpose. In this regard, as the Council will like to convert the garages into workspaces, it is recommended that the Council makes an application for Secretary of State approval to appropriate the land from housing to planning purposes in accordance with section 122 Local Government Act 1972.

59. As the HRA currently owns the garages, and the workspaces shall also be owned by the HRA, so long as the garage site is not being appropriated from the HRA to the General fund (which does not seem to be the case in this instance), the HRA shall be able to receive income from the workspaces.

### **Workforce Implications**

60. The council is project managing the GGF internally, from within the Economic Development team. Each project element will have its own project lead as follows:

Urban Room	Economic Development
Workspaces	Economic Development

Public Realm	Economic Development
Jobs and Skills	Economic Development
Air Quality	Healthy Streets

## Property Implications

61. Urban Room – It is assumed that LBE will manage this space internally rather than seek a third party to take a lease over the space. As such, there may be a requirement to enter into a Memorandum of Agreement between the relevant internal departments as the basis of occupation is clear from the outset. SPS should be consulted at that stage.
62. Workspace – It is understood that a third-party operator will be sought to manage the workspace. As such, careful consideration will need to be given as to the type of management agreement put in place and any revenue share involved. It may be necessary to grant a formal lease over the space with an appropriate base rent and revenue share, based on commercial terms whilst also being mindful of its commercial viability of both parties. Each party's obligations should be made clear from the outset and documented appropriately. It may be necessary to seek formal internal approvals to any proposed lettings. At the stage of negotiating and agreeing this, SPS should be advised and approve and manage any appropriate lease documentation that might be necessary. SPS will also need to manage and liaise with our legal team in order to properly and legally document any agreement/lease.

## Other Implications

63. Library services in Fore Street Library will need to be suspended whilst the renovation takes place and the Urban Room is installed.

## Options Considered

64. **Do nothing.** This option could contradict the priorities of the Council to strategically invest in the Angel Edmonton area to support good growth.
65. **Delivery without grant funding.** This option could result in greater cost to the Council with a longer delivery period and a reduced positive impact in Angel Edmonton.

## Conclusions

66. The recommended option is to support proposals 6-10 set out at the start of this report.

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Report Author: Andrew Catcheside  
Town Centre Development Manager  
[andrew.catcheside@enfield.gov.uk](mailto:andrew.catcheside@enfield.gov.uk)  
020 8379 4250

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**Appendices**

GGF bid submission

**Background Papers**

The following documents have been relied on in the preparation of this report:

KD 4272

KD 4590

KD 4982

KD 4033,

KD 5026 (Capital Strategy and Ten-Year Capital Programme 2020/21 to 2029/30).