

London Borough of Enfield

Operational Report

Report of **Peter George (Programme Director – Meridian Water)**

Subject: **Land Acquisition for Meridian Water SIW**

Ward: **Upper Edmonton**

Key Decision: **KD 5300**

Purpose of Report

1. The purpose of this report is to seek approval for entering into a Settlement Agreement with Ikea for the acquisition of the land, permanent rights and temporary rights required to deliver the Strategic Infrastructure Works (**SIW**). The agreement also covers the relocation of Ikea's car park necessitated by the works.

Proposal(s)

2. It is recommended that the Programme Director Meridian Water:
 - i. Approves the Heads of Terms substantially in the form attached to the Confidential Appendix, subject to such minor changes that may be agreed in consultation with the Director of Law and Governance.
 - ii. Approves the entering into the overarching Settlement Agreement and supplementary documents, including Licences, Compound Lease and Transfer with Ikea substantially based on the Heads of Terms attached to the Confidential Appendix with such minor changes as may be agreed in consultation with the Director of Law and Governance and any subsequent variations that may be necessary to reflect the detailed programme of works.
 - iii. Notes that all agreements to be entered into as contemplated by this report are to be approved in advance of commencement by Legal Services on behalf of the Director of Law and Governance.

Reason for Proposal(s)

3. Entry into the legal agreements with IKEA will secure the removal of their objection to the Compulsory Purchase Order (CPO), which is the only remaining objection and facilitate the land assembly and acquisition of land and rights necessary to enable the delivery of the Strategic Infrastructure Works (SIW) required to unlock development at Meridian Water. The agreed

terms are within approved budgets for land assembly and compensation for the CPO.

4. This acquisition is the culmination of months of negotiations with Ikea to reach voluntary agreement rather than having to use compulsory purchase powers.
5. Entering into the deal will help build a good strategic relationship between the Council and Ikea, a strategic partner in Meridian Water. Ikea is the second largest landowner in Meridian Water (after the Council) and cooperation and joint working will be required to achieve the delivery of Masterplan aspirations for this part of the site in the medium to long term including the delivery of thousands of new homes, an extension of the parkland network and associated social infrastructure.
6. This acquisition will contribute to the assembly of all land needed to deliver the SIW, which will unlock the development potential of Meridian Water leading to the delivery of 5,000+ homes and thousands of jobs as well as associated social infrastructure, as well as comprehensive improvements to the environment for example the creation of parks and green spaces, improved public realm and pedestrian and cycling connections.
7. These particular parcels of land being acquired are required in order to deliver the east to west Central Spine Road (**CSR**) which is perhaps the single most important piece of the strategic infrastructure at Meridian Water. These works will also deliver upgrades to Glover Drive, Leaside Road and create a new north-south link road, improving the entire road network in this area and integrating it into the wider public road network.
8. It will help transform an area that is currently hostile for pedestrian and cyclists into one that is being designed specifically with their requirements and needs in mind.
9. A collection of ancillary improvements will help to deliver Meridian Water's placemaking pillars:
 - Soft landscaping and the planting of trees speaks to the **Parklife on your doorstep** pillar and will help provide a green corridor from the station to Brooks Park
 - The creation of a new meanwhile area offers an opportunity for pop up businesses or cultural activities thereby contributing to the delivering the placemaking pillar of **a place to make and create**.
 - The landscape improvements along the length of Glover Drive and the CSR as well as the opening up of the store to the road (by removing fences and replacing them with bollards) and the creation of places for public rest and recreation (such as benches and a children's play area) will help achieve a vibrant new high street speaking to the pillar of **mixing uses, animating streets**.

Relevance to the Council's Corporate Plan

10. This report relates to the following aspects of the Corporate Plan:

- **Good homes in well-connected neighbourhoods**

The delivery of the east-west spine road is essential to unlock the delivery of homes in Meridian Water, including Phase Two, that has outline planning permission for 2,300 homes. The Phase Two land is on the east side of the Pymme's Brook and a bridge crossing and road extension is required to connect this land with the existing public highway network of Glover Drive and Meridian Way. The new road and bridge connection will provide a direct pedestrian, cycle and public transport connection from the new residential areas in Phase Two to the new Meridian Water Station: a ten, minute walk or a few minutes cycle. Bus connections that will be facilitated by the construction of this road and bridge will connect the heart of Meridian Water into the bus routes in Enfield and North London with direct connections to Tottenham, Edmonton and Enfield Town.

- **Safe, Healthy and Confident Communities**

The new east west spine road and the proposed landscaping and associated improvements will significantly improve the environment and safety of this part of Edmonton. As well as physical improvements such as newly paved footpaths and newly laid cycle paths, there will also be new lighting and signage that will improve safety for people in the area. In addition the proposal to plant trees and deliver soft landscaping, thereby greening this part of the CSR will contribute to the overall wellbeing of people in this area. The area is currently dark, concrete and visually unappealing. The works will add greenery, trees, light as well as opening up the vista via the new bridge over the brooks, which in turn will connect people directly to brand new parks of the Brooks Park and Edmonton Marshes.

- **Build our local economy to create a thriving place**

This agreement will secure the continued operation of the Ikea store safeguarding the jobs and positive economic activity that the store brings to the area.

The east-west spine road will also connect to new employment centres in Meridian Water including the employment land in the north of the Phase Two area, and to existing employment on the east bank of the River Lee Navigation Canal (namely the Anthony Way businesses and Hastingwood industrial park) and the future employment projects that are under construction namely the new Building Bloqs workshop and the Troubadour Film Studios, including a Media Skills Academy and

theatre. The road connection will provide a direct pedestrian, cycle and bus link to Meridian Water station for workers, students and visitors.

General Background

11. On 22nd January 2020 Cabinet (KD 4832) authorised a Compulsory Purchase Order (CPO) for the delivery of Strategic Infrastructure Works (SIW) at Meridian Water, subject to delegations, as were outlined at paragraphs 2.4, 2.5 and 2.7 of the Cabinet Report.
12. The CPO was made on 13 August 2020 and following the receipt of objections, it was listed for a public inquiry, which took place between 19th April 2021 and 28th April 2021.
13. The Meridian Water programme budget for the rest of 2019/20, as well as 2020/21 and 2021/22, was authorised as part of the Cabinet Report of 16th October 2019 and Full Council Report of 20th November 2019 (KD4469), including budget for the acquisition of land interests needed to deliver the SIW. A grant funding agreement was entered into between the Council and the Ministry of Housing Communities and Local Government (MHCLG) on 30th October 2020 to pay for the delivery of the SIW via the Housing Infrastructure Fund (HIF)
14. The CPO is for the acquisition of land and rights required to deliver the SIW at Meridian Water, not for the entire Meridian Water Regeneration Area. A full explanation of the CPO is set out in the Statement of Reasons and Statement of Case . The SIW are required to unlock the development of land at Meridian Water enabling the initial delivery of up to 5,000 homes, with an aspiration to deliver an additional 5,000 in the longer term. This includes the development of 2,300 homes in the central part of the Meridian Water site, known as Phase Two, on land already owned by the Council.
15. Planning Permission for the SIW was obtained in July 2020. The Council resolved to grant planning permission for the development of the 2,300 homes of Phase Two on 11 March 2021, subject to finalising conditions and a legal agreement. On 12th March 2021 the Council appointed a framework of contractors in respect of the delivery of non-rail SIW and on 16th March 2021 the Council entered into a pre-construction services agreement with Vinci Construction UK Limited in respect of the works.
16. The Council is aiming to acquire land within the Order boundary by agreement and is negotiating with all known parties with affected land interests. The Council has already agreed terms with ten parties and will continue to negotiate with all remaining landowners to agree acquisition terms voluntarily.
17. Terms of agreement have now been reached with Ikea and are summarised in the Confidential Appendix (Appendix 1). The terms agreed ensure that the land required for the SIW, including for the completion of the east-west

spine road, will be secured within the timeframe for delivery of all works, and that the SIW works are undertaken in a way that ensures the continued operation of the store with minimal disruption. The terms also cover the works for the relocation of the existing Ikea car park that is necessitated by the construction of the spine road. This will be undertaken within budgetary controls and will deliver additional benefits including landscape improvements along the CSR.

Details of Acquisition

18. The Property being acquired comprises 7,504 square metres (1.85 acres) of freehold land. The land is mainly a concrete car park, but also consists of parts of private access roads, existing cycle ways and footways, road verges and a strip of vegetation scrub on the bank of the Pymme's Brook. It also includes a strip of concrete hardstanding along the southern boundary of Ikea, which is required for the widening of Leaside Road.
19. This land is being acquired for the following purposes:
 - Upgrading Glover Drive
 - Construction of the east-west spine road, east of Glover Drive
 - Construction of the bridge that will cross the Pymme's Brook
 - Construction of the new north-south link road that will connect the Glover Drive Roundabout to the Argon Road roundabout.
 - Widening of Leaside Road, including the creation of a new cycle path connection into the LVRPA (Tottenham Marshes), and improvement of the junction with Meridian Way.
20. Permanent rights are also being acquired over c. 2m strips of land adjacent to the bridge structure to facilitate its future inspection, maintenance and repair. A plan showing the land to be acquired and location of permanent rights is attached at Appendix 2.
21. Temporary rights will be acquired over those parts of Ikea land where long term ownership or permanent rights are not required but access is required during the construction of the SIW. This covers an area of 14,510 square metres (3.5 acres). Appendix 3 is a plan showing the areas of temporary rights. The purpose of the acquisition of rights is:
 - To secure rights for construction activity such as crane oversailing;
 - To secure access rights for construction vehicles;
 - To secure rights to land adjacent to working areas, such as the CSR and the north-south link road;
 - To secure rights to construct the new vehicular access ramp for deliveries;
 - To secure rights to undertake road works to create new connection points from the future Ikea car park into the existing road network at Glover Drive, Meridian Way and Leaside Road

- To carry out improvement, re-grading, service relocation or re-surfacing in order to make good and reinstate these areas of land occupied during the SIW
22. Finally, concrete hardstanding land in the south west corner of Ikea (1,700 square metres) will be leased to the Council for use by the SIW contractor for the duration of the works for the purpose of use as a construction compound (see Appendix 4).
 23. Negotiations have been led by CPO Surveyor Matthew Bodley, and agreement has been reached for the transfer of freehold land, permanent and temporary rights and the compound lease as described above. The agreement provides that the Council will cover the cost of the relocation of the car park necessitated by the SIW (see below). The agreement includes provisions to ensure that any disturbance to Ikea and their customers is kept to a minimum and mitigated as far as practicable during the SIW.
 24. The detailed terms of the agreement are set out in the Confidential Appendix (Appendix 1)
 25. A valuation has been undertaken and a settlement recommendation produced by Matthew Bodley dated 14th April 2021. The settlement report recommends entering into the agreement with Ikea on the terms negotiated. For an assessment of the value of the land and explanation of the compensation agreed see Confidential Appendix (Appendix 1).

Car Park Relocation Works

26. The CSR will be built over part of Ikea's existing car park and will sever the remaining part of that car park from the store. Furthermore the new road will sever the current vehicular access road on the eastern boundary of Ikea used by deliveries and customers and will necessitate the reconfiguration of traffic flows around the site.
27. Accordingly the Council has accepted that as a consequence of the construction of the CSR the main car park would need to be relocated to another part of Ikea's land and that associated changes to vehicular and pedestrian access will need to be undertaken. The Council has agreed to cover the cost of that work in the form of compensation to be paid in accordance with the rules and principles relating to Compulsory Purchase compensation (also known as the Compensation Code). The Council submitted a planning application for the new car park for which permission was granted on 18 June 2020 (20/00111/RE4). A plan of this is shown at Appendix 5.

28. In the Heads of Terms, these works to relocate the car park and carry out all associated work on Ikea's land are called the Claimant's Rights. Briefly they can be described as follows:
- The relocation of 393 parking spaces from the existing "northern" car park to currently unused empty areas of hard standing land in Ikea's ownership to the west and the south of the store.
 - Provision of internal road layout to service the new parking areas and connect to existing undercroft parking,
 - Creation of necessary drainage including the use of SUDs via swales as appropriate.
 - Hard landscaping the area in front of the store.
 - Soft landscaping along the front of the store including the planting of trees around the perimeter to improve the environment of the store.
 - Relocation or provision of associated signage and lighting
 - Other relocations necessitated by the relocation such as to Home Delivery and Pick up
 - Creation of a designated area in the north west corner of the site for meanwhile and pop-up uses.
29. As well as ensuring the continued operation of the Ikea store post completion of SIW, the Claimant's Works will significantly improve the environment around Glover Drive and the future Central Spine Road. The combination of hard and soft landscaping, the creation of semi-public realm for pop up meanwhile uses and places to rest, as well as improved lighting and an easier environment to navigate will deliver a number of the placemaking benefits to this central corridor of Meridian Water connecting the new station with the Phase 2 development.

Programme, Life Cycle Costs and Management of the Land

30. The plots that are being acquired will be transferred to the Council shortly after the completion of the contract, along with permanent rights to cover the strips of land adjacent to the bridge structure. A licence will then be issued back to Ikea to allow it to occupy and use the land, in conjunction with the Council, while the land continues to function as a car park. The remaining plots, will be subject to lease and licence, as detailed at paragraphs 21 and 22 above.
31. The current working programme is for Ikea to complete their Car Park relocation works by April 2022. In parallel, the SIW contractor will begin works to construct the new access points linking Ikea's new car park with Glover Drive, Leaside Road and Meridian Way.
32. Once the access points are in place and the new service access ramp is in place, the new car park can become operational.

33. At this point, “the switchover”, the current car park and service access road can be discontinued and the SIW contractor will commence work on constructing the other SIW elements in this area namely the north-south link road between Argon Road and Glover Drive, and the extension of the Central Spine Road and the bridge over the Pymme’s Brook into Phase 2.
34. Once the roads are completed, the intention is for them to become part of the Council’s road network as adopted highway.

Main Considerations for the Council

35. The conclusion of this agreement would secure the withdrawal of Ikea’s objection to the CPO, which is the last remaining objection. A public inquiry into the CPO was held between 19th April and 28th April, and the Planning Inspector will now report to the Secretary of State who will make a decision in due course.
36. This agreement commits the Council to acquire the land holdings needed for the SIW and to pay an agreed compensation package to Ikea for their interests and to cover the car park relocation works within the parameters set out in the Confidential Appendix. However, if the compulsory purchase order is confirmed in respect to this land, the Council would be acquiring these land and rights anyway, and would have to pay due compensation for the land it is acquiring and mitigate any disturbance and pay other heads of claim under the compensation code. Entering into voluntary agreement removes the uncertainty, risk and perceived hostility associated with exercising compulsory purchases powers when contested, while essentially achieving the same ends. In other words, provided that terms are agreeable to both parties, voluntary acquisition is always preferable to compulsory acquisition.

Public Health Implications

37. The Meridian Water development in general has significant potential to benefit residents’ wellbeing. In particular the CSR will connect residents living west of the Pymme’s Brook with the new parks being created at Brooks Park and Edmonton Marshes. This means that residents in Upper Edmonton, a ward with currently limited access to green open space will have a short walk or bus ride to 8.5 hectares of ecologically rich green open space. The road, provided with pedestrian and cycle paths will also provide a healthier walking and cycling east-west route avoiding the polluted north-circular, and provided a healthier alternative to travelling by car.

Equalities Impact of the Proposal

38. An initial Equalities Impact Assessment of the CPO was conducted in December 2019 internally by the Council, with a subsequent assessment

undertaken by external consultant Ottaway Strategic Management in February-March 2020. Both assessments identified no direct negative impact resulting from the CPO. However, there are some groups with protected characteristics who are likely to experience proportionately higher consequences of the regeneration of Meridian Water and these are:

- a. White other staff, including Eastern European, Turkish and Greek;
- b. BAME Staff;
- c. Women in properties in third party ownership; and
- d. Older members of the workforce potentially less able to re-engage in the labour market if their jobs are lost to the relocation programme.

The EQIA proposed several mitigation measures to address these indirect impacts which the Council intends to implement including the implementation of effective equalities monitoring by the Council and development and construction partners. The EQIA also acknowledges significant potential positive impacts of the regeneration of Meridian Water (including for example, new homes, social infrastructure and employment growth) and that these benefits will likely impact on all the aforesaid groups having protected characteristics.

Environmental and Climate Change Considerations

39. The provision of a new road that will facilitate the extension of bus routes, provide better connections with the new Meridian Water station and provide convenient and safe pedestrian and cycling routes will reduce carbon emissions by supporting the modal shift in transport from cars to walking, cycling and public transport.
40. The development includes the planting of new trees and the provision of green landscaping as well as swales and permeable paving for sustainable drainage.

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

41. **Risk:** The Council does not enter into a voluntary agreement with Ikea and has to rely on CPO powers to gain access to the land and rights needed to deliver SIW in this part of the site.

Commentary: Following the public inquiry into the CPO which took place between 19 April and 28 April 2021, the Planning Inspector will now review the evidence presented and communicate her findings and recommendations to the Secretary of State as to whether or not the CPO should be confirmed. This can take, on average, up to 6 months, and following that process, allowance is needed for publication of the decision and timescale allowed for implementation of powers (the vesting process takes a further 3 months). Entering into the voluntary agreement now would give certainty as to the timetable for acquiring the land required as well as provide an agreement for how the complex phasing and

sequencing issues (between the SIW and the car park relocation and change in access arrangements) will be managed. Furthermore, it would secure the withdrawal of the remaining objection, thereby rendering the Order unopposed. This could increase the likelihood for the CPO to be approved quickly, and as a result bring forward the ability of the Council to use powers to assemble remaining land interests required for the delivery of the SIW.

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

42. **Risk:** That the cost of the car park exceeds the budgeted sum

Commentary: The agreement sets a cost range for the car park relocation works. The final cost is to be agreed between the parties through negotiation. Should an agreement not be reached, the matter will be referred to a third-party independent expert to be jointly appointed who will arbitrate on the final cost. That sum must be within the cost range.

Mitigation: If the end cost of the car park is higher than the upper limit of the cost range, that additional cost will be borne by Ikea.

Financial Implications

43. See Confidential Appendix

Legal Implications – MD 6th May 2021

44. In respect of the making of the CPO, please refer to the detailed legal implications set out in the Cabinet Report of 22nd January 2020 (Meridian Water Infrastructure Compulsory Purchase Order, KD 4832).
45. The confirming authority will expect the Council to demonstrate that it has taken reasonable steps to acquire all of the land and rights included in the CPO by agreement. In this respect, section 227 of the Town and Country Planning Act 1990 provides power for the council to acquire land by agreement where required for any purpose for which a local authority may be authorised to acquire land under section 226 of the Town and Country Planning Act 1990. Furthermore, the council has the power under section 120 of the Local Government Act 1972 to buy land by agreement for the purposes of any of its functions or for the benefit, improvement or development of its area. The land acquisition must comply with the Council's constitution including but not limited to the Property Procedure Rules, which require that a valuation prepared by an appropriately qualified valuer is prepared in respect of the asset to be acquired.
46. Section 111 of the Local Government Act 1972 permits local authorities to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of their functions and Section 1 of the Localism Act 2011

provides the Council with a general power of competence. The Council therefore has sufficient power to enter into the documents proposed by this report.

47. In relation to the Council's works, the Council or its contractors appointed to deliver the SIW on its behalf will make all necessary applications for a "stopping up order" or orders to be made pursuant to section 247 of the Town and Country Planning Act 1990 to authorise the stopping up or diversion of any existing highway land within or around the Order Lands where its status as highway is not compatible with the scheme. Temporary closures might also be needed during the construction process. Officers must ensure that the Council's project manager and any contractor appointed by the Council to undertake the strategic infrastructure works is notified of and ensures compliance with the terms agreed with IKEA.
48. On 30th October 2020 the Council entered into a grant funding agreement with the Secretary of State for Homes, Communities and Local Government pursuant to which funding will be made available to the Council to fund infrastructure related expenditure at Meridian Water. Availability of grant funding is subject to certain conditions precedent including but not limited to (i) the CPO being confirmed and free from challenge and (ii) the Council having all rights required in the site to secure access to deliver or procure the delivery of the infrastructure works. The legal agreements contemplated by this report will assist the Council in demonstrating compliance with the latter condition in respect of this part of the infrastructure site. The Council must continue to ensure that all requirements of the grant agreement are complied with, including but not limited to complying with agreed milestones for project delivery.
49. The Council has a fiduciary duty to look after the funds entrusted to it and to ensure that its Council tax and ratepayers' money is spent appropriately. The Council must carefully consider whether the transactions proposed in this report will be a prudent use of the Council's resources.
50. The proposed agreement includes compensation in advance of the CPO being confirmed. The Government's "Guidance on Compulsory purchase process and The Crichel Down Rules" (Ministry for Housing Communities and Local Government CPO Guidance July 2019) advises at paragraph 3 that an acquiring authority can take into account the wider deal, including savings achieved when considering offering financial compensation in advance of a compulsory purchase order. Furthermore, in term of value for money, consideration can be made to all of the costs involved in the compulsory purchase process when assessing the appropriate payment. For instance, legal fees, wider compulsory purchase order process costs, the overall cost of project delay and any other reasonable linked costs.
51. It is noted that the agreement with IKEA is in full and final settlement of compensation. In the event that the Council instead had to rely on the

CPO, IKEA would claim compensation, based on the compensation code, which includes valuation principles set out in the Land Compensation Act 1961, Compulsory Purchase Act 1973 and case law. IKEA would have 6 years from confirmation of the Order to submit a claim and could refer the matter to the Upper Tribunal (Lands Chamber), in the event of dispute.

52. The public sector equality duty under section 149 of the Equality Act 2010 requires the Council to have due regard to: (i) the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010; and (ii) the need to advance equality of opportunity between persons who share a protected characteristic and persons who do not share it. The Equalities Impact Assessment prepared in connection with the Compulsory Purchase Order contains an Action Plan which should be monitored throughout the process.
- 53 All legal documents to be entered into in connection with the subject matter of this report must be approved in advance by Legal Services on behalf of the Director of Law and Governance.

Workforce Implications

54. N/A

Property Implications

55. There are no additional property implications arising directly from this report as all property implications are covered here or in the confidential appendix.

Alternative Options Considered

56. The alternative option would be not to enter into this agreement with Ikea, but instead rely on Compulsory Purchase powers to acquire the land and rights. This is rejected as terms have now been agreed with Ikea for the acquisition of land and rights via private treaty. For further information see Confidential Appendix.

Conclusions

57. It is recommended that the Programme Director of Meridian Water approves the terms of agreement with Ikea for the acquisition of the land and rights needed to undertake the SIW and approves the entering into a bilateral Deed of undertaking and the any other legal documentation required to conclude the agreement with Ikea.

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Date of report 05/05/2021

Appendices

Appendix 1 – Confidential Appendix

Appendix 2 – Plan showing Freehold Land and Permanent Rights to be
Acquired from Ikea

Appendix 3 – Plan showing Temporary Rights

Appendix 4 – Plan showing Construction Compound Lease

Appendix 5 – Plan showing Car Park Relocation Works.