

Please note Part 2 report is now confidential appendix.

London Borough of Enfield

Operational Report

Report of: Regeneration Director – Simon Gardner

Subject: New Lease to Cox Auto and Commercial (London) Ltd

Director: Director of Development – Peter George

Ward: Upper Edmonton

Key Decision: 5554

Purpose of Report

1. Cox Auto and Commercial (London) Ltd occupy 15 Anthony Way. This site was acquired by the Council as part of the Stonehill Estate for £61.5m (ex.VAT) in June 2017. The property was purchased with this tenant in situ. The site is currently classified as being strategic industrial land (SIL) as confirmed in the current Enfield Leaside Area Action Plan (ELAAP).
2. The tenant is currently holding over in the property, as their previous lease expired on 23/06/2021. Their previous lease was inside the Landlord and Tenant Act 1954, which therefore entitles the tenant to a new lease on the same terms as the previous lease, subject to reasonable changes and at a new market rent level. The tenant's previous lease was at a peppercorn rent level, as it commenced over 50 years ago, therefore a new lease will secure a significant uplift of rental income.
3. The provisions of the Act allow for the tenant to seek a new lease for a maximum term of 15 years and which again would be protected by the security of tenure provisions of the Act.

Proposal(s)

4. This report recommends that the Director of Development:
 - Approves the terms offered to the tenant to enter into a contracted out lease

- Authorises Legal Services to arrange for due execution of the new lease and any ancillary documents, in a form approved by the Director of Law and Governance

Reason for Proposal(s)

5. Securing a lease outside of the security of tenure provisions of the Landlord and Tenant Act 1954, will provide greater control of the development programme in the area and is crucial for de-risking the regeneration of the East Bank and the delivery of permanent housing, employment or mixed uses, in line with the Meridian Water Masterplan.
6. This is the only lease on the East Bank that is within the Landlord & Tenant Act and having this changed gives the Council greater certainty in the viability and deliverability of the overall project, as well as meanwhile use aspects.

In this instance, the current tenant has agreed with the proposed terms and it is recommended that we proceed with offering them a new lease on that basis.

Further details are provided in the Confidential Appendix (Part 2 report).

Relevance to the Council's Plan

7. This report relates to the following aspects in the Corporate Plan:

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

The regularising of this lease position, so that it is outside of the Landlord and Tenant Act 1954, in line with all the other leases on the East Bank would allow the Council to deliver more comprehensive regeneration of that area and allow it to realise the maximum benefit from this.

- **Sustain strong and healthy communities**

This letting proposal would see a significant uplift in the rental level achieved from this property. This meanwhile rental income would allow the Council to establish a neighbourhood with the best possible health outcomes.

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

The ability to deliver comprehensive regeneration to the East Bank of the site would allow the Council to realise the maximum benefit from delivery of a mixed-use development (also known as The Broadband in the Meridian Water Masterplan) which would have a positive impact on this objective by continuing the growth of skilled creative

industries and boosting employment opportunities at Meridian Water and the borough.

Background

8. Meridian Water is the Council's flagship development project, located next to the Lea Valley Regional Park, with a gross development value of £6bn, Meridian Water will see 10,000 new homes and thousands of jobs.

The property is located on the western side of Anthony Way, towards the intersection with Rivermead Road.



Main Considerations for the Council

9. The main consideration for securing a new lease outside of the Security of Tenure provisions of the Landlord and Tenant Act 1954, would be that it provides the Council with greater certainty in the viability and deliverability of the comprehensive redevelopment of the East Bank of the Meridian Water site.

Safeguarding Implications

10. There are no direct safeguarding implications from this letting proposal.

Public Health Implications

11. This new lease to Cox Auto and Commercial (London) Ltd would allow the Council to deliver more comprehensive regeneration of that area and allow it to maximise the benefit from this which is relevant to council's plan of providing good homes in well connected neighbourhoods.

This letting proposal would potentially see a significant uplift in the rental level achieved from this property. This meanwhile rental income would allow the Council to establish a neighbourhood with the best possible health outcomes.

This also has the potential to continue to grow skilled creative industries which should improve the delivery of commercial opportunities and boosting employment which in turn should help to alleviate relative and absolute poverty within the borough. This in turn should help to reduce the chance of developing poor health.

Equalities Impact of the Proposal

12. A EqIA screening form has been completed for this report and the Equality Implication Team have confirmed that an EqIA is not be required for the purpose this report. The tenant is legally entitled to a new lease, as their previous lease was inside the security of tenure provisions of the Landlord and Tenant Act 1954.

Environmental and Climate Change Considerations

13. The Climate Emergency team were shown this report and had no comments.

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

14. *These are provided in the Confidential appendix (Part 2 report)*

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

15. *These are provided in the Confidential appendix (Part 2 report)*

Financial Implications

16. *These are provided in the Confidential appendix (Part 2 report)*

Legal Implications

17. Under the Landlord and Tenant Act 1954 Part II, the tenant is a protected business tenant and would be entitled to a new lease within the Act. However, as the Tenant has agreed to a lease outside the Act, it would be in the interests of the Council to grant such a lease as vacant possession can be more easily sought in the future.

The Council can dispose of an interest in land including a lease of 7 years or more under section 123 Local Government Act 1972 provided it is disposed of at no less than the best price that can be reasonably obtained.

The grant of this lease must comply with Property Procedural Rules.

Legal implications were provided by Diana Barrett, Lead Regeneration Lawyer on 30th November 2022 (Draft supplied on 15th November 2022)

Workforce Implications

18. There are no direct workforce implications from this letting proposal.

Property Implications

19. These are found throughout this report and are also provided in the ***Confidential appendix (Part 2 report)***.

Other Implications

20. Procurement Implications

As this report refers to property, the CPR's do not apply directly to this report. However, any services or consultancy that is procured to support this project must be in line with the Contract Procedure Rules.

Options Considered

21. **Offering the tenant a new lease inside the provisions of the Landlord & Tenant Act 1954.** This is not appropriate, as although we would regularise the current occupation at current market rent levels, the Council would still remain in the position that it would need the property to be vacant at a future date to allow redevelopment to come forward, to comply with the Masterplan proposals.

The tenant would still therefore be in a position whereby they would be entitled to Statutory Compensation and a future application to the Court could again provide them with another protected tenancy, for a period of up to 15 years. There is no guarantee that the Court will allow for a redevelopment break clause to be included in a new lease and even if it did, and this break was triggered, Statutory Compensation would still be due at that point. Any private treaty offer to the tenant will likely need to be much higher, the closer we approach to the redevelopment date, especially if the tenant behaves in an

opportunistic manner and if commercial rental levels continue on the current upward trajectory.

22. **Do Nothing.** This is not an appropriate option as the tenant will remain in occupation, holding over on their expired lease, which would also mean that the Council would not be able to collect any rent without legal intervention.

Conclusions

23. This report recommends entering into a new lease with this Cox Auto and Commercial (London) Ltd on the terms agreed.

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Appendices

Appendix 1 (Confidential – Part 2 report)

Background Papers

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

N/A