



## London Borough of Enfield

<b>Title:</b>	Meridian Water Financial Model
<b>Report to:</b>	Cabinet
<b>Date of Meeting:</b>	19 April 2023
<b>Cabinet Member:</b>	Cllr Nesil Caliskan
<b>Directors:</b>	Sarah Cary
<b>Report Author:</b>	Penny Halliday penny.halliday@enfield.gov.uk
<b>Ward(s) affected:</b>	Upper Edmonton (local wards: Lower Edmonton, Edmonton Green and Haselbury)
<b>Key Decision Number</b>	KD5463
<b>Implementation date, if not called in:</b>	2 May 2023
<b>Classification:</b>	Part I Public
<b>Reason for exemption</b>	N/A

### Purpose of Report

1. The purpose of this report is to provide Cabinet with an update on the progress of Meridian Water.
2. The report provides an update on the status of the Meridian Water project's viability. It seeks approval of the revised financial model as the primary financial viability tool for the Meridian Water project
3. This report seeks approve delegations to proceed with marketing four parcels this year, and also to approve a £248.1m budget including interest for the next two years (£164.8m HIF; £83.3m borrowing).
4. In the 2022 the construction industry experienced challenging market conditions as a result of economic forces of an unprecedented level. These are anticipated to continue through some of 2023, with improvements showing later in the year. Furthermore, high construction inflation and government review of HIF grant programmes has delayed commencement of infrastructure works.

5. Placemaking outcomes are deliverable but there are financial challenges which we are working to resolve for future phases.
6. In light of these circumstances, it is appropriate for the Council to reassess the programme to minimise its exposure to financial risk and to enable a responsive approach to opportunities that may arise as the development industry emerges from this challenging period.

### **Recommendations**

7. To note the scheme progress to date, the concluding activities for Stage One of Meridian Water, and the actions taken by the council to manage expenditure over the past year.
8. To approve the 2023 financial model as the primary financial viability tool for the Meridian Water project.
9. To note the allocation of historical costs in the model and to note the key assumptions and outputs that are included in the financial model baseline
10. To note the financial metrics are a point in time
11. To delegate to the Director of Development (Meridian Water) to appoint advisors to work up a detailed delivery strategy for Meridian Four (M4), Teardrop (M13) and Meridian Seven (M7) to optimise the financial position of each parcel.
12. To delegate to the Portfolio Holder for Meridian Water approval to commence the marketing and procurement of the M13, M4 and M7 to seek development partners following detailed due diligence and soft market testing. The Portfolio holder report will contain development, financial and placemaking hurdles.
13. To agree a flexible marketing approach to the use, tenure, selected development partner and parcel packaging of Meridian Three.
14. To approve the two-year capital expenditure budget as set out in Appendix 1, subject to approval of the new outline budget by Full Council in the next capital budget update.
15. To note the budget includes £4.4m for land purchase which will require further approval to spend.
16. To delegate to the Executive Director of Place and Director of Finance Capital and Commercial approval of the £4.4m land purchase.
17. To note that, as a prudent measure, the Council will seek to increase its voluntary annual provision to repay Meridian Water debt from General Fund revenue (see para 143-145).
18. To note officers will bring a stage two development strategy report to Cabinet in Autumn 2023

### **Background and Options**

## 19. Meridian Water Project Objectives

- Highest quality of design and place-making throughout
- 10,000 new mixed tenure homes
- Target of 6,000 new quality jobs
- New facilities to include: restaurants, schools, community facilities, parks, health, leisure, culture
- Local people to be the principal beneficiaries
- Lifting Edmonton wards out of top 10% most deprived
- A legacy to be proud of in 50 years
- Highest environmental sustainability standards

## 20. Meridian Water Site Plan



21. In October 2019, Cabinet approved KD 4469 Meridian Water: Financial Model and 10 Year Budget. This report presented the financial argument and business case for Meridian Water, the largest regeneration scheme in London to be undertaken by a Local Authority in a Master Developer role. The case demonstrates the scale of upfront land acquisition and infrastructure works required to deliver the planned 10,000 homes (c. 6,500 homes of which on Council-owned land) and 6,000 jobs.

22. Also, since KD 4469 was approved in 2019, vast market changes following Covid, Brexit and other global and domestic events have caused unprecedented inflation, increasing construction and labour costs while potentially slowing real estate values and demand. As a result of these

market changes, all assumptions in the Financial Model have been interrogated and updated by market experts to test the scheme's viability and provide a basis for future decision making.

23. In 2020, the Meridian Water team determined that a new financial model was needed to improve functionality, speed, and increase the detail the model could test by increasing the variables it evaluated. The new model would enable in-house updating and testing of the financial model by Meridian Water team members and thereby reduce reliance on outside professional advisors and reduce costs for the Council.

### **Revised Assumptions in Financial Model**

24. In addition to testing the new parameters of building areas and use classes presented in the Meridian Water master plan, the financial model development required a robust review and update of all financial assumptions to reflect the current market where we are experiencing unprecedented levels of inflation. In this changed landscape, the assumptions in the Financial Model have been interrogated and updated by market experts.
25. Simultaneously, the on-going design and development work of the M4 project revealed the need to review all parcel's development strategies and reconsider the Council's risk tolerance when self-delivering projects to reduce the risk to the Council.
26. The Capital Budget has also been realigned to achieve value for money, reduce risk and reduce reliance on external professional advisors.
27. The work also included updating historic development costs that have accrued since the inception of the Meridian Water project. Historic and capital costs are appropriately allocated to specific parcels (e.g., land price). When costs are not parcel specific or cannot be assigned to an individual parcel, the costs are shared across active parcels on a pro-rata basis by land area (ha).
28. The infrastructure scope was interrogated to ensure no items were included in both HIF scope and the infrastructure scope the Council needed to deliver as Master Developer. Works were then prioritised, and only essential works were included in the financial model's infrastructure budget to preserve Value for Money of the Council. As with historic costs, any non-parcel-specific infrastructure scope was split across applicable parcels pro-rata based on land area.
29. The model was also updated to reflect changes in affordable housing grant programmes and affordable housing tenures following changes made by the GLA.
30. Upon identifying updated assumptions, the Meridian Water team ran a series of scenarios to improve the scheme's viability. Key to this work was identifying scenarios that the Council could control as Master Developer and eliminating those the Council could not control.

## **Council as Master Developer**

31. In July 2018, Cabinet authorised the recommendations of three significant reports to kickstart the delivery of Meridian Water, with the Council taking on the master developer role.
32. Meridian Water Programme Update (KD4033): this report sought approval for the Council to assume the role of master developer and commence procurement processes to appoint development partners for Site 1, now known as 'Meridian One' (Willoughby Lane) and Site 2 or 'Meridian Two' (Leeside Road former Gasholder), deliver an Employment Hub, and commence an options appraisal for the future delivery model for the rest of Meridian Water.
33. Meridian Water - Housing Infrastructure Fund (KD4711): this report sought approval to submit a business case to Ministry for Housing Communities and Local Government for Housing Infrastructure funding, as well as the strategy for delivering these works; through preparation of a detailed planning application and procurement of a contractor.
34. Meridian Water Employment Approach (KD4717): this report sought a budget to deliver a number of employment led projects including Meridian Works with Building BloQs and leasing various sites to 'meanwhile' operators to generate income and establish a sense of place at Meridian Water. This included leasing the Orbital Business Park Sheds to the Vibration Group to curate an ambitious programme of music and cultural events including Field Day Festival.

## **Stage one**

35. Stage One of the Meridian Water project refers to the period 2014-24. During the initial years of this period the Council pursued a development strategy whereby the private sector would adopt the master developer lead role. The Council took the decision in 2018 that there was no private sector led approach at that time that was capable of delivering the Council's vision and objectives for the project so took on the master developer role.
36. Due to the lack of private sector appetite at this time it was therefore necessary for the Council to take on the master developer role which necessitated significant upfront investment and more risk for the Council and other public-sector partners to unlock the opportunity.
37. The Council has been successful at establishing Meridian Water as an attractive investable proposition; getting housing underway, delivering a train station, all of the placemaking meanwhile uses and the HIF investment means that as the Council moves towards Stage Two there will be more delivery strategy options for the Council to consider. How the Council proposes to deliver Stage Two of Meridian Water will be subject to a separate Cabinet report later in the year.
38. Further to the last update to Cabinet in 2021 the Council can now report that:

- The first 20 council homes on Meridian Water are on track to be handed over by the summer this year with a further 100 mixed tenure homes early 2024.
  - Meridian One is now at the mid construction stage, comprising 977 homes, circa 16,000sq ft of commercial space including retail, health, and leisure spaces.
  - The Meridian Water Skills Academy will formally open in early 2023. The College of Haringey, Enfield and North East London have been contracted to provide adult learning and skills training during the five-year contract period which shall be entered into following completion of the Skills Academy.
  - Building BloQs successfully decanted into their new unit. It is the largest open access workshop in Europe supporting over 300 SME businesses.
  - Meanwhile uses continue to be supported on site including culture and music events held on site in 2022 by Vibration Group at the Drumsheds and through Troubador's work at Meridian Water Studios.
  - Outline Planning Permission for Phase Two (up to 2,300 homes) was granted in March 2022.
  - Detailed Planning Consent (Reserved Matters Permission) was granted for the first 274 homes on Phase 2 (Meridian 2) including 3,000sqm of workspace in November 2022.
  - Detailed Planning Permission was granted for a new low-carbon energy centre to provide sustainable heat to scheme on Phase 2 in February 2022.
  - Progression of land assembly through the Meridian Water Compulsory Purchase Order 2021.
  - IKEA has closed their store and informed the Council that they intend to commence the formal marketing of their site to appoint a development partner this summer. The IKEA site has the potential to be redeveloped to deliver over 2,000 homes alongside employment and social infrastructure.
  - 141 people have been employed through the meanwhile activities and 567 construction related jobs have been created.
39. The Council has demonstrated commitment to the success of Meridian Water through early investment in land assembly and site remediation. This puts Meridian Water in a strong position to bring forward sites for future development. The Council is on track to meet its 10,000 new homes and 6000 new jobs targets.

#### **The HIF Works – Rail and Non-Rail**

40. In October 2020, the Council entered into a Grant Determination Agreement (GDA) with the Department for Levelling Up, Housing and Communities (DLUHC, formerly MHCLG) for £170m of HIF funding to deliver the first phase of strategic infrastructure works in Meridian Water and unlock the Meridian Water site for 10,000 homes. The Strategic Infrastructure Works

comprise of rail enhancement works amounting to a value of circa £54m (HIF Rail Works) and strategic road and flood alleviation works, as well as bridges, parks and utilities for a value amounting to circa £116m (HIF Street Works).

41. The Council has made considerable progress since entry into the HIF GDA. Designs have been progressed, and key approvals have been obtained on both projects, including confirmation of the CPO without modification, planning permission and DfT approval of the Full Business Case for the Rail Works.
42. Furthermore, the Council completed two competitive tender processes to appoint the main contractors for the delivery of both the Rail and Street Works. For the delivery of the Rail Works the Council successfully appointed Belfour Beatty and entered into a Pre-Construction Services, with entry into main works contract anticipated for July 2023. On the Street Works the Council procured a Framework Agreement to deliver the HIF Street Works and awarded a pre-construction service agreement to Vinci Taylor Woodrow with entry into main works contract anticipated for June 2023.
43. Notwithstanding the significant progress made to date and projects being ready for delivery, the construction works have been unable start on site as originally envisaged. Exceptional inflationary pressures have caused a substantial budget pressure across the two HIF funded projects as such we are unable to deliver the programme within the funding envelope and enter into the main contract.
44. DLUHC commenced a national funding review in June 2022 to address the inflation pressures across the HIF programme nationally, which was expected to complete in September 2022, but is now tentatively arranged for July 2023. The Council have submitted a robust funding bid to DLUHC and senior officers in the Council are lobbying government for additional funds.
45. To mitigate further delays in the delivery of the key infrastructure, the Council has negotiated an early DLUHC decision to allocate the remaining Rail Works budget to the Street Works project, meaning Rail Works are on hold, and are seeking to secure additional funding to enable the full scope of the Street Works to be delivered.
46. The Street Works unlock key parcels in Phase 2 of Meridian Water for housing development, which already has an outline planning permission for circa 2,300 homes and includes Meridian Two.
47. Officers will be bidding for funding in future funding rounds for the rail works and additional infrastructure which is currently outside the SIW scope.

### **Purpose of the Model**

48. The purpose of the model is to provide a whole scheme view (cashflow, land values and NPV) for Master Developer and phase appraisals.

49. As a tool, the new model enables officers to test and monitor the Meridian Water scheme's overall viability, peak debt and risk exposure in addition to the financial position of individual parcels. This will help drive the Council's strategy as Master Developer.
50. The model has been designed to test various sensitivities and scenarios, as the programme will always need to adapt and respond to different factors including macro-economic events/cycles, market conditions, changing regulation and Council specific policies, objectives and models of delivery including:
  - Delivery scenarios for individual parcels and phases: comparing Joint Ventures, Developer Agreements, direct delivery, and land transactions
  - Quantum of tenures per phase
  - Phasing and programme
  - Stress testing build costs
  - Stress testing values
51. The new model is equipped with parcel-level detail and the flexibility to update each parcel with actuals as the programme advances.
52. The model also includes the Capital and Revenue account position for HRA and General Fund.
53. The Meridian Water Financial Model will remain a live document and will constantly evolve and change due to the complexity and scale of a large multi-phase regeneration programme.
54. The financial outputs are a point in time, they do not necessarily represent what the scheme would look like in five, 10 or 20 years.
55. Each year officers propose to bring back a paper on financial performance with updated assumptions based on market intelligence to Cabinet.
56. A range of project options were considered, and these are set out in part 2.

### **Masterplan Evolution**

57. Since 2018 the Meridian Water masterplan has gone through several iterations to improve and optimise its design alongside responding to changes in policy and regulations.
58. Changes in the Masterplan included increasing open space provision, accommodating changes to policy (including the New London Plan), incorporating new sustainability aspirations; including development of public realm concepts including a new tow path, an enlarged Brooks Park (the first part of which will be delivered HIF works) and a green loop which connects the site together. The masterplan will also aid the Council in planning when and where to locate social infrastructure such as schools and community facilities. All work undertaken has ensured that the Council is able to



respond to a complex evolving picture at Meridian Water in a coordinated fashion.

59. The masterplan will continue to evolve, the overriding principles that apply to the entire site will be refreshed but will reiterate the progress already achieved on stage one. The Council will also proactively engage with key stakeholders on the masterplan vision, including third party landowners, businesses, and residents to ensure that Meridian Water delivers the best outcomes for the community.



### **Preferred Option and Reasons For Preferred Option**

60. As set out above, the development and construction industry has experienced challenging market conditions as a result of domestic and global economic forces of an unprecedented level which are anticipated to continue throughout 2023. Appendix Two provides industry expertise on market conditions.
61. On this basis it is essential that the Council maintains an ongoing review of the Meridian Water Programme to ensure that risk to the Council is mitigated, project delivery represents best value to the Council and flexibility is maintained to respond to changing market forces and open opportunity to investment and partnership.
62. Specific viability challenges for Meridian:
- Significant viability challenges prior to the rising interest rates due to the unprecedented hyperinflation
  - Rising interest rates impacting assumptions in the financial model
  - HIF funding and programme pressures
  - Brought forward MRP charges due to change in MRP Policy

63. Considerable amount of work has been undertaken to improve the viability and steps take to reduce the addition financial burden on the Council, which include:
- Rightsizing the team
  - Reduced capital costs – stopped all nonessential spend
  - Reduced the reliance on external professional advisors
  - Pausing unviable developments
  - Revising the scheme / masterplan to improve viability
64. Whilst the market conditions are outside the Council’s control, there are items within the Council’s control which can impact on the values and equally important the existing and future residents experience, superior green space, house typology, infrastructure, community facilities, retail offer, high quality public realm and good estate management.
65. The following will be undertaken to continue improve the viability and bridge the gap
- Optimising the next four parcels
  - Seeking and applying for alternative grant funding sources
  - Applying for future rounds of infrastructure grant funding
  - Retaining the discipline around spend and reliance on professional advisors

**Assumptions**

66. All assumptions in the financial model have been updated to align with:
- Current market costs, values, and trends
  - Scenarios the Council can control and elimination of assumptions and scenarios it cannot control as per Council’s risk tolerance
67. The revised assumptions include the following core components (See Part 2, Confidential Appendix, for complete assumption values):

Key Scheme Metrics	Sq. Ft.
Total GIA	9,226,180
Residential GIA	8,510,761
Non-Residential GIA	715,419

68. **Residential tenure mix** of 40% affordable housing and 60% market rate housing cumulatively applied to all residential parcels per the Phase 2 Outline Planning Permission (OPP) 16/01197/RE3 1. In Phase 2 OPP, the affordable housing parcels are a mix of 70% social rent homes and 30% affordable intermediate tenure homes. In all parcels outside the OPP Phase 2, the 40% affordable housing is equally divided between affordable intermediate tenure homes and social rent homes.

69. **Bedroom mixes** cumulatively reflect the bedroom mix determined in the Phase 2 OPP for all residential parcels:

- a. 30% studios and one bedrooms

- b. 40% two bedrooms
- c. 20% three bedrooms
- d. 10% four bedrooms

70. **Build costs** See *Part 2*

71. **Values by tenure** See *Part 2*,

72. **Regeneration Premium** also known as ‘Regeneration Effect’ describes the residential value uplift, above and beyond market movements, as a result of the multi-phased master planning and delivery of large regeneration projects. The Regeneration Premium utilised in the Meridian Water Financial Model is based on an analysis of comparable large-scale regeneration schemes in London. Taking professional guidance, a layered regeneration premium is applied to housing values as follows:

Regeneration Benchmark	Regen premium
From 500 to 999 units	7.50%
From 1,000 to 1,499 units	11.25%
From 1,500 to 1,999 units	15.00%
From 2,000 to 2,499 units	18.75%
From 2,500 to 2,999 units	22.50%
From 3,000 to 3,999	26.25%
From 4,000 to 9,147	30.00%

**ic Development Costs:** All previously spent capital costs have been appropriately allocated to specific parcels (e.g., land price). When costs are not parcel specific or cannot be assigned to an individual parcel, the costs are shared across active parcels on a pro-rata basis by land area (ha).

74. **Infrastructure Costs (outside HIF):** As with historic costs, any non-parcel-specific infrastructure scope was split across applicable parcels pro-rata based on land area

75. **Commercial Rents:** See *Part 2*

76. **Grant Assumptions:**

- Enfield successfully secured £170m of Housing Infrastructure Fund (HIF) grant from which has been acknowledged in the financial model to cover HIF-specific costs in the Capital Budget. The model will be updated once a funding decision has been made by government

## 2019 vs. 2022 Financial Model Assumptions

77. The matrix below summarises key master plan differences between the assumptions in the 2019 vs. 2023 Financial Model. See Part 2 for detailed summary comparing the 2019 and 2023 model assumptions, including values, costs, and outputs.

<b>Assumptions</b>	<b>2019 Model</b>	<b>2023 Model</b>
Total scheme GIA excl. parking spaces sqft	9,191,159	9,226,180
Residential GIA sqft	8,535,274	8,510,761
Non-residential GIA sqft	655,884	715,419
Number of residential homes on Council owned land	9,725*	9,182
Number of private sale homes	4,182	4,154
Number of affordable homes	3,846	3,569
Number of student accommodation beds	N/A	536
Number of BTR homes	1,700	923

*\*2019 model made an assumption that 702 homes would be built on IKEA car park. Our 10,000 homes target is still achievable, and potential exceeded with the forthcoming redevelopment of IKEA site has capacity to accommodate circa 1,500+ homes*

### **Financial model assumptions**

78. The steps taken to achieve viability are as outlined in the assumptions below:

- 9,226,180 Sq ft total GIA (excluding parking spaces)
- 40% affordable across the scheme (28% as per the phase 2 OPP section 106 + 12% attracting grant)
- Grant per additional unit as follow (all phases): £100,000 on Shared ownership, £55,000 on London living rent, £200,000 on Social Rent
- GIA:NIA residential from 78% to 80% in line with standard market delivery
- Non-Resi costs updated from Market Appraisal
- Updated (Non-HIF) Infrastructure costs
- HIF costs and grant will be amended once a decision has been made by Government on our additional funding ask.
- Blended interest rate of 5.2%
- Forecasted capital costs reduced by 15%
- Regeneration premium turned on
- Inflation are switched off

### **Model Assurance**

79. 31ten were instructed by Enfield Council to undertake a review of the financial model created by Newbridge Advisors that supports the Meridian Water project. The focus of 31ten's scope was ensuring that the financial model is fit for purpose, user friendly, draws from robust assumptions and is accurate.

80. Overall, 31ten was satisfied that the model is generally robust, and the assumptions adopted are within reasonable parameters

### **Sensitivity analysis**

81. The following Sensitivity analysis was undertaken – see Part 2 for more detailed analysis

- Build costs
- Values
- Interest rates
- Regen Premium
- Affordable housing
- Family sized accommodation

## Two-year budget

82. The 23/24 and 24/25 budget

	23/24	24/25	Total
	£	£	£
Meridian One	23,555,799	12,719,275	36,275,074
Meridian Two	8,063,597	129,528	8,193,125
Meridian Three	250,000	150,000	400,000
Meridian Four	770,000	150,000	920,000
Meridian Five	50,000	350,000	400,000
Meridian Six	50,000	150,000	200,000
Meridian Seven	250,000	150,000	400,000
Meridian Eight	-	250,000	250,000
Meridian Nine	-	150,000	150,000
Meridian Ten	350,000	-	350,000
Meridian Eleven	50,000	150,000	200,000
Meridian Thirteen	250,000	150,000	400,000
Meridian Water Scheme-wide	13,965,641	4,934,656	18,900,297
Phase 2 Development	250,000	1,286,625	1,536,625
Meridian Water HIF	67,663,660	97,172,511	164,836,170
Capitalised Interest	7,300,505	7,419,739	14,720,244
<b>Grand Total</b>	<b>122,819,202</b>	<b>125,312,334</b>	<b>248,131,536</b>

## Indicative ten-year budge

	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33	Total
	£	£	£	£	£	£	£	£	£	£	£
Meridian One	23,555,799	12,719,275	8,222,959	4,142,059	840,775	548,402	-	-	-	-	50,029,269
Meridian Two	8,063,597	129,528	87,196	57,994	-	-	-	-	-	-	8,338,315
Meridian Three	250,000	150,000	50,000	-	-	-	-	-	-	-	450,000
Meridian Four	770,000	150,000	50,000	-	-	-	-	-	-	-	970,000
Meridian Five	50,000	350,000	150,000	50,000	-	-	-	-	-	-	600,000
Meridian Six	50,000	150,000	200,000	-	-	-	-	-	-	-	400,000
Meridian Seven	250,000	150,000	50,000	-	-	-	-	-	-	-	450,000
Meridian Eight	-	250,000	150,000	50,000	-	-	-	-	-	-	450,000
Meridian Nine	-	150,000	250,000	50,000	-	-	-	-	-	-	450,000
Meridian Ten	350,000	-	-	-	-	100,000	-	-	-	-	450,000
Meridian Eleven	50,000	150,000	150,000	-	-	-	-	-	-	-	350,000
Meridian Twelve	-	-	-	-	-	-	-	150,000	250,000	-	400,000
Meridian Thirteen	250,000	150,000	150,000	-	-	-	-	-	-	-	550,000
Meridian Fourteen	-	-	-	-	-	-	-	-	-	150,000	150,000
Meridian Fifteen	-	-	-	-	-	-	-	-	-	50,000	50,000
Meridian Sixteen	-	-	-	-	-	-	-	-	-	50,000	50,000
Meridian Seventeen	-	-	-	-	-	-	-	-	-	150,000	150,000
Meridian Eighteen	-	-	-	-	-	150,000	250,000	50,000	-	-	450,000
Meridian Nineteen	-	-	-	-	-	-	150,000	250,000	50,000	-	450,000
Meridian Twenty	-	-	-	-	-	-	150,000	250,000	50,000	-	450,000
Meridian Twenty One	-	-	-	-	-	-	-	-	-	50,000	50,000
Meridian Twenty Two	-	-	-	-	-	-	-	-	-	50,000	50,000
Meridian Water Scheme-wide	13,965,641	4,934,656	4,556,267	4,361,176	4,361,258	14,607,861	4,356,074	4,406,695	4,443,375	4,718,625	64,711,628
Phase 2 Development	250,000	1,286,625	1,399,290	370,000	551,400	1,010,160	646,600	538,008	-	-	6,052,083
Meridian Water HIF	67,663,660	97,172,511	2,501,590	-	-	-	-	-	-	-	167,337,760
Capitalised Interest	7,300,505	7,419,739	6,956,511	6,800,161	6,244,034	6,289,423	6,133,834	5,945,928	5,901,538	5,788,073	64,779,746
<b>Grand Total</b>	<b>122,819,202</b>	<b>125,312,334</b>	<b>24,923,812</b>	<b>15,881,390</b>	<b>11,997,467</b>	<b>22,705,846</b>	<b>11,686,508</b>	<b>11,590,631</b>	<b>10,694,913</b>	<b>11,006,698</b>	<b>368,618,800</b>

## **Socio -Economic Benefits to the Community**

83. The Council has a greater remit than that of a developer and should take into account socio-economic outputs and other impacts that Meridian Water can have on the whole borough. For example, this may include the value of building new Council homes, providing social infrastructure, and investing in new transport infrastructure. Therefore, Cabinet should note that.
84. Meridian Water are targeting £390m of Social Value over the 25-year scheme period to ensure buildings, places and infrastructure improve the quality of life of people by supporting environmental, economic, and social wellbeing.
85. The Construction Skills Academy was opened at Meridian Water in March 2023. The Skills Academy provides integrated programmes of outreach, engagement, and provision of adult learning and skills training to priority groups. This facility is a key element of the Council's commitment to Meridian Water supporting local jobs.
86. To date a total of 708 jobs have been created across construction and meanwhile opportunities, 677 of these jobs paying as a minimum the London Living Wage, through the Meridian Water programme.
87. We are continuing to work with partners taking into consideration the Social Value Act. Current partners have pledged to provide 45 apprenticeships on Meridian One amongst other commitments. Whilst our Strategic Infrastructure Works partners have committed to 119 jobs and 780 apprenticeships over the course of the SIW.
88. Local businesses have been given the opportunity to supply the construction of Meridian Water by tendering for the contracts generated by Meridian Water.
89. In addition to jobs and training wider additional social value is being brought forward on Meridian Water via procurement of professional services and works packages, using the Social Value Portal.
90. For the 2022-23 period Social Value commitments have totalled £7,582,094 of which £4,552,790 has been achieved and £29,596,878 has been spent in Enfield's local economy.
91. The Community Chest Fund was launched to help not-for profit organisations in the Edmonton wards. Partners (including developers and contractors) to the project are currently and will continue to contribute to the Community Chest Fund. Enfield Council has now awarded more than £317,000 in funding to 19 projects delivering to communities. The second round of community chest bids are planned for early spring 2023 with an approximate £650,000 fund.
92. Film Skills Academy at Meridian Water: Enfield Council in partnership with Troubadour will set up a Film Skills Academy to provide practical

training opportunities for Enfield residents. The Academy aims to equip and connect residents with opportunities for employment in the media, film production and the performing arts industries. This links to Enfield's broader cultural strategy which celebrates local talent and seeks to grow the borough's wellbeing, economy, and opportunities through culture.

### Social Mobility

93. People's experience of poverty, material deprivation and inadequate housing circumstances are intertwined. Affordable, good quality housing forms an important part of material living conditions and contributes to life chances, as reported through research conducted by the Joseph Rowntree Foundation. Meridian Water will improve social mobility through the provision of a sustainable community with mixed income levels where everyone, especially local people, can benefit from the opportunities that growth can bring. Homes will be high quality and achieve ambitious sustainability standards.

### Access to facilities and activities

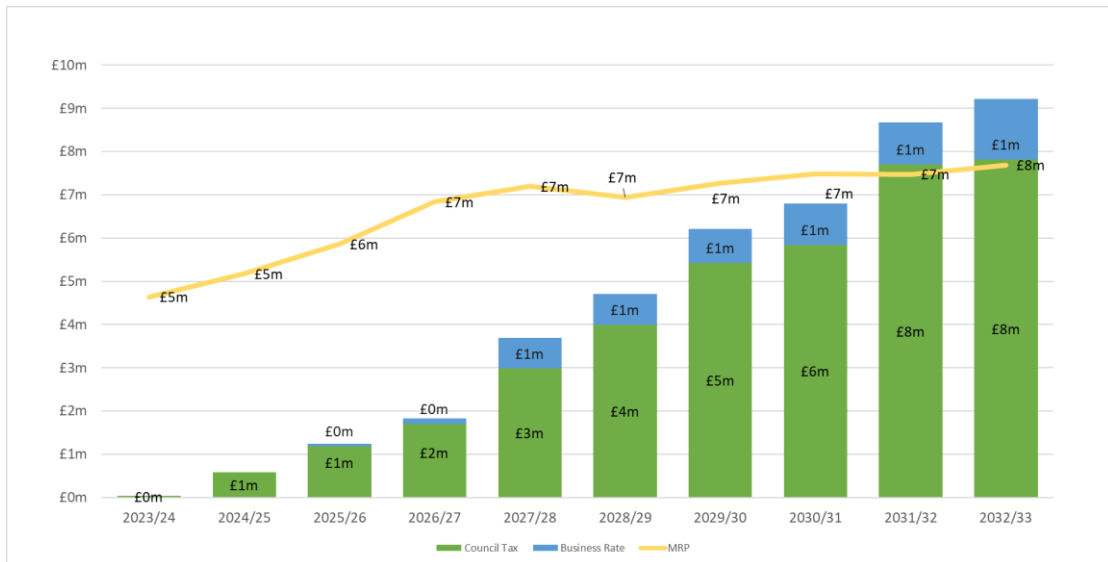
94. The Enfield Poverty and Inequality Commission Report reports that young people in Enfield have very limited access to free activities in the borough. Meridian Water will aim to involve local young people in activities and events that they host to connect young people with their neighbourhood.

95. New community, leisure and public spaces will be made available to local residents and voluntary and community sector organisations. Events that facilitate intergenerational and intercultural participation will be particularly welcomed, as Enfield is a diverse borough and inclusive events, and activities are crucial for tackling socially isolated people.

### **Relationship of Meridian Water to the Councils medium term financial plan**

96. By 32/33, based on current projections, up to £37m could be generated in Business Rates and up to £20m in council tax.

97. The table below shows the projected Business rate and Council Tax against the Minimum Revenue Provision the Council is budgeting to set aside to repay its borrowing over the next 10 years.



### CIL and S106 Funding

98. Future Local CIL payments to the Council generated by Meridian Water through Phase 2 OPP and East Bank would total approx. £167,000 and £302,000 respectively, for the Non Residential A Use Class, which is the only use class which attracts LCIL within Meridian Water. Further to this, Section 106 contributions made to the Council in relation to Meridian Water Phase 2 OPP and East Bank would total approx. £16.8m and £20.6m respectively.

### Concluding stage 1 of the Meridian Water programme

99. Further to the work undertaken to date it is proposed to bring forward the marketing of Meridian Three, Meridian Four, Meridian Seven and Meridian 13 (teardrop) sites in 2023 to seek partners for development. By commencing the detailed due diligence and marketing stages, the Council will be in a position to select development partners, when the market improves.

100. The first two sites (Meridian 1 & 2) deliver high levels of affordable housing at the expense of land receipts, it was always the intention for the next sites to optimise capital receipts, the decline in market conditions only makes this more vital.

101. Each parcel will continue to contribute towards the Meridian Water Vision, by progressing with these four parcels they will attract market confidence in Meridian water, provide affordable housing and commercial space including community facilities

### Teardrop (Meridian 13)





102. The Teardrop site is south of the new Meridian Water Station and is a total of 3.6 acres, broken into a northern and southern parcel of 0.86 acres and 1.05 acres, respectively. It is neighboured by the A1055 to the east, Leaside Road to the south and railway tracks to the west. It is located in a central position within the wider Meridian Water proposal and acts as a gateway site connecting the new train station with development to the east.
103. Immediately to the east of the parcel is IKEA. IKEA have closed the store previously operating on the site and are anticipated to advertise they are for sale in Autumn 2023.
104. In order to optimise the best value for the Council from Teardrop, soft marketing of the site will not be undertaken until after the IKEA site has gone out to the market. Advertisement of the IKEA plot will increase the attractiveness of Teardrop and attract a wider range of development partners.
105. The site does not benefit from either a full or outline planning consent.
106. Initial financial analysis from Newbridge financial consultants has identified the potential capacity for the development of a mixed-use scheme with circa 230 homes on Teardrop.
107. Approval is sought from Cabinet to delegate to Development Director (Meridian Water) the authority to undertake due diligence site investigations, options appraisals, capacity studies, financial viability, and marketing detail curation. In preparation for exploration of the market via soft market testing and engagement to seek development partners to inform the development of a delivery strategy for the Teardrop site.
108. Approval is also sought from Cabinet to delegate to the Cabinet Portfolio Holder to commence the marketing of Teardrop to seek development partners, following completion of the all the due diligence activities and the setting of target development, placemaking and

financial hurdles. Financial metrics and imps will be provided in the Portfolio Holder approval report.

### Meridian Three



109. In September 2020 Cabinet approved (KD5174) the disposal of two plots (Z05-03 & 05) to a Student and/or Co-Living Developer and a third plot (Z05-02) disposed of to a Registered Provider or retained by the Council's Housing Revenue Account (if there is sufficient capacity to do so); or letting of some or all of the Meridian Three land on an operating lease (meanwhile use).
110. The Phase 2 Outline Planning Permission proposed a flexible approach to the Meridian Three plots allocating potential for hotel (16,000 max GEA), Purpose Built Student Accommodation (PBSA), Large Scale Purpose Built Shared Living (LSPBSL) (18,000 max GEA for PBSA/LSPBSL) and/or C3 residential tenures.

111. Soft marketing testing with developers on M3 has been undertaken, a new professional advisor appointed, and marketing pack has been drafted. M3 relies on infrastructure works to be completed prior starting one site, the aforementioned HIF delays, have had a knock-on effect on the programme. Marketing will commence once the Council has certainty around the HIF SIW funding.
112. A responsive, flexible approach to the marketing of M3 that appeals to a diverse variety of developers is important to realize the Council's vision and objectives for Meridian Water. Proposals for all three blocks will need to take into account the requirements of the Outline Permission and the SIW programme. Given the site constraints and interface with surrounding plots, coordination across M3 and flexibility over the tenure and mix could offer benefits to the public realm and speed of delivery.
113. A wider pool of delivery partners will be attracted if flexibility is offered for M3 to be brought forward as either a single development opportunity, or for multiple developers to be selected across the three blocks. Depending on the market response, block Z05-02 could be brought forward either in tandem with the remaining two M3 blocks, or separately taking into account the delivery programme for the M4 and M7. Therefore, building on the disposal strategy outlined within the existing Cabinet approval, flexibility is sought regarding the specific purchaser of block Z05-02. This will enable the Council to achieve its vision and objectives for Meridian Water, maximise the capital receipt and minimise exposure to financial risk and delay.
114. Approval is sought from Cabinet to approve a flexible strategy for the three plots at M3. Flexible in terms of marketing approach to the use, tenure, selected development partner and parcel packaging of Meridian Three to respond to the market and achieve best value for the site. For example, this will include flexibility to bring forward M3 as a single opportunity, or as multiple plots.

## Meridian Four



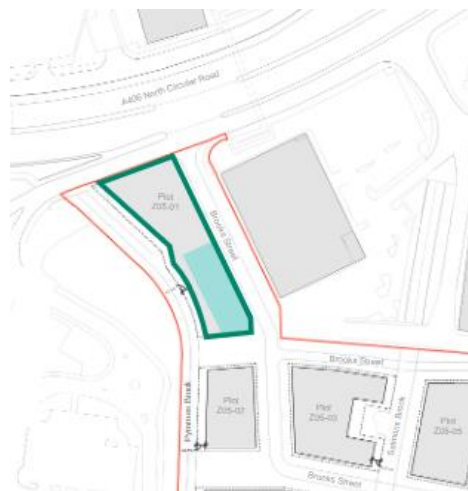
115. In September 2020 Cabinet approved (KD5174) the Phase 2 Detailed Delivery Plan and the recommendation within it for the direct delivery of Meridian Four. In December 2021 Cabinet approved (KD5252) the revised approach to tenure mix and viability and approved the strategy to delivery of circa 846 homes noting the positive impact on the Phase 2 financial appraisal.
116. Further to Cabinet authority to progress the delivery strategy in 2021 detailed investigation and concept testing of the Meridian Four plots has been undertaken to RIBA Stage 2. Monitoring of risk and the feasibility of the scheme was on going through the process.
117. As a direct delivery project, the Council has been developing the scheme design for Meridian Four following the Royal Institute of British Architects (RIBA) Plan of Work 2020. Each stage has provided the opportunity for the Council to review the work undertaken to ensure that the scheme could be provided on budget and programme.
118. Prior to the commencement of work with the professional services team the Council and their appointed Project Managers set out the strategic definition of the project within a Client Brief (RIBA Stage 1). The Client Brief provided clear guidance to the project team on the target build cost which must be achieved in delivering the scheme to ensure that the project remained viable for the Council. The RIBA Stage 1 work was completed by the project team in November 2021.
119. The RIBA Stage 2 work was extended to address a number of issues arising in the Concept Design due to key surveys needing to be commissioned. The RIBA Stage 2 Concept Design was concluded in July 2022. At the end of the RIBA Stage 2, a comprehensive review of the viability and deliverability of the current M4 delivery strategy was undertaken. It was apparent from the report that there were a number of issues with progressing the Concept Design as proposed by the Architects and that the key metrics to ensure that the project remained financially viable as set out in the Client Brief (RIBA Stage 0) could not be met.
120. As detailed in the Confidential Appendix of the report, the substantial increase in estimated build costs resulted in the scheme being unviable combined with the unacceptable risk to the Council the approved delivery strategy was paused, and officers have been investigating alternative delivery strategies.
121. The scheme will have some slight variations in terms of mix and number of homes from the previous approved scheme, due to changes in building regulations and planning policy, however officers do not envisage the scheme would change from a predominately BTR tenure, with affordable housing and non-residential ground floor uses.
122. Approval is therefore sought from Cabinet to delegate authority to the Director of Development (Meridian Water) to appoint advisors and to



undertake further exploration of the market via soft market testing and engagement to inform the development of an updated delivery strategy for M4.

123. Approval is also sought from Cabinet to delegate to the Cabinet Portfolio Holder the authority to commence the marketing of M4 to seek development partners, following completion of the all the due diligence activities and options appraisals and setting of target development, placemaking and financial hurdle rates. Financial metrics and imps will be provided in the Portfolio Holder approval report.

## Meridian Seven



124. The plot borders the North Circular to the north, Ravenside sites to the East, Ikea land to the West and Meridian Three and Four to the South. Pymmes Brook runs along the western boundary and Salmon Brook runs further to the east through Meridian Three.
125. The Phase 2 Outline Planning Permission proposed a flexible approach to use allocation. Meridian Seven has been identified as Use Class B1, providing approximately 8,500 sq.m (a S106 requirement), contributing towards a total cap across the OPP of up to 26,500 sq. m GEA of commercial floor space.
126. The plot is also subject to full planning permission for a substation detailed under planning permission Ref: 21/04218/RE4. The substation is sited along the north boundary of the plot, adjacent to the North Circular Road.
127. M7 is vacant with no lease agreements against it and has direct access from the North Circular Road so is available for progression.
128. Approval is sought from Cabinet to delegate to Director of Development (Meridian Water) the authority to undertake due diligence site investigations, options appraisals, capacity studies, financial viability, and marketing detail curation. In preparation for exploration of the market via soft market testing and engagement to seek

development partners to inform the development of a delivery strategy for Meridian Seven

129. Approval is also sought from Cabinet to delegate to the Cabinet Portfolio Holder the authority to commence the marketing of Meridian Seven to seek development partners, following completion of the all the due diligence activities and the setting of target development, placemaking and financial hurdles. Financial metrics and imps will be provided in the report for Portfolio Holder approval.

## **Stage Two**

130. As aforementioned, with stage one concluding, the Council can now look at taking a different approach to consolidate our position and reduce the risk curve to facilitate more public and private partnerships
131. Key to the pathway to viability is crafting a development strategy that permits more private and public sector investment through alternative routes in addition to those that have been approved in the past, that would also reduce the risk exposure to the Council
132. Officers will undertake detailed market, legal and financial due diligence to inform the scope of any revised delivery strategy and proposed to bring a stage two report to Cabinet in Autumn 2023.
133. In addition, Officers will explore alternative sources of funding.

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

134. The Council has invested heavily in Meridian Water and incurring substantial annual interest on the debt, further delays in concluding stage one could further deteriorate the Council's debt position and incur additional costs.
135. Further to the work in concluding Stage One of the Meridian Water development it is important that the delivery programme maintains its momentum. This will give confidence to future partners in the market that the Council is still committed to delivering Meridian Water and encourage further investment within the Borough.
136. For the council to capitalise on the projected upturn in the market, Cabinet approval delegation of the strategy is required to allow the essential preparatory work to enable bring forward these sites is commenced by the project team in 2023
137. Meridian Water Programme Risks that may arise and actions that will be taken to manage these risks

	<b>RISK</b>	<b>MITIGATION</b>
1	UK Recession – Council	On-going monitoring and management

	exposure to financial risk due to 2023 UK recession impacting on project viability	by the Meridian Water project team. Maintaining a strategy with inbuilt flexibility to enable the Council to respond quickly and effectively to market conditions and explore options to reduce the Council's risk to financial exposure.
2	Build Cost Inflation – On-going war in Ukraine / Global economic recession impacting on UK supply chain and cost of raw materials	2022 saw hyper-inflation in the cost of raw materials across the UK as a result of problems within the global economy. It is not yet known whether the same levels of inflation will be seen in 2023.  The project team in bringing forward sites will look to delivery strategies and opportunities that moves the sole risk of build cost inflation from the Council.
3	Sales Value Depreciation – UK recession impacting on residential and commercial values	To mitigate against the impact of the recession on sales values it is proposed that there is flexibility within all of the strategies for the current parcels where there is still high demand within a tenure.  The timing of bringing parcels to the market will be continually monitored through soft market testing and engagement to ensure that launches are optimised.
4	Changes to Planning Policy – Changes to planning policy at National; Regional and Local level increasing requirements on development through the planning system	The Meridian Water team will actively engage in monitoring of updates to National, Regional and Local level changes on a monthly basis through Meridian Water project Steering Group to ensure that potential impact on any development parcels are properly assessed.  Planning Strategies for development parcels will be developed with due regard to the potential impacts of any emerging planning policies.
5	Changes to Building Regulations / Legislation – the introduction of new regulations may impact on the viability of delivery of development parcels if extra cost is added as a result in need to for additional floorspace for plant and infrastructure	The Meridian Water team will actively engage in monitoring of updates to Building Regulations / Legislation on a monthly basis through Meridian Water Project Steering Group to ensure that potential impact on any development parcels are properly assessed.  Strategies for development parcels will

		be developed with due regard to the potential impacts of any emerging regulations for example the consultation on fire strategy in 30m+ buildings.
6	The Council has limited control over the disposal of the IKEA site which may result in an owner/occupier that does not align with Meridian Water's Supplementary Planning Document (SPD) and aims.	The likelihood of this risk materialising is being mitigated by a regular positive dialogue with the IKEA management team. An SPD was approved for consultation by Cabinet in October 2022. A Site Briefing has been developed and shared with the IKEA team who have agreed to key principles when considering the sale and marketing of the site
8	Strategic Industrial Land –If the Local Plan does not achieve release of Strategic Industrial Land (SIL) and/or proposes the intensification of SIL due to meeting industrial floorspace demand in the Borough, this may undermine the Council's vision for Meridian Water in delivering its required objectives	The Meridian Water team is working closely with the Local Planning Authority and investigating a Commercial Zone to offset any loss of employment space in the SIL
9	HIF works funding – Inflationary and economic pressures have driven up HIF project costs, which are challenging to fund under the current HIF grant allocation. Negotiations with the Department for Levelling Up, Housing and Communities (DLUHC), may not guarantee sufficient grant to meet the shortfall and may impact the successful delivery of the programme	<p>The Meridian Water project team have put in a robust funding bid to DHLUC for additional funding and are engaged in on-going dialogue.</p> <p>Work is on-going to ensure that works are ready proceed on securing on the funding to present the position that there is no other impediment to the works proceeding except that of funding.</p> <p>Working with the contractor to look at reviewing price and reducing costs.</p>
10	HIF works programme delays – the works (subject to funding decision) are programmed to commence in 2023. The commencement of works to plots is tied to the completion of the HIF works which includes remediation and the provision of road infrastructure and service connections. If the completion of HIF works is delayed the delivery of homes on the development parcels will be delayed. There	Officers are looking to accelerate the delivery of parcels which are not reliant on infrastructure.



	will also be delay as a result of the Council receiving capital receipts.	
11	Future Land Assembly - If another landowner on the East Bank of Meridian Water obtains and implements a planning consent that is not aligned with the Council's vision, this may impact the value of land; impacts on SIL and timing for delivery of Masterplan	Develop stakeholder relationship with landowners on East Bank to better understand their plans,

### Relevance to Council Plans and Strategies

138. Meridian Water is a key component in contributing to the vision, aims and priorities of the Council's Corporate Plan.
139. **Good Homes in well-connected neighbourhoods:** Meridian Water will contribute towards the Council continuing to deliver its goals with respect to regeneration in the borough. The Programme aims to create thriving, affordable neighbourhoods and places delivering affordable, quality housing options for ownership, social rent, and private rent.
140. **Safe, healthy, and confident communities:** Meridian Water will contribute to the Council's aims to improve public health and people's well-being. Meridian water alongside new homes will deliver community and social infrastructure such as new amenity spaces and improvement of public access to the River Lee.
141. **An economy that works for everyone:** Alongside delivering jobs within the construction industry during the construction phase of project, Meridian Water will deliver circa 725K sqft of commercial premises and workspace. Meridian Water presents an opportunity to change the nature of the local economy and the local job market, moving toward more secure, better paid, and higher skilled roles, with these new roles improving the prosperity of the local community.

### Financial Implications

#### Capital Budget

142. This report seeks approval for £248m capital budget for 23/24 and 24/25 as detailed in Appendix 1. The budget includes £4.4m for land purchase which will require additional approval to spend.
143. The two-year budget will be funded by 165m HIF Grant and £83m borrowing.

144. The report also details the indicative 10-year budget of £369m. This will be funded by £167m HIF funding and £202m borrowing.
145. An indicative 10-year capital programme of £326m was presented to Full Council in February 2022. This report also seeks approval to update capital budgets via a revised Capital Programme to be approved by Full Council (via the quarterly capital update) for a capital budget of £119m for 23/24 and £125m in 24/25 and notes a revised 10-year programme and follows:

	23/24	24/25	25/26	26/27	27/28	28/29 - 32/33	Ten Year Total
	£m	£m	£m	£m	£m	£m	£m
Mar 23 - Cabinet Approval	104.40	99.06	19.65	26.87	10.87	65.47	326.32
<b>New Approval</b>	<b>122.82</b>	<b>125.31</b>	<b>24.92</b>	<b>15.88</b>	<b>12.00</b>	<b>67.68</b>	<b>368.62</b>
<i>Movement</i>	18.42	26.25	5.27	- 10.99	1.13	2.21	42.30

146. The increase of £42.3m in the 10-year programme is due to £93m being carried forward from 22/23.

### Minimum Revenue Provision

147. Minimum Revenue Provision (MRP) sets aside revenue funds to repay borrowing over time. Regulations give local authorities some flexibility in how they calculate this provision providing the calculation is prudent, as determined by the S151 Officer.
148. Enfield's policy is to capitalise interest on land that will be developed and construction (£7.3m interest related to Meridian Water in 2023/24). This means that interest payments are funded by borrowing in the construction phase, which is standard for developments and construction. As a prudent measure, the Council proposes starting to make a voluntary provision to repay debt from revenue budgets (in addition to future capital receipts repaying debt), at the discretion of the S151 officer. This is the equivalent to not borrowing for around 40% of the interest costs and continuing to borrow for the remaining 60% of Meridian Water's annual interest cost.
149. The Council will aim to provide a voluntary annual Minimum Revenue Provision of £3.3m in 2023/24 if it is affordable (or otherwise build it into the Medium-Term Financial Strategy budgets) in addition to the mandatory £1.4m, a total of £4.7m.

### Legal Implications

150. The Council has power under section 1 of the Localism Act 2011 to do anything that individuals generally may do provided it is not prohibited by legislation and subject to public law principles. The recommendations detailed in this report are in accordance with the Council's powers. Furthermore, pursuant to section 8 of the Housing Act 1985, the Council is required to consider the housing conditions and needs of their area with respect to the provision of further housing accommodation. The Council has the power under section 9 of that Act

to provide housing accommodation. The Local Government Act 2003 gives the Council power to borrow for any purpose related to its functions, and to utilise capital receipts, subject to the limitations set out in that Act.

151. Section 111 of the Local Government Act 1972 enables the Council to do anything which is calculated to facilitate, or is conducive to or incidental to, the discharge of any of its functions, whether or not involving expenditure, borrowing, or lending money, or the acquisition or disposal of any rights or property.
152. The Council has a statutory duty under section 151 Local Government Act 1972 to make arrangements for the proper administration of its financial affairs.
153. 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 being spent appropriately. In embarking on any project, the Council must consider whether the project will be a prudent use of the Council's resources both in the short and long term and must seek to strike a fair balance between the interests tax/ratepayers on the one hand, and the wider community's interest on the other hand.
154. 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. Any equality impact assessment prepared in respect of the Meridian Water regeneration project should be revisited as part of changing nature of the Scheme.
155. Any acquisition or disposal of land interests to be funded out of the proposed budget must comply with the Council's Property Procedure Rules and, in the case of disposals of land, section 123 Local Government Act 1972 applies. Pursuant to section 120(1)(b) of the Local Government Act 1972, a Council has a specific power to acquire land for 'the benefit, improvement or development of their area'.
156. Any procurement of goods, services and/or works to be funded by the proposed budget must comply with the Council's Contract Procedure Rules and the Public Contracts Regulations 2015.
157. 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.

## **Equalities Implications**

158. The Council has a duty to promote equality, diversity and inclusion and it recognises the issue of diversity specifically within the construction sector.

159. The outcomes in the context of the Meridian Water programme are set out below.

#### Age

160. Table 2 below shows the age profiles for the borough based on 2020 population and the four wards within the Meridian Water Local Lettings Plan area. The table confirms that within the Borough across the wards there is a higher proportion of under 24-year-olds.

Table 2 – Data which presents Age Structure for the borough based on 2020 population.

Age Structure 2020	Edmonton-Green		Haselbury		Lower Edmonton		Upper Edmonton		Enfield 2020	
	Count	%	Count	%	Count	%	Count	%	Count	%
0-4	1,566	8.1	1,278	7.3	1,312	7.3	1,485	7.4	23,300	7.3
5-14	3,165	16.3	2,691	15.3	3,165	17.7	3,308	16.5	48,111	15.0
15-24	2,499	12.9	2,318	13.2	2,387	13.3	2,612	13.0	29,359	9.2
25-44	5,773	29.7	5,220	29.7	5,087	28.4	6,163	30.7	97,233	30.3
45-64	4,568	23.5	4,243	24.1	4,159	23.2	4,603	22.9	81,948	25.6
65-74	1,049	5.4	1,016	5.8	996	5.6	1,054	5.2	23,470	7.3
75+	787	4.1	832	4.7	799	4.5	867	4.3	17,107	5.3
Total	19,407	100	17,598	100.1	17,905	100	20,092	100	320,528	100

161. Work on the Meridian Water Programme and financial model is being developed in recognition of needs of the borough as a result of current demographics and will be responsive to any changes for example should there be an increase in the younger population a needs assessment will be triggered for relevant educational institutes.

162. Flexibility will be maintained within the programme to respond to requirements for specific age restricted housing (e.g., senior living or first homes) as identified via local need assessment. Ongoing monitoring of both Central Government and Council policy will take place to ensure compliance.

#### Disability

163. Based on 2011 data 7.3% of Enfield residents have a disability or health condition which is significantly limiting and 8.1% have a disability or health condition which is partially limiting.

164. Across Meridian Water 10% of housing is allocated as enlarged housing, includes accessible infrastructure wherever necessary and ensures accessible parking bays are included to accommodate all disabilities ensuring equality is achieved.

165. The Meridian Water Financial Model accounts for 14,731 sq. ft. GIA of Healthcare provision of which 6,458 is being delivered in Phase 1 of the development as GP services.

166. There is ongoing engagement with Councils planning, housing, and public health teams to identify future priority and/or policy changes.

#### Gender Reassignment

167. The Gender Identity Research and Education Society (GIRES) estimates that the UK around 650,000 people, 1% of the population, are estimated to experience some degree of gender non-conformity. In the UK, about 26,000 individuals have so far sought medical care, in general practice or specialist centres so far.

168. If GIRES' distribution among Enfield's population were typical of their national research, this would equate to around 3,350 individuals with some degree of gender non-conformity

169. The work on the Meridian Water programme is advanced in accordance with the Council's fair housing and planning policies. It is not anticipated that the proposals set out in this report will have an impact, so no action is required at this time.

#### Marriage and Civil Partnership

170. Marriage and civil partnership data has been reviewed using current household data from the 2011 Census.

Table 3 - Marriage and Civil Partnership data from 2011 Census.

Marriage Civil Partnership 2011 (Proxy)	Edmonton-Green	Haselbury	Lower Edmonton	Upper Edmonton	Enfield
Single person	31.3	25.4	27.1	25.2	28.7
All occupants aged 65 Plus	2.4	4.0	3.4	3.3	5.5
Married couple or civil partnerships no children	4.7	5.6	5.4	6.4	7.9
Married couple or civil partnerships with dependent children	15.3	18.7	16.8	16.9	17.4
Married couple or civil partnership, all children non dependent	4.3	7.4	5.8	6.1	6.8
Cohabiting couple, no children	1.9	1.7	1.8	1.7	3.4
Cohabiting couple, with dependent children	3.1	2.6	3.0	2.5	3.0
Cohabiting couple, all children non dependent	0.4	0.6	0.6	0.3	0.4
Lone Parent	24.3	21.8	24.4	23.4	16.7
Other	12.2	12.2	11.6	14.1	11.0

171. It is not anticipated that the proposals as set out in this paper will have an impact on marriage and Civil Partnership.

#### Pregnancy and Maternity

172. The Master Plan ensures all infrastructure to be accessible wherever necessary as well as ensuring the inclusion of health provisions. The financial model accounts for 14,731 sq. ft. (GIA) of healthcare provision of which 6,458 is being delivered in Phase 1 of the

development as GP services. 189,245 sq. ft. (GIA) is assigned for Nursery, School, and other community facilities to ensure continual inclusivity through pregnancy and thereafter.

173. Meridian Water team to continue engaging with Council’s Public Health team to identify any changes in policy or priorities.

Race

174. Enfield is a borough with a diverse population. Ethnic profile data (Census 2021) shows that in Enfield BAME population was 66.8%.

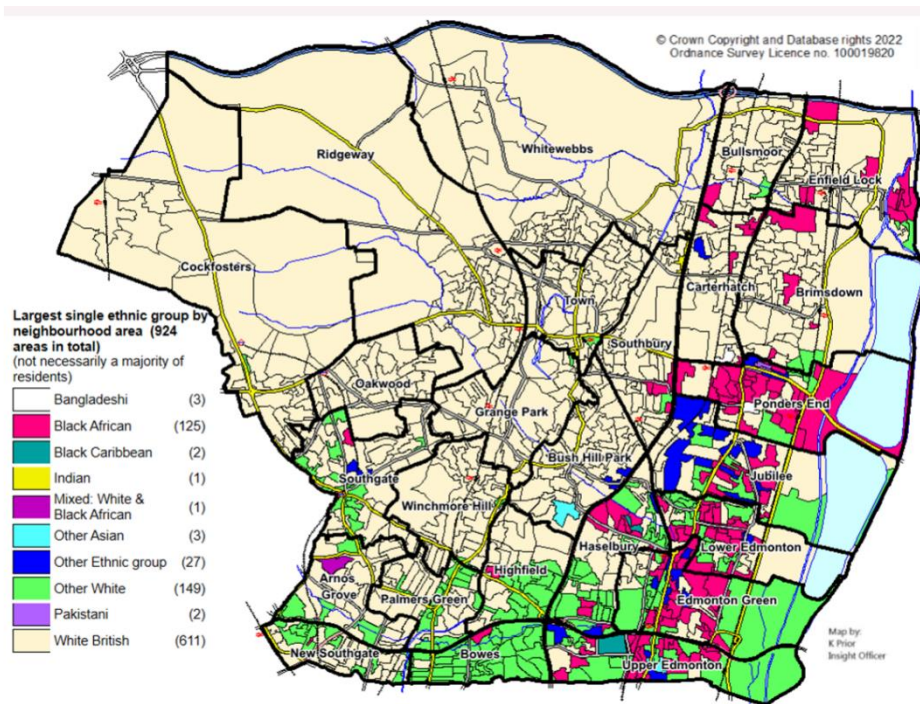
175. Edmonton Green, Upper Edmonton, Ponders End and Lower Edmonton have over 20% of the population identifying as Black African.

176. The proposals for the delivery of Meridian Water accord with the Council’s proposals on housing and inclusion. The work as set out above will bring forward local housing opportunities that will benefit Edmonton/Enfield's Ethnic Minority and BAME populations, therefore no actions will need to be taken.

Table 4 – Census 2021 data (Enfield, December 2022 update) comparing changes to the Ethnicity of Enfield residents from 2011 to 2021.

Ethnicity: 22 Categories	2011		2021		Increase / Decrease	
	Number	%	Number	%	Number	%
White British	126,450	40.5	103,313	31.3	-23,137	-18.3
White Irish	7,243	2.3	6,184	1.9	-1,059	-14.6
Greek	3,490	1.1	3,509	1.1	19	0.5
Greek Cypriot	9,257	3.0	9,912	3.0	655	7.1
Turkish	16,704	5.3	17,503	5.3	799	4.8
Turkish Cypriot	5,922	1.9	7,652	2.3	1,730	29.2
Kurdish	3,584	1.1	5,578	1.7	1,994	55.6
White Other	22,580	7.2	42,531	12.9	19,951	88.4
Mixed: White / Black Caribbean	4,852	1.6	5,276	1.6	424	8.7
Mixed: White / Asian	4,278	1.4	4,009	1.2	-269	-6.3
Mixed: White / Black African	2,384	0.8	3,084	0.9	700	29.4
Mixed: Other	9,347	3.0	7,188	2.2	-2,159	-23.1
Indian	11,648	3.7	12,015	3.6	367	3.2
Pakistani	2,594	0.8	3,686	1.1	1,092	42.1
Bangladeshi	5,599	1.8	8,142	2.5	2,543	45.4
Chinese	2,588	0.8	2,765	0.8	177	6.8
Other Asian	7,496	2.4	11,641	3.5	4,145	55.3
Somali	1,692	0.5	8,089	2.5	6,397	378.1
Other Black African	28,713	9.2	27,121	8.2	-1,592	-5.5
Black Caribbean	17,334	5.5	16,976	5.1	-358	-2.1
Other Black	4,179	1.3	8,768	2.7	4,589	109.8
Other Ethnic Group	14,532	4.7	15,047	4.6	515	3.5
Totals	312,466	100.0	329,989	100.0	17,523	5.6

Table 5 - Census 2021 (Enfield, December 2022 update) Small-area Ethnicity data: Enfield output areas



## Sex

177. In 2020 the gender profile of the population of Enfield showed there were 50.9% females and 49.1% males. The delivery of Meridian Water is in accordance with the Council's fair housing policy and policies on equality. No adverse impact is anticipated as a result of these proposals.

## Sexual Orientation

178. Given the limited data for sexual orientation the Enfield Borough Profile 2021 used the ONS Annual Population Survey which reported the proportion of LGB people in Enfield to lie somewhere between 9,000 and 12,700. Taking the average of the National Survey's LGB population (National and London) that would come to 3.95% of the boroughs 16+ years population, which when calculated comes to 10,352 people. The delivery of Meridian Water is in accordance with the Council's fair housing policy and policies on equality. No adverse impact is anticipated as a result of these proposals.

## Socio-economic deprivation

179. The updated 2021 Census shows Enfield's employment rates were lower than the London and national average.

- 60.7% of Enfield's 257,182 over 16s were economically active
- 143,864 of these (55.9%) were working as of March 2021.
- 4.7% were unemployed.

180. DWP (Department for Work and Pensions) in 2017 put the level of household incomes beneath the poverty line at a weekly average of £288 per week. This equates to an annual income of £16,128.



Therefore, annual incomes beneath £15,000 per annum would represent households beneath the UK poverty line.

181. The delivery of 40% affordable housing is assumed within the update of the Meridian Water Financial Model with a varied offering of tenure types in response to the financial profiling of the borough. Continual monitoring of both Central Government and Council policy will take place to ensure compliance with housing policy.

#### Monitoring and Review

182. As set out above the proposals will have neutral or positive impacts on 9 protected characteristics within the EqIA and there will be on going monitoring and review as details of development proposals come forward.

#### **Environmental and Climate Change Implications**

183. Enfield Council declared a Climate Emergency in July 2019, and the Council has developed an Environmental Sustainability Strategy (ESS) for Meridian Water that was approved by Cabinet in 2020 (KD5089). The promotion of sustainability in terms of resource consumption and development of communities runs throughout the Meridian Water Programme.

#### Consideration of Energy Supply

184. Bringing forward new homes will have energy impacts within the borough. In support of the requirements to provide services Council has invested in a district heating network, using very low carbon heat from the rebuilt North London Heat and Power plant. This network will support Meridian Water in operating low carbon homes. All new homes constructed will be connected to the heat network. This will achieve a 92% reduction in the residents' carbon footprint for heating compared to an individual gas boiler.
185. Over the course of the delivery programme on-going review of bringing forward sustainable affordable energy to the residents of Meridian Water will be reviewed as new development plots are brought forward.

#### Carbon Reduction

186. Although the construction of new homes will create an increase of emissions compared to not building homes, the Meridian Water Environmental Sustainability Strategy seeks to mitigate these emissions, progressively increase performance, and create a state where net zero carbon homes are a reality.
187. The ESS, targets are to reduce the operational energy from 105kWh/m<sup>2</sup>/yr to under 30kWh/m<sup>2</sup>/yr, to reduce the embodied carbon from 600kg CO<sub>2</sub>e/m<sup>2</sup> to under 300KgCO<sub>2</sub>e/m<sup>2</sup> and to increase the local



renewable energy offsets from 25% to 100% of the residual carbon emissions.

188. As development plots come forward these will be delivered in accordance with the policies as set out within the London Plan and working to achieving the goals and objectives of the ESS.

#### Mitigating Environmental Impacts

189. Through Environmental Impact testing undertaken as part of the Outline Planning application the environmental impacts of Phase 2 of Meridian Water, both positive and negative are well understood. In particular those that are a factor of the constraints of the surrounding environment (proximity to industrial location, the A406 North Circular Road, and watercourses).

190. In the development of detailed design work bring future plots forward there will be further testing (as part of the planning process) of impacts on amenity, particularly those with the potential to impact future and existing residents. Matters such as flooding, noise, air quality, microclimate will be examined through the progression of high-quality design and engineering.

191. Negative impacts during the construction phases of the development programme will be mitigated through the preparation and operation of Construction Environmental Management Plans (CEMPs). These plans will set out the processes and procedures to be followed to ensure that matters such as construction traffic; construction noise; waste and recycling and dust suppression etc are well controlled. CEMPs will be used to ensure that Contractors are following best practice.

192. The delivery of the Meridian Water is also an opportunity to create positive environmental impacts through the development of the future phases new open spaces will be provided within the community and access to the canalside will be improved. There will be opportunities to enhance ecology and overall greening of the site.

#### Ongoing management of Climate Change

193. Over the course of the Meridian Water programme flexibility will need to be maintained in delivery to ensure that the development is able to respond positively to the challenges of future climate change. By bring forward the opportunity to collaborate within other development leaders these proposals enable the challenge of climate change to positively be addressed.

#### **Property Implications**

194. The property implications for this report are to be found throughout the content of the report.

195. Various property-related activities are highlighted in this report which will require their own separate reports and also the need to abide by established governance procedures, especially the Property Procedure Rules. These will be addressed in the appropriate way, and by the appropriate officers in accordance with Schemes of Delegation, as they come forward.

---

**Report Author:** Penny Halliday  
Acting Director of Meridian Water  
Penny.halliday@enfield.gov.uk

### **Appendices**

*Appendix One: 23/24 & 24/25 Budget*

*Appendix Two RICS UK Economy and Property Update*

### **Background Papers**

*(Note: Please list here all the documents which have been relied on in the preparation of this report, but which are not appended to it)*