

**Report for:** Cabinet – 8 March 2022

**Report Title:** Gourley Triangle: Acquisitions Programme and Pre-Contract Project Development

**Report authorised by:** David Joyce, Director – Housing, Regeneration and Planning

**Report Author:** Peter O'Brien Assistant Director, Regeneration and Economic Development, and Jonathan Kirby, Assistant Director for Capital Projects and Property

**Ward(s) affected:** St Ann's

**Report for Key/Non Key Decision:** Key Decision

## 1. Describe the issue under consideration

- 1.1 The Gourley Triangle is an important Site Allocation (SS4) within the Council's adopted policy: Tottenham Area Action Plan (2017) as shown edged green on the plan attached at Appendix 1. The site allocation calls for a mixed-use development with the potential to deliver high quality employment space for small to medium enterprises, alongside much needed council rented homes.
- 1.2 For the purposes of this report, the site in question is outlined in red on the plan attached at Appendix 1 and is land west of Durnford Street ("the Site"). The Site forms a smaller portion of land within the Tottenham Area Action Plan boundary.
- 1.3 Following the Cabinet decision in July 2021 to note the draft Masterplan Objectives and proceed with the first acquisition, this report asks Cabinet to agree the acquisition of the remaining third-party land interests on the Site, based on the business case for the redevelopment of Gourley Triangle set out in this report.
- 1.4 In agreeing to the acquisition of the properties within the site and the associated redevelopment, a capital bid will be submitted as part of the next Medium Term Financial Strategy (MTFS) for the cost of the works element of the development. This capital bid will be a self-financing bid.
- 1.5 Approval is also sought for the pre-contract budget (set out in Part B of this report) to progress the development of the Site including an extension of the existing Contract with the multi-disciplinary design team through to submission of a planning application at the Royal Institute of British Architects (RIBA) Work Stage 2+.

## 2. Cabinet Member Introduction

2.1 Haringey's Borough Plan (2019-2023) sets out the Council's commitment to harnessing its assets and its potential to meet core priorities including:

- **Economy** – a growing economy that provides opportunities for all of the borough's residents and supports its businesses to thrive, delivered through a community wealth building approach
- **Housing** – maximising safe, stable, and affordable homes for residents
- **Place** – establishing a place with strong, resilient, and connected communities where people can lead active and healthy lives in an environment that is safe, clean, and green

2.2 In line with these core priorities, we have shown commitment to delivering investment and locally driven placemaking on the Gourley Triangle through the noting of the Masterplan Objectives and the decision to proceed with the first acquisition at Cabinet in July 2021. The delivery of the masterplan will transform the area around South Tottenham with new employment spaces, sustainable job opportunities and high-quality homes. It will become a place for local people to work, live and enjoy, exploiting its proximity to the Seven Sisters transport network.

2.3 Since agreeing the Masterplan Objectives, significant progress has been made to develop the scheme. Feasibility work to inform the business case sets out how investment in the Site will deliver on the Council's corporate agenda whilst supporting economic recovery in the borough to responding to the challenges posed by the Coronavirus pandemic. Building on the Site's status as a 'Creative Enterprise Zone' the scheme will offer opportunities for new and existing businesses to thrive.

2.4 An innovative and inclusive placemaking programme has successfully launched, empowering local communities to participate in the design process, ensuring that the new neighbourhood aligns with their aspirations. Engagement to date has focussed on existing businesses, young people and underrepresented groups to ensure that future commercial, residential, and public spaces reflect what the local community wants and needs.

2.5 In line with the Council's ambitious Climate Change Action Plan, the project looks to achieve a zero-carbon outcome overall. Employing sustainable and renewable energy sources and promoting best design practice, we are aiming for the project to be a flagship for sustainable placemaking in the borough.

2.6 The acquisitions programme and proposed pre-contract budget are supported by a robust business case and meet the Council's agreed criteria included in the disposals and acquisitions policy. I am happy to ask Cabinet to agree to the recommendations.

### **3. Recommendations**

Cabinet is asked:

- 3.1 To note the business case for the acquisition of the remaining third-party land parcels on “the Site” as set out in paragraphs 6.4-6.65 of the report.
- 3.2 To acquire, based on the business case, the remaining third-party land parcels coloured pink and situated within “the Site” outlined in red on the plan attached as Appendix 1 and to be held in the General Fund for planning purposes; and
- 3.3 To approve a budget for acquisitions as set out in 3.2, being a total sum set out in the exempt Part B of this report to be funded from the Strategic Acquisitions Fund.
- 3.4 To give delegated authority to the Director of Housing, Planning and Regeneration, after consultation with the Cabinet Member for Finance and Transformation and the Cabinet Member for House Building, Placemaking and Development, to agree the price for each acquisition and the final heads of terms and legal documentations.
- 3.5 To approve a budget for project development costs to Royal Institute of British Architects (RIBA) Work Stage 3+ (tender), being a total sum set out in the exempt Part B of this report to be funded from the Strategic Acquisitions Fund.
- 3.6 To approve the extension of the Contract with Haworth Tompkins Architects from RIBA Work Stage 1+ to RIBA Work Stage 2+ (planning application) for a total budget set out in the exempt Part B of this report.
- 3.7 To give delegated authority to the Director of Housing, Planning and Regeneration, after consultation with the Cabinet Member for Finance and Transformation and the Cabinet Member for House Building, Placemaking and Development, to approve a contingency sum in relation to the Contract extension with Haworth Tompkins Architects as set out in the exempt Part B of this report.
- 3.8 To note the key principles of the draft Business Retention and Relocation Strategy as set out in paragraph 6.25 of the report.

### **4. Reasons for Decision**

- 4.1 The recommendations in this report support the delivery of the Gourley Triangle site allocation in Tottenham Area Action Plan (AAP). This site has long been identified as having the potential for renewal and placemaking given the poor quality of its current built environment.

Business Case and Land Acquisitions

4.2 The Council's employment and economic growth aspirations are ambitious, seeking to deliver 12,000 jobs in the borough by 2026 as identified within the Local Plan Planning Obligations Supplementary Planning Document (2018). The business case set out in this report has workspace at its heart with new development aiming to secure employment spaces that meet the needs of the post-Covid economy alongside wider Council objectives of placemaking, delivering council homes, and sustainability. With highly limited land supply in the borough, opportunities such as this should be carefully considered and maximised.

4.3 The Council is in a unique position to secure the Site Objectives for the Gourley Triangle. Acquisition of the remaining land interests will allow the Council control over the site and hence the ability to take forward a comprehensive redevelopment scheme.

#### Multi-Disciplinary Design Team Appointment

4.4 The project requires the appointment of a high quality and experienced multi-disciplinary design team to deliver the detailed planning application and technical design work to RIBA Work Stage 3+. In April 2021, Haworth Tompkins were appointed under delegated authority to deliver feasibility work up to RIBA Work Stage 1+. This paper seeks approval to extend this Contract to RIBA Work Stage 2+ as allowed for by the original procurement and give the option to approve a contingency sum under delegated authority if required.

4.5 Progression of the design to RIBA Work Stage 2+ will enable certain elements of the scheme to be designed in detail, ensuring that the planning application locks in quality that is protected from potential future value-engineering exercises.

### **5. Alternative Options Considered**

#### **Not agreeing the Business Case and Land Acquisitions**

5.1 Not agreeing the business case and land acquisitions was rejected as it would mean that the Site would remain in its current form and would not deliver on the Masterplan Objectives noted by Cabinet in July 2021. This would result in a lost opportunity to support the Council's ambitious economic housing and growth targets as set out in the Borough Plan and result in an uncertain future for this important site.

5.2 Due to planning policy requirements and disparate land ownership, it is considered that the Council are the only party who are able to implement a holistic approach to development of the Site in a timely fashion. This report recommends such an approach.

## **Endorsing the business case but acquiring third party acquisitions at a later date**

- 5.3 This option was considered and rejected. There is currently an opportunity to acquire third party land parcels and a number of third-party vendors have indicated that they have a compelling business reason to dispose at this time. Were the Council not to take the opportunity to acquire at this time, there is a risk that the sites could be sold on, and that development by a third party could take place which does not meet the Masterplan Objectives as noted by Cabinet.
- 5.4 This option also risks the loss of external funding from the Future High Street's Fund (FHSF) and Brownfield Land Release Fund (BLRF) as there is potential that the grant funding will need to be repaid if programme milestones are not achieved. The FHSF grant requires that it is spent by March 2024, and the BLRF grant requires land to be released for residential development also by March 2024. If these milestones are not met, then alternative funding sources would be required which would have a detrimental impact upon the scheme's deliverability and viability. Acquiring the third-party sites would provide the Council with a level of control which would not be achieved should land be owned on a piecemeal basis.

### **Re-procurement of the Multi-Disciplinary Design Team**

- 5.5 The Council could seek to re-procure the services of a Multi-Disciplinary Design Team at this juncture. This option is not recommended as the original procurement exercise envisaged that the team would continue through to the next stage. It would be detrimental to the project in terms of time, cost, and quality to change the professional team at this stage in the project's delivery.

## **6. Background Information**

### The Gourley Triangle – Site Context

- 6.1 The Site is located on Seven Sisters Road within a designated "Area of Change" and sits as a smaller area within the Tottenham Area Action Plan (AAP) Site Allocation SS4. It is located within St Ann's Ward, bordering Seven Sisters and Tottenham Green Wards and is close to the West Green Road District Town Centre.
- 6.2 Located near to Seven Sisters Underground and Overground Stations (approximately 200 metres to the east) and South Tottenham Overground Station, the overall Tottenham Area Action Plan site area benefits from a high overall Public Transport Accessibility Level (PTAL) rating of 6a. At its eastern boundary, the PTAL rating is 6b, representing the highest achievable transport connectivity score. At its western extent the PTAL rating is 3.

- 6.3 Bounded on one side by railway tracks and on the other by Seven Sisters Road, a Transport for London Route Network (TLRN) road, the Site is relatively constrained. Existing buildings comprise a range of creative and commercial uses with light industrial in the older stock. The Site is adjacent to a large Wickes retail store with associated car parking.

### Gourley Triangle Phase 1 Business Case

#### Strategic Objectives

- 6.4 The Site is promoted through the Tottenham Area Action Plan and forms a key part of the Tottenham Creative Enterprise Zone. In redeveloping the site, which is generally in poor condition, a significant emphasis is therefore placed on the delivery of workspace as a central part of any redevelopment.
- 6.5 With this backdrop, the following Masterplan Objectives were noted by Cabinet in July 2021. These illustrate how the development will contribute towards the economic, social, and environmental well-being of the area, building on the Council's wider strategic objectives as set out in the Borough Plan, notably a commitment to secure the delivery of a range of workspaces to meet the needs of a modern economy.

#### *Objective 1 – Gourley Triangle at Work*

- 6.6 The masterplan will build on the existing uses on the site to create a place that can exhibit significant clusters of skills and businesses with a focus on maker spaces, the arts, and creative sectors, notably fashion. These will link to other creative business in Tottenham and beyond, providing local employment and education opportunities particularly for young people.
- 6.7 The Site provides an opportunity for the Council to deliver a range of higher density employment spaces which will exploit the excellent connectivity provided by Seven Sister's Station and create accessible range of workspaces to suit a mix of business needs.

#### *Objective 2 - Embracing Placemaking and Improved Connectivity*

- 6.8 The Council is committed to a placemaking approach that involves working with residents and businesses to shape neighbourhoods by building on local knowledge and placing inclusive engagement and co-production techniques at the heart the approach. Further details are set out below at Paragraph 6.60-6.65.
- 6.9 The project's ongoing placemaking approach will be used to inform improvements to the Seven Sister's Road public realm. This will result in high-quality streetscape, active frontages, and mitigation of poor air quality and noise pollution through high



quality building design. New accessible landscaping and green infrastructure including green spaces will link the commercial and residential uses.

### *Objective 3 - Climate and Sustainability at its Heart*

- 6.10 The masterplan will deliver on the Council's Climate Change Action Plan (March 2021), including delivering net zero for new development, targeting Passivhaus certification for residential elements and targeting the Building Research Establishment Environmental Assessment Method (BREEAM) 2018 'Excellent' for the commercial provision.
- 6.11 Biodiversity and access to green space will be substantially improved to meet local needs. Whilst Seven Sisters Ward has been identified as a place of public open space deficiency and St Ann's Ward itself has some of the poorest access to small local parks<sup>1</sup>, the Covid-19 lockdowns have further increased the urgency to improve access to great space and parks.
- 6.12 The railway embankment adjoining the site forms part of a series of 'Sites of Importance for Nature Conservation' (SINCs) that connect several green spaces along the railway line which runs east to west across the borough. The masterplan will enhance the Grade II listed SINC and ecological corridor and enhance cycling and walking routes between green and open spaces in line with the Council's draft 'Walking and Cycling Action Plan' (2021-2031).

### *Objective 4 - A Community Wealth Building Approach*

- 6.13 At every stage of the development and delivery of the masterplan the Council will employ a community wealth building approach which will extract social value wherever possible. This will involve working with local businesses both during and post-construction to ensure that the maximum local benefit is achieved.
- 6.14 The community wealth building approach has already enabled the procurement of 'Nooma Studio', an emerging architectural practice based at the High Cross Centre in Seven Sisters. Nooma studio form a core part of the design team and bring expert local knowledge and extensive experience engaging with local community groups in the vicinity of the masterplan area.

### *Objective 5 – Delivery of Council Rented Homes*

- 6.15 In line with the Tottenham Area Action Plan site allocation, the site provides an opportunity to deliver much needed council rented homes for the borough. These will be designed to support the existing streetscape and minimise impact on neighbours, maximising daylight and dual aspect layouts.

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<sup>1</sup> Haringey Council. (2006). *Open Space Strategy and Action Plan Executive Summary*

## The Economic Case

### *Market Demand for Employment Uses*

- 6.16 Avison Young have prepared a market appraisal for both private residential and commercial uses to inform viability model inputs which is attached as Appendix 5 to Part B of this report. Engagement took place with local agents, indicating a good level of interest in new build mixed-use schemes within Haringey.
- 6.17 Avison Young's analysis of existing workspace provision in the area and corresponding levels of demand was carried out to inform the nature and quantity of workspace that could be provided on the site. The study found that there is currently little workspace provision in the immediate area, but that there are clusters located in the wider vicinity. Market demand suggests an opportunity to provide space that is inherently flexible and can be adapted to suit occupier requirements.
- 6.18 Advice suggests that there has been a recent increase in small and medium enterprise (SME) activity on the site, mostly associated with the creative industries in the surrounding area. This demonstrates that there is potential for several alternative employment space typologies to be integrated into the scheme design beyond traditional office and industrial formats. These will reflect and respond to the changing nature of working practices, particularly as a result of shifting trends following the Covid-19 pandemic.
- 6.19 Conversations with several operators in the area has further indicated demand from a wide range of sectors, including photographers, fine artists, production companies and others.
- 6.20 Evidence collated in preparation of the Borough's draft Economic Development Strategy (2020) found that the arts, entertainment, and recreation sector is one of the largest employing sectors in the borough and one that has undergone substantial growth since 2015, particularly in the East of the borough, with 25% employment growth between 2016 and 2020. Employment in Clothing and Fashion production specifically grew 55% between 2013 and 2017 despite a trend towards less clothing and fashion production companies more widely<sup>2</sup>, supporting the workspace principles set out below.

### *Workspace Strategy*

- 6.21 Building on the evidence base, a draft workspace strategy has been prepared to define the types of employment spaces to be re-provided within the Masterplan.

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<sup>2</sup> Hatch Regeneris, (February 2020). *Haringey Economic Development Strategy Economic Baseline – Final Evidence Report*



The strategy sets out a strategic approach to building on the site's status as one of the Greater London Authority's (GLA) 'Creative Enterprise Zones' which looks to create permanent, affordable creative spaces, ensuring no net loss of space.

- 6.22 The strategy categorises creative and commercial sectors to be retained, grown, attracted, and relocated based on their compatibility with the Masterplan Objectives. These are set out below in more detail:
- Retain: The strategy will seek to retain the existing fashion design and maker businesses on site, to build on the 'critical mass' of these uses. Other retain categories include other non-fashion creative businesses and existing educational institutions.
  - Grow: Building on the existing creative provision, the strategy will support sub-sectors linked to the textile industry including textile design, screen-printing and fashion retail. The strategy will seek opportunities to grow existing local skills through apprenticeships with local businesses and links to learning institutions.
  - Attract: The strategy will look to procure anchor tenant/s in the creative industries with a strong community wealth building focus. This includes potential to partner with creative education bodies by establishing academic facilities on the site to link to the creative industries as a single hub for learning, teaching and making. The strategy could also focus on attracting higher value sub-sectors following current trends in the wider area including Film and TV, IT, Design and Architecture.
  - Relocate: The strategy acknowledges that certain larger industrial uses are highly incompatible with the masterplan principles and the Creative Enterprise Zone' strategic objectives – including large logistics/warehousing companies and car-related businesses who provide lower employment densities and present challenging environmental considerations alongside other commercial space and residential uses. The draft Business Retention and Relocation Strategy (BRRS) principles noted in paragraphs 6.25 and 6.27 set out how these businesses will be supported in relocation.
- 6.23 The current proposal will see the Masterplan scheme delivering a minimum of 15% affordable workspace at 50% of market rates, subject to design development and testing.

#### *Business Retention and Relocation Strategy*

- 6.24 To ensure that the development minimises disruption to existing businesses, a bespoke 'Business Retention and Relocation Strategy' (BRRS) is under development. Using evidence and data from engagement with businesses, this will aim to understand the future intentions and needs of businesses and try to accommodate these as far as possible within the masterplan.

6.25 Following completion of consultation with existing businesses, a final version of the BRSS will be agreed, the key principles of which are set out as follows:

1. A Bespoke Approach – Business Retention and Relocation Strategy principles to be informed through extensive discussions with businesses, to understand their current working conditions, aspirations, and future plans.
2. Early Engagement and Transparent Communication – Delivery of regular and easily accessible information on the project to enable businesses time to plan for their future and provide a level of certainty for them to do so effectively.
3. Endeavouring to keep businesses and jobs within the area - Where businesses wish to remain on site and their uses are compatible with the Masterplan Objectives, providing support in identifying scope to move within the site area. For businesses who cannot relocate on site, the Council will provide reasonable assistance in identifying alternative local space in the Borough or across the Productive Valley where retention in the Borough is not possible.
4. Business Support with Retention/Relocation –ensuring that potential disruption is minimised, and that support to meet the future aims and aspirations of businesses is provided, including assistance with business planning, marketing strategies and obtaining other professional advice.
5. A Clear Timeline for Commercial Transition –providing a clear timetable to enable individual businesses to remain as viable as possible during the pre-construction period and subsequent regeneration.

6.26 To date, findings from discussions with business have been structured into a Compatibility Matrix which assesses business requirements against the Masterplan Objectives, the Council’s Strategic Vision and engagement feedback.

6.27 For those businesses who can be accommodated and wish to be remain on the site, the Council will provide clear and transparent communication as to the quantum and rental discount applied to space which will be designated as affordable. Alongside rent levels, the Council will set out service charges and business rate levels so that businesses can make informed decisions as to the suitability of the spaces on offer.

6.28 It is noted that there are a number of car repair businesses operating from the site whose uses are of low compatibility with the Masterplan Objectives. The Council will provide reasonable assistance to these businesses as part of the search for relocation sites in the wider region in line with Commitment 3.

### The Commercial Case

## *Property Considerations and Land Assembly Strategy*

- 6.36 To successfully deliver the Gourley Triangle Masterplan Objectives, the Council will need to secure all of the interests on “the Site”. These have been valued by the Council’s commercial advisors as part of a ‘Property Cost Estimate’ (PCE) as contained within Appendix 4 to Part B of this report.
- 6.37 Third party land interests to be acquired are shown coloured pink on the Site Plan attached as Appendix A and comprise of 8 freehold interests, 29 leasehold interests and 7 residential tenancies (excluding Metalcraft). The Council owns approximately two-thirds of the freehold interests within “the Site” and is in the process of acquiring a further site (Metalcraft). A detailed list of the sites to be acquired is set out as Appendix 2 in Part B of this report.
- 6.38 The Council’s principal and preferred method of acquiring land is through negotiation and private treaty arrangements with individual landowners. Negotiations have commenced with several landowners and engagement suggests that there is currently an opportunity to acquire critical land interests as many landowners have expressed a willingness to dispose of their sites at this time.

### Land Assembly Strategy and Compulsory Purchase Order (CPO) Powers Available

- 6.39 The Council’s principal and preferred method of acquiring land is through negotiation and private treaty acquisitions with individual landowners. In this respect, negotiations have commenced with a number of landowners following the Cabinet decision to acquire the Metalcraft site in July 2021.
- 6.40 Should the Council fail to acquire the sites by private treaty then consideration will be given to the Council exercising Compulsory Purchase Order (CPO) powers in the future as a last resort. In advance of making a CPO, the Council will need to demonstrate reasonable attempts to acquire the land by agreement. A decision to implement a CPO would be the subject of a separate Cabinet decision, setting out justification within CPO guidance.
- 6.41 Government guidance on the use of CPO advises that where it is considered likely that a CPO will be required, that it is acceptable to start the preparation in tandem with undertaking negotiations.
- 6.42 Avison Young have advised that a minimum of 18-24 months should be allowed for the compulsory purchase process from the start of preparation work to taking vacant possession of the site. Grant funding requirements impose certain deadlines for delivery and if a CPO was required as a last resort, then officers would need to start work preparing for a possible Cabinet decision from April 2022.

- 6.43 Advice received from Avison Young on the estimated cost for a CPO on this site is set out in Part B of this report.

### *Acquisitions Policy*

- 6.45 The proposed acquisitions have been assessed against the following criteria as set out in the Council's Disposal and Acquisitions Policy and summarised below:

Policy	Comments	
MTFS contribution	Allocation in Medium Term Financial Strategy (MTFS) includes Future High Streets Fund Grant (MHCLG) and Strategic Acquisitions Fund (Council capital funding).	✓
Asset Management Plan	Acquisitions support objectives of the Borough Plan in terms of Economy, Place and Housing	✓
Business Case	Strong case to acquire in accordance with Council's Masterplan and placemaking strategy for the Gourley Triangle site	✓
Deliverability	Acquisitions will initially form a standalone investment and the Council will seek to secure flexible interim lease arrangements pending future development of the site	✓
Valuations/ Development appraisal supports	Acquisitions will be supported by Royal Institute of Chartered Surveyors (RICS) Red Book valuations	✓
Affordability	Acquisitions will be financed using third party 'Future High Streets Fund' grant funding from the Ministry of Housing, Communities and Local Government (MHCLG) and Strategic Acquisition Fund funding from the Council's Capital Programme	✓
Legal assessment	See separate Statutory comments below	✓
Alternative options considered	See Section 5 of this report	✓
Risk assessment	See Section 6.71 of this report	✓
Political	See Member introduction in support of this transaction for approval at March '22 Cabinet	✓

*Figure 1: Gourley Triangle Acquisitions Programme Assessment against the Council's Disposals and Acquisitions Policy*

- 6.46 The proposed acquisition programme as recommended in this report accords with the planning policy objectives for the Gourley Triangle site and the placemaking and workspace objectives as approved by Cabinet in July 2021. The project supports the objectives in the Borough Plan in terms of Economy, Place and Housing as set out in Section 7 of this report. Alternative options considered are

set out in Section 5 of this report.

#### *Acquisitions Programme – Interim Uses and No-Scheme Scenario*

- 6.47 There is a strong business case to acquire the properties in question for the purpose of future development in line with the Masterplan Objectives. However, by acquiring based on the Property Cost Estimate (PCE), this means that should it not be possible to proceed with a comprehensive redevelopment of the Site, then the Council can seek an alternative income stream for the properties at open market rental value to cover acquisition costs. The land and properties in question will be surveyed and inspected prior to acquisition to enable re-negotiation to take place if required.
- 6.48 The Council will benefit from the ownership of newly acquired properties which could be sold on should the Council not proceed to implement the masterplan. Acquisitions will be undertaken based on local market evidence, to enable the Council to always maintain demonstrable value within the key strategic development opportunity.

#### *External Funding*

- 6.49 The Council has secured £4,800,000 of external funding from The Ministry of Housing, Communities and Local Government (MHCLG)'s 'Future High Streets Fund' (FHSF) to support the acquisitions programme. The FHSF grant must be spent by March 2024.
- 6.50 A further £1,435,540 of external funding has been secured from the One Public Estate (OPE) Brownfield Land Release fund (BLRF) for de-risking of site abnormalities including de-contamination, demolition, and other enabling works. The BLRF grant requires that land is released, and development commences on site for residential use by 2024.
- 6.51 In October 2021, the Council secured 50% GLA match funding towards a 'Regeneration Sites Officer' role to support the delivery of the project. This forms part of the GLA's Economic Recovery Capacity Programme in response to the economic challenges faced as a result of Covid-19 and supports the Council's resourcing of the project.
- 6.52 Further external funding will be required to deliver the scheme. The Council will submit a bid for a second round of the GLA's Affordable Homes Programme 2021-26 later in 2022. The viability model assumes a £190,000 grant allowance per unit. This is consistent with the first allocation and the approach has been discussed with the GLA.

#### Delivery and Next Steps

## *Planning Strategy*

- 6.53 The Council's planning application will include detailed design for the Site, alongside high-level, 'vision study' for the Wickes side of the Tottenham AAP area (ie. land east of Durnford Street). The design for the Site will be prepared to ensure that any potential subsequent development of the remainder of the AAP area comes forward in line with the Masterplan Objectives and parameters as set out in the vision study. This element would not form part of the project beyond its inclusion within the Planning Application information.
- 6.54 A Planning Performance Agreement (PPA) has been entered into which sets out the timescales, actions, and resources for handling the application. Two Planning Pre-Application Meetings and one Quality Review Panel (QRP) meeting have taken place, where masterplan objectives, scheme quantum and sustainability targets were discussed. It was noted that proposed land use and masterplanning principles were generally acceptable and proposed further testing of density targets.

## *The Emerging Scheme*

- 6.55 Design and financial feasibility work has shown that it is possible to meet the draft Masterplan Objectives as endorsed at Cabinet in July 2021 whilst also responding to the engagement outputs from the placemaking programme as set out in Paragraph 6.64. The study indicates that the Site has the capacity to deliver approximately 240 new homes, alongside circa. 4,450m<sup>2</sup> of high-quality employment space as part of a new urban neighbourhood in Seven Sisters. Layouts and massing are indicative at this stage will be flexible to adapt to future consultation and engagement outcomes.
- 6.56 The strategic approach looks to retain and extend the existing brick warehouse building at 718-728 Seven Sisters Road alongside delivery of three new buildings, to establish a strong and consistent street frontage to Seven Sisters Road and reinforce the existing street pattern. The study illustrates potential for greater height to the rear of the site with two further new buildings. This approach will maximise density and reduce the impact on neighbouring properties, benefitting from the relationship to the Site of Importance for Nature Conservation (SINC) parkland edge. It will create a connected and dynamic landscape within the site that supports a combination of commercial and residential uses.
- 6.57 In line with the Tottenham AAP, the feasibility study looks to maximise the quantum of employment space whilst delivering an improvement in the quality, type, and number of jobs available, through an increase in employment density. The AAP sets out a minimum indicative development capacity of 6,600m<sup>2</sup> across the whole AAP site area, equivalent to 3,235m<sup>2</sup> for "the Site". The feasibility



scheme suggests that the scheme can, however, deliver a greater quantum than this at 4,450m<sup>2</sup>.

6.58 In terms of residential provision, the feasibility study indicates capacity to deliver up to 27% three- and four-bedroom homes, which is lower than the Council's target dwelling mix for affordable rented housing at 45%. Due to the constraints of the site and Planning Policy requirement for an employment led scheme, there is limited availability of space to provide family units at ground floor. Furthermore, there is potential that the needs of residential elements (particularly family homes) would be in competition with the needs of the workspace provision. This element will be explored further through the planning process.

6.59 The financial appraisal of the emerging scheme is positive. Details of the appraisal are set out in Part B of this report.

#### *Placemaking and Co-Design Programme*

6.60 Webpages on the "Tottenham.London" website and an online engagement platform have been established for the project. A letter was shared with residents and business owners in the wider vicinity, with links to the online pages and an invitation to join the conversation around the project at two early engagement events:

- Meet the Design Team– An introduction to the site and Question and Answer session at an online meeting
- Forage for the Future –creative exploration of the site through photography, drawing and writing, over two afternoon sessions on site

6.61 Two young people based in Tottenham with an interest in engagement, design and the creative industries were appointed for the paid roles of 'Young Producers' as part of the project. The Young Producers developed their own research strands and engaged with their local communities to produce digital media outputs with ideas about how the creative industries in Tottenham can be strengthened to better serve the community. Outputs were published as a feature piece for Haringey People magazine, and at an online showcase.

6.62 An 'Inclusive Futures' programme during October and November 2021, included a public online workshop and in-depth interviews with residents about experiences of inclusion and exclusion in public spaces and creative communities to inform how these can be addressed through the project.

6.63 Engagement with businesses began with door-knocking sessions throughout October and November and a Business Breakfast Workshop, attended by 8 business and landowner representatives. This has been followed by in-depth engagement on a one-to-one basis with business tenants on the site.

- 6.64 Key insights from the engagement process so far that will be harnessed in the design strategy as it progresses include:
- Emphasis and celebration of the creative opportunities on the site and connection to the wider creative ecosystem in Tottenham
  - Embracing of the character and heritage of the site as a place of making, whilst also promoting sustainability in future of the Gourley Triangle
  - Noting the importance of green spaces and inclusive public spaces
  - The need for continued community engagement and co-design to ensure that any new development builds on the existing community of businesses and meets their needs and aspirations
- 6.65 The placemaking programme will continue at RIBA Work Stage 2+, with public events planned for Spring 2022, where the team will share information as to how the Masterplan Objectives have evolved to take on board engagement work this far. This will be conducted in parallel with co-design activities with existing businesses, to information more detailed spatial requirements for commercial re-provision.

*Procurement: Multi-Disciplinary Design Team Tender Process and Evaluation*

- 6.66 The Council ran a procurement process in January 2021 to appoint a Multi-Disciplinary Design Team in line with the Public Contract Regulations 2015 and the Council's Contract Standing Orders (CSOs).
- 6.67 The opportunity was advertised via the Dynamic Purchasing System (DPS) and over 120 suppliers were invited to bid. The tender was based on a 60% Quality and 40% Price split, with the evaluation criteria clearly set out in the tender brief.
- 6.68 Seven tenders were returned. The evaluation was held on the 22<sup>nd</sup> of February 2021 and the panel included three officers from the Regeneration Team.
- 6.69 A summary of the tender evaluation is provided below:

<b>Supplier</b>	<b>Quality Score /60</b>	<b>Price Score/40</b>	<b>Weighted Score</b>
Haworth Tompkins	54.8%	30.1%	84.9%
Bidder 1	43.7%	35.6%	79.3%
Bidder 2	36.0%	40.0%	76.0%
Bidder 3	49.0%	23.0%	71.9%
Bidder 4	30.1%	25.0%	55.2%
Bidder 5	49.0%	8.8%	57.8%
Bidder 6	34.3%	13.5%	47.8%

*Figure 2: Gourley Triangle Multi-disciplinary design team tender evaluation results*

- 6.70 Haworth Tompkins received the highest total score of 84.9%. The practice are recognised leaders in their field with a significant relevant experience delivering large employment led schemes on constrained urban sites.
- 6.71 Haworth Tompkins were appointed to commence work up to RIBA Work Stage 1+, with the option to extend to RIBA Stage 2+ pending Cabinet approval. This report recommends exercising that extension in addition to recommending delegated authority to approve a contingency sum if required as set out in Part B of this report. Provision for a contingency sum would allow for the existing consultant team to include unforeseen additional works which were not included in the original procurement exercise avoiding the cost and time implications of securing further Cabinet approval for the spend.

#### *Site-Specific Risks and Mitigations*

- 6.72 The feasibility study has considered site specific risks and how these can be mitigated. Key risks have been noted as follows:
- 6.73 Risk that the GLA Affordable Homes Programme grant is not secured: The viability model includes an assumption of a grant allowance per social rented residential unit of £190,000. This is consistent with the first allocation and the approach has been discussed with the GLA but has not been secured as the next round of funding has not commenced. This risk will be mitigated through further engagement with the GLA's Housing and Land team.
- 6.74 Construction Inflation: The current cost plan was established by Avison Young in August 2021 and reviewed in December 2021. There is a risk that the increase in labour and materials costs could continue in a manner that compromises the scheme's viability.
- 6.75 Avison Young have advised that any potential cost inflation should be considered alongside predicted residential and commercial value increases. Their advice notes that they would expect house price growth to occur at a similar rate to cost inflation, and that this would be in line with current market expectations, reducing the potential impact of cost increases upon the scheme's deliverability. In any event, mitigation against cost inflation is in place through a contingency allowance in the appraisal which is set at a level based on best practice advice from Avison Young.
- 6.76 Ground Contamination: Initial survey work has suggested that ground conditions are likely to contain a level of made ground, and that there is likely to be contamination including asbestos due to the site's existing industrial use. Abnormal ground conditions and underground obstructions would result in cost uplift for the project. To mitigate this risk, intrusive site surveys have been programmed for the next stage of project work. An allowance has been made for de-contamination within the viability model, based on high level assumptions provided by the project Quantity Surveyor with information provided in Part B of

this report. Further funding from One Public Estate's Brownfield Land Release Fund has been secured towards these costs.

- 6.80 Network Rail: The location of the site close to two railway lines means that there is potential for delays and cost increases associated with agreeing a third-party Basic Asset Protection Agreement (BAPA) with Network Rail. This may require track monitoring and ground movement analysis. This risk will be mitigated through early engagement which has already commenced with Network Rail to clearly assess the programme and budget for the necessary approvals.
- 6.81 London Underground Line (LUL) exclusion zone: The furthest westerly side of the site is located above a London Underground Line (LUL) exclusion zone. This presents a risk in that any construction in this area must be within acceptable limits for loading levels. In addition, timescales taken for liaison with LUL can be restrictive, so this could impact on programme. This risk will be mitigated through early engagement with LUL and may require a bespoke approach to foundation design in this area of the site, alongside further geotechnical analysis.

#### *Delivery Strategy*

- 6.82 A further Cabinet report will be prepared in Summer 2022 to agree the Council's preferred procurement and delivery approach. The timescales for this are set out in the Indicative Programme (Item 6.83).

#### *Indicative Programme*

- 6.83 The indicative programme is set out below and is subject to change as the project develops:

Date	Milestone
March '22	<b>Cabinet Decision:</b> Acquisitions and Pre-Contract Project Development
April '22	If necessary, commence preparation of CPO Order (as a tool of last resort)
June '22	Capital Bid submitted to the MTFS for overall scheme costs
July '22	<b>Cabinet Decision:</b> - Delivery Approach - Approval to use CPO Powers (if required)
October '22	RIBA Stage 2+ Complete Planning Application submitted

January '23	Planning Application Decision
July '23	Contractor Procurement*
<b>December '23</b>	<b>Cabinet Decision: Contractor Appointment</b>
January '24	Enabling Works Start on Site
August '24	Main Construction Works Start on Site
July '27	Practical Completion

\*Procurement route subject to review at RIBA Stage 2+

*Figure 3: Gourley Triangle Indicative Milestone Programme*

## 7. Contribution to Strategic Outcomes

7.1 The project will support the Council in delivering the following priorities in the Council's Borough Plan.

**Economy - a growing economy which provides opportunities for all our residents and supports our businesses to thrive**

7.2 The Council launched the 'Good Economy Recovery Plan' in Autumn 2020 in response to challenges posed by Covid-19 to High Streets, Town Centres and individual businesses. Key priorities include:

- Re-opening and supporting high streets and town centres.
- Supporting businesses through recovery and into renewal; and
- Securing social and economic value through investment in neighbourhoods and communities.

7.3 This project seeks to invest in the physical environment to bring underutilised Council assets on the site into productive use through workspace and other uses. This will deliver a 'good economy' model – good jobs, greater fairness, recognising the link between health and wellbeing, business resilience and environmental sustainability.

**Place - a place with strong, resilient and connected communities where people can lead active and healthy lives in an environment that is safe, clean and green**

7.4 The Gourley Triangle will support the Place Priority by:

- Transforming the physical environment and public realm on the site, to deliver a safe, lively and welcoming place where people can have greater pride in their local area

- Building on the site's existing character and working closely with the existing community to ensure that the development reflects its local context
- Establishing a more connected place, linking into the Council's wider walking and cycling ambitions

### **Housing - a safe, stable and affordable home for everyone, whatever their circumstances**

7.5 One of the Council's highest priorities is to deliver high quality council homes on council land. The project will provide secure, high quality and affordable housing as part of a new urban neighbourhood, delivering inclusive, mixed and sustainable communities with the right mix of tenures to meet local needs.

## **8. Statutory Officers comments**

### **Finance**

8.1 The recommendations of the report are to acquire properties within the site and in parallel to continue the design development of the scheme with a view to starting construction in August 2024.

8.2 The expenditure for the acquisition of the properties and the continued design development is to be met from the Strategic Acquisitions Fund (SAF) budget. Currently the SAF budget is set at £57.1m for this financial year with minimal expenditure and commitments of £3.1m against it. Therefore, there is sufficient budget available to fund the proposed expenditure as set out in Part B of this report. In agreeing to the recommendations of the report Cabinet will be committing a large element of this budget and this will need to be carried forward when the draft final outturn is considered by Cabinet later in the year.

8.3 The scheme has been subject to a viability study by an external expert which is set out in Part B of this report. The assessment at this stage is that the scheme is viable and provides a modest return for the Council. The project is currently estimated to make a surplus of £4m. This surplus takes into account the use of external grant. However, the achievement of a return is not the primary aim of the project for the reasons set out in the report.

8.4 The recommendations of the report allow for the acquisition of properties not currently in the Council's ownership. The estimated value of the properties and the associated compensation payable is set out in Part B. In the interim period between acquisition and start on site the Council will let the properties where possible. It is estimated that the income from the continued letting of the properties pending redevelopment will be £0.4m in the first year. It is likely that as the Council gets closer to the development phase that this income will reduce as tenants are relocated and letting the properties becomes increasingly difficult. This will be kept under review as part of the delivery of the scheme and when the project cash flows become clearer.



- 8.5 It is currently estimated, using the assumptions within this report, that when complete, the commercial element of the scheme will make a surplus of c.£0.338m per annum. Details of this calculation are contained in Part B of this report.
- 8.6 A new capital bid for the construction works will be submitted as part of the next MTFS. The estimated cost of the works, and hence the capital bid, are set out in Part B of this report. This capital bid will be a self-financing bid.
- 8.7 In the budget report elsewhere on the agenda there is a proposed change to the way in which interest is calculated for large capital projects, of which Gourley Triangle is one. This change means that the interest on the capital expenditure that is incurred between the start of the project and its end is deferred until the project is completed. It is estimated that for this project that during the land assembly phase that the deferred interest will be £0.384m. This deferred interest will become a project cost and has been factored into the estimated return set out above. During the project the Council will be obliged to continue to make the statutory minimum revenue provision (MRP). For the property acquisitions phase, it is estimated that the MRP is £0.331m in the first year and £0.340m in year two. This will be kept under review as part of the delivery of the scheme once the project cash flows become clearer.
- 8.8 The estimated MRP above can be funded from the income received from the rental of the properties prior to redevelopment which means that there is no pressure on the Council's revenue budget during the development of the project.
- 8.15 As with any development there are risks. Currently there are significant risks in relation to construction cost inflation and the ability to get contractors procured. There is also the risk that the development does not proceed. The first two risks will be managed through the Council's project management arrangements and the project contingencies. The risk of the development not proceeding will be assessed at key stages in the project. Should the risk of not proceeding with the project crystallise, then a range of mitigations are available to the Council such as continued long term rental of all or some of the properties through to disposal of all or part of the Council's property holdings.

## **Legal**

- 8.16 Members should note that there has been no agreement as yet with any of the third-party landowners (other than the Metalcraft site) for the acquisition by agreement of their land interests. Separate delegated reports will be required in accordance with the delegated authority once these owners agree to sell their properties.
- 8.17 This report is seeking authority to acquire third party land interests within "the Site" for planning purposes. The Council has power contained in Section 227 of the Town and Country Planning Act 1990 to acquire land by agreement —

- a.) if the authority think that the acquisition will facilitate the carrying out of development, re-development or improvement on or in relation to the land,
- b.) is required for a purpose which it is necessary to achieve in the interests of the proper planning of an area in which the land is situated.

8.18 However, the Council must not exercise the power under paragraph 8.17(a) above unless the Council think that the development, re-development or improvement is likely to contribute to the achievement of any one or more of the following objects—

- a.) the promotion or improvement of the economic well-being of their area;
- b.) the promotion or improvement of the social well-being of their area;
- c.) the promotion or improvement of the environmental well-being of their area.

8.19 The business case contained in this report sets out how the development will contribute to the objects above.

8.20 Under section 120 of the Local Government Act 1972 the Council can also acquire land by agreement for the purposes of—

- a.) any of its functions under any enactment, or
- b.) the benefit, improvement, or development of their area,

8.21 It is proposed that the properties acquired be used for their current purpose prior to any redevelopment. Under section 120 (2) of the Local Government Act 1972 the Council may acquire by agreement any land for any purpose for which it is authorised by any enactment to acquire land, notwithstanding that the land is not immediately required for that purpose; and, until it is required for the purpose for which it was acquired, any land acquired under that subsection may be used for the purpose of any of the Council's functions.

## **Legal (Contracts)**

8.22 The contract for the multi-disciplinary team was procured via the LCP Professional Services DPS. This route is compliant with the Public Contracts Regulations 2015 (Reg 34) and with the Council's Contract Standing Orders (CSO 9.04 Dynamic Purchasing Systems). The Head of Legal and Governance (Monitoring Officer) has been advised that the original procurement included provision for RIBA Work Stage 2+ services.

8.23 The extension to the contract with Haworth Tompkins Architects will be a Key Decision as it is in excess of £500,000 and the Council therefore needs to comply with its governance processes in respect of Key Decisions including publication of the contract in the Forward Plan (CSO 3.01 (d)).

8.24 As the value of the contract extension is over £500,000, it falls to the Cabinet to approve the decision (CSO 10.02.1 (b)).

## **Procurement**

8.28 Strategic Procurement acknowledges the content of the report and will support future procurements noted in the paper.

8.29 The procurement of Haworth Tompkins Architects for Multidisciplinary services was conducted in line with the authorities Contract Standing Orders and the Public Contract Regulations. The provision of the option to extend the engagement to cover RIBA Work Stage 2+ is contained in the original procurement and can be executed.

## **Equality**

8.31 The Council has a Public Sector Equality Duty under the Equality Act (2010) to have due regard to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act
- Advance equality of opportunity between people who share protected characteristics and people who do not
- Foster good relations between people who share those characteristics and people who do not

8.32 The three parts of the duty apply to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex and sexual orientation. Marriage and civil partnership status applies to the first part of the duty.

8.33 Although it is not enforced in legislation as a protected characteristic, Haringey Council treats socioeconomic status as a local protected characteristic.

8.34 It is not anticipated that the proposed acquisition programme and masterplan development will have a negative impact on any particular social group.

8.35 The decision progresses the Masterplan and will have positive implications for individuals with protected characteristics including through:

- Improvements to the public realm which deliver safety and health outcomes, with benefits for BAME groups and disabled people;
- Developing employment opportunities, with benefits for BAME people, young people;
- Opportunities to reflect local culture through commercial, community and creative projects, with benefits for BAME groups, young and old people

8.36 The decision will also have positive implications by advancing equality of opportunity for residents with protected characteristics. Delivery of new, high quality workspace will help to promote economic recovery from COVID-19, bringing positive benefits to individuals with protected characteristics who have experienced disproportionate negative impacts from COVID-19, including on employment and income.

8.37 Consultation on the Masterplan will continue to be inclusive, focussing on young people and underrepresented groups to ensure that future commercial, residential and public spaces are reflective of the local community.

## **9. Use of Appendices**

### Main Report (Part A):

1. Appendix 1 – Site Plan

### Exempt Report (Part B):

2. Appendix 2
3. Appendix 3
4. Appendix 4
5. Appendix 5

## **10. Local Government (Access to Information) Act 1985**

### **Background Documents**

- [Tottenham Area Action Plan](#)
- [Cabinet Decision: Tottenham Future High Streets Fund](#)
- [Cabinet Decision: Metalcraft Acquisition and Masterplan Objectives](#)

The exempt part of this report is not for publication by virtue of paragraphs 3 and 5 of Part 1 of Schedule 12A of the Local Government Act 1972 as it contains information classified as exempt under Schedule 12A of the Local Government Act 1972 in that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information) and information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.

In all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

## Appendix 1: Site Plan



Figure 4: Site Plan

KEY:	
<span style="color: red;">■</span>	Third Party Freehold land
<span style="color: blue;">■</span>	LB Haringey Freehold land
<span style="color: purple;">■</span>	Freehold acquisition in progress