

MINUTES OF THE CABINET MEETING HELD ON TUESDAY, 5TH JULY, 2022, 6.30 - 7.10 PM

PRESENT: Councillors Peray Ahmet (Chair), Mike Hakata, Zena Brabazon, Seema Chandwani, Lucia das Neves, Julie Davies, Ruth Gordon, Adam Jogee, and Sarah Williams.

In attendance: Councillor Matt White, Chair of the Housing and Regeneration Scrutiny Panel, and (attending virtually) Councillor Dawn Barnes.

1. FILMING AT MEETINGS

The Chair referred to the notice of filming at meetings and attendees noted this information.

2. APOLOGIES

Apologies for absence were received from Councillor Dana Carlin.

3. URGENT BUSINESS

There were no items of urgent business.

4. DECLARATIONS OF INTEREST

There were no declarations of interest.

5. NOTICE OF INTENTION TO CONDUCT BUSINESS IN PRIVATE, ANY REPRESENTATIONS RECEIVED AND THE RESPONSE TO ANY SUCH REPRESENTATIONS

There were no representations received on the exempt items.

6. DEPUTATIONS/PETITIONS/QUESTIONS

There were no deputations, petitions, or questions.

7. MATTERS REFERRED TO CABINET BY THE OVERVIEW AND SCRUTINY COMMITTEE

Cllr White, Chair of the Housing and Regeneration Scrutiny Panel, introduced the Scrutiny Review on The Future of the Seven Sisters Market Site (Wards Corner), thanking fellow Panel members and co-opted members for their support and participation in the review. He welcomed the fact that all eight recommendations of the Panel were recommended for approval but wanted to clarify some of the recommendations.

In relation to Recommendation 1, it was stated that there did not seem to be a response about the request to actively engage with all parties and be part of any future governance arrangements in the immediate and long term. In relation to Recommendation 2, Cllr White asked that Cabinet sought assurances that the long term leaseholder on the site would bring different groups of traders together.

In relation to Recommendation 3, it was noted that the recommendations requested that the terms of the lease would prohibit the lease being transferred to a party that is neither a community organisations nor a public body. It was also asking the Council to actively engage with TfL to seek assurances and it was queried whether this was identified in the Cabinet response. In relation to Recommendation 5, it was queried whether there may have been some misunderstanding about the definition of public ownership. It was noted that this was defined in the report and that the Panel recommended that the site remained in public ownership.

The Cabinet Member for Council House-Building, Placemaking, and Development welcomed the report and set out the Cabinet response to the scrutiny recommendations, highlighting the following:

- The Council had a long term strategic interest in the site and the area and it was intended to engage with the site and relevant parties in the immediate, medium, and long term.
- The Council would work with whoever obtained the long term lease of the site.
- In relation to Recommendation 2, it was noted that the independent Chair of the Partnership Board was due to be appointed shortly. This Chair would need to sign off on the terms of reference for the Partnership Board and it was expected that their ability to bring different groups together would be tested as part of the assessment criteria.
- In relation to Recommendation 3, it was explained that the Council worked closely with TfL but that it was not possible to direct the terms of the lease.
- In relation to Recommendation 5, it was understood that TfL would retain the freehold ownership of the land. It was added that the Council supported the site remaining as a community asset.

In response to questions from Cllr Barnes, the following responses were provided:

- In relation to community relationships, it was acknowledged that there had been a long running campaign for the site which involved a number of parties and it was inevitable that there had been some challenges. The Cabinet Member noted that this was a positive opportunity to transform the site and the area and that it was aimed to bring people together.

- It was clarified that the Council would not experience a loss in accounting terms from the end of the development agreement with Grainger. It was noted that there likely would have been some costs in terms of officer time but that this was not calculable. It was added that further detail on the proposed acquisition was provided in the Wards Corner: Acquisitions Programme report later in the agenda.
- In relation to the equalities impact, the Cabinet Member stated that the proposal would provide an opportunity to cater for the community, in particular the Latin American community.

RESOLVED

1. To consider the recommendations of the Housing and Regeneration Scrutiny Panel (HRSP) attached at Appendix 1.
2. To agree the response to these recommendations attached at Appendix 2.

Reasons for decision

In September 2021, Housing and Regeneration Scrutiny Panel (HRSP) started a review of the future of the Seven Sisters Market Site following long time developer announcing their withdrawal from the development at Wards Corner.

This report provides a response to the 8 recommendations made by HRSP in their May 2022 Report: The Future of the Seven Sisters Market (Wards Corner).

Alternative options considered

None.

8. WARDS CORNER: ACQUISITIONS PROGRAMME

The Cabinet Member for Council House-Building, Placemaking, and Development introduced the report which set out a delivery approach for the Wards Corner site in Seven Sisters and sought approval to acquire a number of third party land interests within the site, including those held by Grainger Seven Sisters Limited which are subject to the option in favour of the Council, and where necessary make use of the existing Compulsory Purchase Order.

It was noted that the proposal would provide an opportunity to deliver workspace, would provide confidence for retailers about the future of the site, and would allow for the provision of new council homes.

It was highlighted that a minor correction was required in relation to Appendix 7 of the report. The key referred to 'Community Plan' land but it was noted that this should state 'TfL owned land'.

In response to questions from the Cabinet, the following responses were provided:

- It was clarified that the main difference between Option 1 and Option 3, as set out in the report, was the timescale. Option 1 proposed a short term comprehensive

approach where all works would be undertaken in one part. Whereas Option 3 provided an option to deliver parts of the site at different times; this acknowledged that some figures, such as land acquisition costs, improved over time and was considered to provide longer term opportunities for placemaking and co-production.

Following consideration of the exempt information, it was

RESOLVED

1. To approve the Option 3 - alternative council led delivery approach to the Wards Corner site (as set out in paragraphs 5.15 to 5.24 of this report) and the site objectives which will guide this approach (as set out in paragraph 4.11 of this report).
2. To acquire for planning purposes the third-party property and land interests shown coloured pink on the Site Acquisition Plan attached at Appendix 1, all within the Wards Corner site shown edged red on the Site Plan attached at Appendix 2; and
3. To the termination of the Development Agreement dated 3rd August 2007 (as amended by the Supplemental Agreement dated 23rd January 2015) for the reasons set out in paragraph 8.11 of this report, and to acquire for planning purposes the entirety of Grainger Seven Sisters Limited's property and land interests in the Wards Corner site (as set out in the schedule at Appendix 3 in Part B of this Report) by exercising the option contained within the Development Agreement for a total sum set out in Part B of this report; and
4. To acquire for planning purposes any remaining third-party property and land interests as set out in the schedule at Appendix 3 in Part B of this report, by serving the requisite CPO General Vesting Declaration notices or by agreement with third parties on this site for a total sum set out in Part B of this report.
5. To approve a budget for these acquisitions being a total sum set out in Part B of this report, to be funded from the Strategic Acquisitions Fund.
6. To give delegated authority to the Director of Housing, Planning and Regeneration after consultation with the Cabinet Member for Finance and Local Investment and the Cabinet Member for Council House Building, Placemaking and Development to agree the price for each acquisition and the final heads of terms and legal documentations.
7. To approve a further budget from the Strategic Acquisition Fund, as set out in Part B of this report, to fund the costs associated with developing a strategy which will guide the new council led delivery approach for the Wards Corner site.
8. To consult with the Bridge Renewal Trust and the Department for Levelling Up, Housing and Communities, to request that the £1,500,000 (plus interest) of New Deal for Communities 'Interim Gap Funding' paid by the council to Grainger Seven Sisters Limited, and recoverable under the termination provisions of the

Development Agreement, is used as a funding contribution to the costs of delivering an alternative development scheme on the Wards Corner site.

9. To note that VAT will be payable on certain of the acquisitions and that the council will recover the VAT.
10. To note that a capital bid as set out in Part B of this report will be submitted for the substantive investment, as part of the next budget setting round.

Reasons for decision

Termination of the Development Agreement with Grainger

In July 2004, the Bridge New Deal for Communities, and the council selected Grainger plc as its development partner to bring forward proposals for the redevelopment of the Wards Corner Site. In August 2007, the council entered into a Development Agreement (varied through a Supplemental Agreement in January 2015) with Grainger Seven Sisters Limited (Grainger), which set out the form of development required at Wards Corner and regulated the relationship between the parties.

In April 2021, Grainger advised the council that they were experiencing viability challenges with the Wards Corner development and subsequently provided the council with information to support their view that the planning approved scheme was not viable as set out in Part B of this report.

The council commissioned BNP Paribas (BNPP) to independently interrogate and analyse Grainger's viability assessment. The outcome of this review is set out in Part B of this report.

As a result, In August 2021 Grainger confirmed that they will withdraw from the Wards Corner development. Grainger's DA with the council included a longstop date of 3rd August 2021 when all preconditions had to be satisfied. As all preconditions were not satisfied, this means that either Grainger or the council can trigger the DA termination provision at any time. Once the DA is terminated, the council has 6 months to exercise its option under the DA to acquire (or nominate a third party to acquire) the entirety of Grainger's property interests in the site.

Following the announcement that Grainger would not be progressing with the Wards Corner development including the temporary SSM at Apex Gardens, TfL indicated their intention to work with SSM traders and the community to secure the SSM and former Wards Corner Department Store buildings as a community asset into the future.

The Wards Corner site represents a significant strategic site above a major transport interchange and has the potential to act as a better gateway to Seven Sisters and West Green Road. The opportunity to complement a refurbished SSM building presents a significant potential to reinforce the local high street Economy.

As a result of the viability issues with the Grainger scheme for the Wards Corner site the council's focus has been on reviewing options for an alternative council led delivery approach to the site.

Three main alternative delivery approaches have been considered. The first is based on externally commissioned feasibility work and envisages the council acquiring the Grainger and remaining third-party property interests for short-term comprehensive redevelopment. The second is a "do not acquire" option. The third option involves the council acquiring the relevant land interests under an alternative council led delivery approach. The main features of each option are set out below with a summary and assessment of these options together with a key risk assessment included at Appendices 5 and 6 respectively of Part B of this report.

Strategic objectives

Further to the vision for the Wards Corner site as set in the 2004 development brief for this site to act as a new high-quality gateway to Tottenham in Seven Sisters, the Tottenham Area Action Plan (2017) sets out the regeneration ambitions for Wards Corner as part of the Seven Sisters/West Green Road neighbourhood area. It identifies it as a key site for redevelopment to deliver a mixed-use development with town centre uses; a replacement market and residential uses.

More recently, the Strategy for Tottenham High Road (2019-29) includes a vision for the wider Seven Sisters area, including West Green Road and Broad Lane that will be identifiable as an exciting and new destination and the gateway to Tottenham; focussing on building on its international food offer inspired by the market; and a high-quality, safe and welcoming atmosphere for visitors and locals alike.

Site development objectives

Given the site's contribution to the wider strategic priorities and the Seven Sisters area, the following four key development objectives have been set out to guide the approach to a new Wards Corner development.

Objective 1 – A Placemaking Approach to Seven Sisters Gateway

- Involve the current occupants and landowners of the site in the project from the outset and as it develops, seek to closely engage with and look to accommodate businesses that wish to remain on site.
- Work with and empower local communities to participate in the design process to ensure that key objectives for the masterplan align with local aspirations/needs.
- Work with local communities, particularly young people and underrepresented groups, to shape the future of commercial, community and public spaces proposed on this scheme. Greater focus on promoting Seven Sisters strengths, such as its unique international food and beverage offer.
- Help to foster strong, vibrant, diverse and culturally rich town centre by celebrating its uniqueness, diversity of communities and their heritage and culture.
- Enhance the reputation and safety of the area, such that it might be competitive with other Victoria Line destinations.

- Improve visitor experience, including through smart technologies and public realm improvements.

Delivering on the above objectives will promote the social wellbeing of the Seven Sisters area

Objective 2 – Delivering a Good Economy

- Deliver on the council's Community Wealth Building Agenda through commissioning.
- Drive wider local benefits relating to place making and social value.
- Enable greater town centre activity with activation of retail on High Road frontage, Seven Sisters and West Green Road to support local employment opportunities.
- Improve linkage between creative clusters on West Green Road and Seven Sisters Road.
- Encourage the development of a suitable day and evening economy.

Delivering on the above objectives will promote the economic wellbeing of the Seven Sisters area

Objective 3 – Delivering council homes

- Provide secure, high quality and affordable housing which residents are proud to call home.
- Aim to maximise the quantum of council rented homes, consistent with a viable scheme.
- Deliver inclusive, mixed and sustainable communities. Mixed tenures should be 'tenure blind' with no distinction in terms of design or space standards.

Delivering on the above objectives will promote the social and environmental well-being of the Seven Sisters area

Objective 4 – Climate change and sustainability at its heart

- Target net zero for new development, prioritising renewable energy sources.
- Retain buildings where possible to enhance local character and deliver on Circular Economy principles.
- Delivering on the Council's 'Health in All Policies' agenda, by responding to air and noise pollution, minimising parking and promoting use of sustainable transport (walking and cycling).

Delivering on the above objectives will promote the environmental well-being of the Seven Sisters area

Alternative options considered

Option 1 – Short Term Comprehensive Redevelopment

This option requires the council to acquire both the DA property and land interests from Grainger, and the acquisition of the remaining property and land interests from third parties either by agreement or using the existing CPO powers. The redevelopment of the site would start as soon as possible thereafter.

The council commissioned architects (Levitt Bernstein) to review comprehensive development options for the site and BNPP to undertake viability testing of those options.

The review considered two main comprehensive development options, the first being a 'moderate' development scheme which was based on an indicative residential development scenario included as part of the 'Community Plan' planning application. The second option is a more intensified 'maximised' development scheme. The two development options are illustrated at Appendix 7.

The options review took into account changes required to the Grainger scheme as a result of the requirement to comply with current building regulations and design standards which have been updated since the scheme received planning approval in 2012. These changes along with generally increasing construction costs have had a substantial negative financial impact on the costs of delivering a scheme on the site. The review allowed for 50% of residential units being provided for council social rent which has also had a negative impact on viability (the Grainger planning approved scheme did not include any affordable housing provision).

The options review process has also afforded the council an opportunity to secure the views of the Planning Authority, with the advice being that it was likely that the 'maximised' development option is excessively ambitious and unlikely to be supported. However, advice was that in planning terms the 'moderate' development option is likely to be supported and that there is some modest opportunity for some limited intensification of that option.

The BNPP viability review of the 'moderate' development option set out the full costs of immediate land assembly, construction and the likely returns on development and identified a substantial viability gap for the comprehensive redevelopment of the site as set out in Part B of this report.

Following the completion of the BNPP viability review the Greater London Authority (GLA) advised the council of a new approach they will be taking to all mixed tenure projects receiving funding from the 2021-2026 Affordable Housing Programme (other than those already approved as 'named schemes'), the new rules are as follows:

1. The GLA's starting position will be that, as a rule, they will not look to fund the first 35% of all homes on a given site.
2. The first 20% of all homes on a given site are not eligible for funding under any circumstances.
3. In exceptional circumstances, the GLA will be willing to hear viability cases that clearly demonstrate that a project requires capital grant funding for all affordable homes above the 20% limit (with the key point being that the project would not be delivered at all without the additional funding).

The impact of the GLA's new approach on the 'moderate' development option viability gap is set out in Part B of this report.

There are specific delivery challenges connected with this option, notably the interaction with the neighbouring TfL scheme to improve the existing SSM buildings, and in particular the need to use some of the land currently owned by Grainger to provide a short-term outdoor market during the development period.

This option is likely to deliver on the council's strategic placemaking objectives in the medium term as it would result in a comprehensive development of the site.

There are some options remaining to be considered which could potentially improve the viability of the scheme (notably on design, construction/delivery and potential external funding options), however the order of deficit is still likely to be significant. As such, at this point in time it is not recommended that given the unknowns and the potential scale of loss to the council, this option is pursued.

Option 2 – 'No Acquisition'

In this scenario, the council would not exercise its option under the DA to acquire Grainger's land interests, nor would it complete the acquisition of remaining third-party land interests by agreement or using existing CPO powers.

A central feature of this option is the lack of control the council would then have over the site (outside of its statutory planning and related powers), and significant uncertainty regarding what would occur in the future. The most likely outcome for the site would be a piecemeal and unstructured evolution, which is very difficult to define with any great certainty.

This option is least likely to secure the delivery of the council's strategic placemaking for the site.

This option does however result in no immediate financial outlay for the council.

Option 3 – Alternative council led delivery approach

The comprehensive development of the Wards Corner site is a long-standing strategic objective of council. In this context, the council will continue to explore further options to improve the viability of a comprehensive redevelopment scheme. However, it is clear from the independent viability review (see paragraphs 5.1 to 5.10 of this report) that a comprehensive redevelopment (i.e. Option 1) has significant viability challenges. Also, there are challenges with securing the council's strategic objectives with Option 2. In this context and having particular regard to the tight timescales dictated by the existing CPO, the council has sought to identify a third alternative council led delivery approach.

This option (as set out in Part B of this report) would see the council acquiring Grainger's and the remaining third-party property and land interests and then developing a more detailed delivery strategy for the site that could include a range of options from demolition and rebuild, to retain and refurbish, to disposal. Each of these

options could apply to some, none or all of the acquired interests and the council would need to keep in mind the protection of its financial interests during this process. It is important to note that the council will not be acquiring the SSM buildings and TfL have indicated their intention to work with SSM traders and the community to secure the buildings as a community asset into the future. The council will need to work with TfL and the community to ensure that the plans for this key part of the Wards Corner site are realised.

The rationale for this delivery approach begins with a number of important deliverability considerations. The first relates to the TfL programme requiring the use of some of the current Grainger land for a period of up to 3 years to facilitate the short-term provision of SSM whilst the substantive works are undertaken to the market hall. The delaying of the delivery of a council led scheme addresses this challenge.

The second is financial (as set out in Part B of this report), where the up-front compensation payable to buy out 3 leasehold property interests is not required and thus reduces the total third-party property acquisition cost (this has been reflected in BNPP's viability assessment of the 'moderate' comprehensive development option).

A slower, more nuanced delivery approach gives the council the time to develop a placemaking approach to implementing a viable development strategy working closely with the local community. It also gives the council the opportunity to explore further external funding opportunities to help bridge the gap between the council's strategic objectives and the current viability of the scheme.

There is a strong likelihood that any delivery strategy will come at a net cost to the council and in the event that these costs are viewed to not represent good value for money in the future it is critical that the council considers what its exit strategy would be. In this event, the council would implement a disposal strategy which could include disposing of all or some of the acquired property interests in order to recoup the capital outlay.

An assessment of a reasonable worst case financial scenario based on the council having acquired the properties, held them for five years, and then disposing (having failed to identify a viable delivery route) of all the property interests acquired has been undertaken. The outcome of this assessment and resulting financial implications is detailed within paragraphs 8.1 to 8.9 of this report.

While in the short term this option is likely to have a reputational benefit, there are significant medium-term risks in the event that the pace of improvements is slower than the community may hope for, or a viable delivery strategy cannot be identified.

This option allows the council to develop a scheme for the Wards Corner site that secures the best likelihood of the council delivering on the strategic placemaking objectives set out at paragraphs 4.9 to 4.11 of this report. Delivering on these objectives will promote the social, environmental and economic well-being of the Seven Sisters area. However, there still remains a risk that the council will not be able to deliver on its objectives for the site.

The total budget to fund the costs associated with developing a strategy which will guide the new council led delivery approach for the Wards Corner site is set out in Part B of this report.

9. WOLVES LANE HORTICULTURAL CENTRE LEASE AMENDMENT

The Cabinet Member for Communities and Civic Life introduced the report which sought approval to amend the proposed lease offered to OrganicLea for the Wolves Lane Horticultural Centre. The new lease would reflect the establishment of the onsite consortium. It would also vary the red line boundary of the site.

It was noted that the proposal would enable the Wolves Lane Consortium to access £2.5 million of funding from the Greater London Authority (GLA) and National Lottery. It was added that this would contribute to the manifesto commitment to identify sites for community food growing programmes.

RESOLVED

1. To authorise that the Council enters into a lease for a period of 25 years in relation to the area of land specified in the report (which is shown coloured red, green and blue in Figure 1 in this report) with Wolves Lane Consortium in a form substantially like the draft lease appended to this report at Appendix A.
2. To delegate authority to the Assistant Director of Property and Capital Projects to make minor amendments to the draft lease and to agree the terms of the lease.

Reasons for decision

The Cabinet resolved in January 2017 to lease the Wolves Lane Horticultural Centre to OrganicLea for a period of 25 years. The bid submitted at that time was on behalf of an informal consortium of partners. The informal consortium in 2019 formed a new legal entity called the Wolves Lane Consortium.

The original bid by OrganicLea always envisaged this new consortium being formed and this is the fulfilment of that intention. The original bid also included a plan to seek significant external funding to develop the site and have a programme of activities that would make the site self-sufficient over a number of years.

OrganicLea and the Wolves Lane Consortium have now secured £2.5m from the GLA and National Lottery. £1.5m of this funding is to improve the facilities on site and £1m is to support programmes of community activity and develop revenue streams to ensure the site is self-sustaining over the next five years.

Without the changes to the name of the lease holder or the expansion of the area included in the lease to the Wolves Lane Consortium, this £2.5m investment into the borough would be lost.

The proposed new facilities and accompanying community food growing programmes can make a significant contribution to the manifesto commitments.

Alternative options considered

The Council could reject the request for change of lease holder name. However, this would risk the loss of £1.9m worth of external funding from the National Lottery. The £600k from the GLA is not dependent on the name change.

The Council has already resolved to lease two parts (the green and blue portions shown in Figure 1 in paragraph 6.7 below) of the site to OrganicLea for a period of 25 years. Therefore, the only option available to the Council is to do something different with the third portion of the site (the red area shown in Figure 1 in paragraph 6.7 below).

The whole of the site and adjacent land is designated as Metropolitan Open Land for planning purposes and therefore its use is limited. The Council originally retained this portion of the site as a possible Parks Service depot. That option has been subsequently investigated and ruled out on the basis of cost. The land is bounded by fencing and is gated and is not accessible by the general public. In addition, it has been confirmed that the land does not come within the definition of “open space” for the purposes of s123(2A) of the Local Government Act 1972.

The Council could choose to market the third portion of the site separately. However, this was also discounted because:

- The site’s planning designation is as Metropolitan Open Land and this significantly limits the use of the site for other purposes.
- £2.5m of external investment into the site and the local community development activities would be lost.
- Any income the Council would receive would be significantly less over the 25 years of the lease than the £1.5m investment to improve the site.
- Public access to the site is currently via the green portion of the site (shown in Figure 1 in paragraph 6.7 below).
- Previously interested parties are operating from the site as part of the wider user base.

10. MINUTES OF OTHER BODIES

RESOLVED

To note the minutes of other bodies.

11. SIGNIFICANT AND DELEGATED ACTIONS

RESOLVED

To note the significant and delegated actions.

12. NEW ITEMS OF URGENT BUSINESS

There were no new items of urgent business.

13. EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED

That the press and public be excluded from the meeting for the consideration of agenda items 14-15 as they contained exempt information as defined in Section 100a of the Local Government Act 1972; Paragraph 3 – information relating to the financial or business affairs of any particular person (including the authority holding that information; Paragraph 5 – information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.

14. WARDS CORNER: ACQUISITIONS PROGRAMME

As per item 8.

15. NEW ITEMS OF EXEMPT URGENT BUSINESS

There were no new items of exempt urgent business.

CHAIR: Councillor Peray Ahmet

Signed by Chair

Date

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