

Report for: CABINET 10th December 2019

Title: Acquisition of third party property to support economic development in the borough
(3 Shaftesbury Road, N18 1SW)

Report authorised by: Dan Hawthorn, Director of Housing, Regeneration and Planning

Lead Officer: Matthew Maple, High Road West Lead and Christine Addison, Assistant Director for Capital Projects & Property

Ward(s) affected: Northumberland Park

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

1. Describe the issue under consideration

- 1.1. This report seeks approval for the acquisition of a property located at 3 Shaftesbury Road, N18 1SW (“the Property”). It is proposed to use the Property to support the relocation of businesses situated within the High Road West (the “Scheme”) regeneration area.
- 1.2. The High Road West Masterplan was approved by Cabinet in December 2014, setting an ambitious vision for North Tottenham. The High Road West Scheme brings significant benefits to the area including the delivery of approximately 2,500 high quality homes, community facilities, a range of employment spaces and over £10m of funding for social and economic support for businesses and residents.
- 1.3. In order to deliver the wider benefits of the Scheme, it is necessary for businesses within the site boundary to be relocated, either within the Scheme or elsewhere. The High Road West Business Charter sets out a commitment to meet high standards in its undertaking with businesses during this relocation.
- 1.4. Where relocation within the scheme is not possible, the Council is committed to keep impacted businesses in the area, recognising the importance of the employment provided and their historic links to Tottenham. The Council’s community wealth-building approach, agreed by Cabinet in October 2019, underpins this commitment by seeking to grow local economies which have broader and more embedded roots in their local areas.
- 1.5. The Council is engaging with businesses and has agreed terms for the acquisition of four commercial properties within the Scheme boundary to date. However, some businesses have raised issues which are affecting their ability to

move, including availability of suitable property in the local area, and particularly the preference for freehold tenure expressed by some businesses.

- 1.6. To help to realise its commitment to businesses, the Council is exploring opportunities for suitable freehold interests provided by sites available in the local area. The Property is close to the High Road West site and provides an opportunity for the Council to acquire a property which is larger than that required by any individual business, and subdivide it to suit the needs of more than one business affected by the Scheme. The costs and reimbursement of this process is described in section 6. By taking this proactive approach, the Council can extend the commitments set out in the Business Charter, and ultimately further support the delivery of the Scheme and its wider benefits.
- 1.7. The Property has been assessed to be a positive commercial acquisition for the Council, representing a valuable asset as part of its commercial portfolio. This provides the scope for the Council, should any part, or the whole of Property, not be required for relocation of businesses from the High Road West scheme, to financially benefit from the Property as a commercial asset marketed in the open market. This is described further in Section 6 in the exempt part of the report.

2. Cabinet Member Introduction

- 2.1. The Council is committed to working with residents and businesses in delivering High Road West and providing the new council homes, library and learning centre, high quality public realm and community park and community benefits that are required in the area. Acquisition of this property demonstrates a strong commitment by the Council to respond to the needs of businesses and provide the opportunity for them to continue in the local area, supporting the local economy and employment.

3. Recommendations

- 3.1. It is recommended that Cabinet agree to:
 - a) The purchase of the freehold interest in the Property known as “3 Shaftesbury Road, N18 1SW” (and shown edged red on the plan in Appendix 1) for the purchase price [referred to in the exempt part of the report] to be held in the General Fund and agree a total sum (referred to in the exempt part of the report) for the acquisition from the Strategic Acquisitions Budget **[this paragraph includes information in the exempt part of the report]**
 - b) Give delegated authority to the Director of Housing, Regeneration and Planning after consultation with the Leader and the Cabinet Member for Finance and Strategic Regeneration, to agree the final contract for the acquisition of the Property.
 - c) Give delegated authority to the Director of Housing, Regeneration and Planning after consultation with the Leader and the Cabinet Member for Finance and Strategic Regeneration, to agree the disposal of the Property to any businesses affected by the High Road West scheme, on the basis

of progressing the objectives of the scheme, including Heads of Terms and final contract for its disposal and any works and fees required to facilitate that disposal.

4. Reasons for decision

- 4.1 The Council owns approximately a third of the land within the High Road West masterplan area and needs to acquire the outstanding land currently in third party ownership to deliver the wider benefits of the Scheme. The Scheme will address issues of deprivation which affect many residents living in the Northumberland Park ward and north Tottenham more widely. The relocation of existing businesses is therefore a requirement for the land assembly process and ultimately to the success of the wider Scheme.
- 4.2 As set out on the Business Charter, the Council recognises the value of retaining the existing businesses and jobs in the vicinity in order to achieve a robust economic and employment portfolio. The Scheme will include a range of commercial space, which will be available for lease to many of the existing businesses which operate in the area. However, the Council has committed to working with those that cannot be accommodated within the Scheme to identify suitable alternative premises.
- 4.3 Several businesses have communicated that retaining their freehold status is a key relocation requirement, particularly those on the Peacock Industrial Estate, located in the northern section of the masterplan area. There is currently substantial demand for industrial space in London and limited vacancy, and therefore businesses are finding it difficult to secure suitable premises in the surrounding area, particularly freehold land interests.
- 4.4 The acquisition of the Property offers an opportunity for the Council to purchase a suitable site and alter it to suit the individual needs of several local businesses within the Scheme area. The intention is that at least part of the site would be subsequently disposed of to one or more businesses affected by the High Road West scheme. This would respond to the desire by some landowners for freehold property, and extend the support offered by the Council to the local business community. Without Council intervention, it is less likely that businesses would be able to find property suitable for their individual needs, and preference for freehold tenure, within the local area.
- 4.5 While the intention is for the Property to act as a relocation opportunity for those businesses and to primarily support the objectives of the Scheme, the Property represents a strategic acquisition for the Council. Should businesses within the regeneration area not wish to relocate to the Property, the Council would retain the Property as part of its commercial portfolio, generating longer-term revenue income. This would be on an invest to save basis, seeking to intensify the property and furthering the objectives of the Borough Plan and emerging Economic Development Strategy. Property advice indicates that this scenario would result in a net positive financial position for the Council, therefore representing a good value for money investment.

5. Alternative options considered

Option 1 – Do not acquire the property

- 5.1. The Council has the option to not acquire the property. The Council would continue the land assembly process as set out in the Compulsory Purchase Order Indemnity Agreement (“CPOIA”), to facilitate the delivery of the Scheme. The CPOIA, signed by the Council and its development partner for the scheme, Lendlease, on 20th December 2017, stipulates that the Council secures all third-party land interests within the Scheme, by private treaty through negotiation if possible.
- 5.2. This would involve supporting businesses throughout the regeneration process, helping those who cannot be accommodated within the scheme to identify alternative sites. However, due to a low supply and high demand of industrial land, generally businesses may be unable to find suitable alternative premises without Council intervention and the Council would find it more difficult to support businesses as set out in the Business Charter.

6. Background information

High Road West Regeneration Scheme

- 6.1 The High Road West Masterplan, agreed by Cabinet in December 2014, was developed through an extensive community engagement and consultation programme over a three-year period to ensure a shared vision for High Road West was achieved. The principles set out in the agreed Masterplan have been embedded into the Tottenham Area Action Plan (2017), a statutory planning document which guides future development in Tottenham.
- 6.2 The Scheme will support the Council in delivering the priorities set out in the Borough Plan by delivering much needed housing, creating employment opportunities and providing improved community facilities and public space.
- 6.3 More recently, the Council has sought to significantly increase the number of Council owned social rent homes as part of the scheme in accordance with the priorities of the Council and new Borough Plan.

Business Relocation

- 6.4 The Council’s Business Charter for High Road West, adopted in 2014, comprises the following commitments:
 - Ensuring opportunities to participate in regeneration and supporting businesses through the process
 - Enabling businesses to remain as viable as possible during the regeneration and exercise choice in their future options
 - Fair and equitable valuation and compensation process
 - Endeavouring to keep businesses and jobs within the area or borough

- 6.5 Over sixty businesses would need to relocate in order to deliver the Scheme and unlock the benefits outlined above. Approximately half of these are located in industrial areas, primarily on the Peacock Industrial Estate. The remaining businesses are located on the High Road and White Hart Lane, and are made up of predominantly shops, cafes and take-aways.
- 6.6 To date, the Council has acquired four commercial properties within the Scheme area. Two of these are located within the Peacock Industrial Estate, and two of these located on the High Road.

Property Description

- 6.7 The Property is situated on the border of London Borough of Haringey in the London Borough of Enfield, part of a wider industrial area situated just north of the High Road West development site and White Hart Lane station. During discussions with business owners on the Peacock Industrial Estate, some have made it clear that good accessibility and remaining in the locality is a requirement for any potential relocation site.
- 6.8 The Property is approximately 37,000 sqft in floorspace. It comprises a north-lit factory in six bays with modern extensions at the side and rear. There are showrooms and offices at first floor, with parking for around 15 cars at the front of the site, and loading via a covered yard with two loading bays. The Property is currently occupied by the vendor. The acquisition is subject to vacant possession upon completion.
- 6.9 It is estimated that this space could accommodate between three to six existing businesses on the Peacock Industrial Estate, based on the size of the existing industrial units on the estate. Further feasibility work is ongoing in relation to the opportunities to subdivide the property and to assess the capability of selling parts of the building. This will need to reflect access and loading on the site together with car parking.
- 6.10 Property advice received by Avison Young states that the Property represents good value for money at the agreed purchase price with the vendor. **[this paragraph includes information in the exempt part of report]** The Council will be commissioning a Red Book valuation to confirm best value is being obtained by the Council in acquiring the Property prior to completion which will include the potential for splitting the unit up for sale.
- 6.11 The report also notes the strength of the industrial market for units under 100,000sqft, where rental values and levels of demand are continuing to grow. Demand has been particularly high around the Tottenham area in recent years due to large amounts of residential redevelopment projects and the redevelopment of the Tottenham Hotspur Football Club stadium. These wider speculative trends have put industrial property supply under pressure. **[this paragraph includes information in the exempt part of report]**

Acquisition and Funding

- 6.12 **[This paragraph includes information in the exempt part of the report]**

- 6.13 [This paragraph includes information in the exempt part of the report]
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Timeline

- 6.23 The indicative timeline is as follows [This paragraph includes information in the exempt part of the report]:

10 th December 2019	Cabinet approval for acquisition with exchange of contracts to follow
January 2020	Property advertised to businesses within the Scheme area
31 st March 2020	Completion of contracts and vacant possession of Property

Risks

- 6.24 A risk assessment has been undertaken for the acquisition, which identifies the following:

Ensuring a fair process - The primary purpose of the acquisition is to provide a relocation site for businesses impacted by the Scheme. In January 2020, all businesses who are potentially suitable for the Property will be contacted. The opportunity will be offered on a first come, first served basis.

Limited interest in Property from businesses within the Scheme area – The Council believes that the Property will be an attractive relocation site for

businesses, particularly due to its close proximity to the Scheme area. The Council's ability to subdivide the space will help businesses to agree an appropriate or like-for-like replacement to their existing premises. However, there remains a risk that businesses do not wish to relocate to the site in which case the Council can market the property more widely. Property advice states that there is a high demand for commercial properties in the North Tottenham area, which suggests that the Property would be attractive on the open market, creating an opportunity to generate income for the Council.

[This paragraph includes information in the exempt part of the report]

7. Contribution to strategic outcomes

- 7.1 The delivery of the High Road West Scheme will support the Council in delivering its corporate priorities, as well as supporting the progression of objectives in the London Plan to support regional growth in North London.
- 7.2 The regeneration at High Road West will help to enhance the area in relation to the following four priorities set out in the Council's Borough Plan (2019-2023):
- Priority 1 – Housing – “A safe, stable and affordable home for everyone, whatever their circumstances”
 - Priority 2 – People – “Strong families, strong networks and strong communities nurture all residents to live well and achieve their potential”
 - Priority 3 – 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”
 - Priority 4 - Economy – “A growing economy which provides opportunities for all our residents and supports our businesses to thrive”
- 7.3 The acquisition of the Property would particularly support Priority 4 (Economy) of the Borough Plan through the delivery of High Road West:-
- A growing economy which provides opportunities for all our residents and supports our businesses to thrive
 - Emerging community wealth-building strategy including public organisations promoting local trade and employment; and investment ensuring social value
 - A borough where all residents have access to training and skills development opportunities and more people are supported into work
 - A borough with more quality jobs with opportunities for progression
- 7.4 While genuinely affordable housing should be the priority for High Road West, the success of a neighbourhood will be dependent upon investment in socio-economic regeneration and the presence of a diverse range of employment and business opportunities and essential community facilities and support networks in an attractive, 'liveable' environment. High Road West aims to reinforce existing

networks, with a scheme which provides land uses and activities which complements areas such as north Tottenham town centre and surrounding industrial and commercial sites. In this way, High Road West not only delivers jobs and business opportunities through the scheme, but enhances the economy and business strength around the wider area. This requires a careful approach to distributing the different types of activities so that they are compatible with each other.

8. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)

Finance

- 8.1 The recommendation of the report is to acquire the property known as 3 Shaftesbury Road. The acquisition is being made in order to provide options for the relocation of businesses from the HRW scheme, and in particular the Peacock Industrial Estate occupiers. As the acquisition is formally outside the terms of the HRW scheme the acquisition will be funded from the Strategic Acquisitions scheme.
- 8.2 The Strategic Acquisitions scheme has a budget of £13.235m for the financial year 2019/20. There has been no expenditure to date against this budget. The Strategic Acquisitions scheme is in the approved capital programme to acquire properties in the Tottenham and Wood Green regeneration areas and is assumed to be self-financing. The utilisation of this budget for this acquisition meets the purposes of the budget.
- 8.3 -8.10 [Detailed financial comments on the acquisition are provided in the exempt part b report]

Legal

- 8.11 The Council has the power under section 120 of the Local Government Act 1972 to acquire by agreement for the purposes of any of its functions under any enactment, or for the benefit, improvement or development of its area any land, whether situated inside or outside its area.
- 8.12 The Council may also 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 so acquired may be used for the purpose of any of the Council's functions.
- 8.13 The Council therefore has the power to acquire the Property for the purposes set out in this report.

Procurement

- 8.14 There are no procurement comments required for this report.

Equality

- 8.15 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 those protected characteristics and people who do not
 - Foster good relations between people who share those characteristics and people who do not.
- 8.16 The three parts of the duty applies 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.
- 8.17 The proposal is to purchase a property located at 3 Shaftesbury Road, N18 1SW. The purchase of the property does not have any particular equalities implications. However, the objective of the purchase is to facilitate relocation of businesses situated within the High Road West regeneration area and this has equalities implications to the extent that the businesses are owned and/or operated by individuals who share the protected characteristics. In such cases the Council will have a duty to prevent discrimination, harassment, and victimisation of business owners in the implementation of the relocation. Before and during the relocation, the Council will have a duty to engage with those affected to identify any equalities impacts relating to the relocation. The Council will also have a duty to take steps to meet the needs of affected individuals who share protected characteristics where these needs are different from those of others.
- 8.18 It is notable that the High Road West Regeneration Scheme Masterplan has been subject to an Equalities Impact Assessment. [\(link\)](#)

9. Use of Appendices

- 9.1 The following appendices are included:

Appendix 1 - Plan of the Property
Appendix 2 – Heads of Terms **(EXEMPT)**

10. Local Government (Access to Information) Act 1985

High Road West Cabinet papers:

- 8th March 2018 Cabinet Report- High Road West Regeneration Scheme – approval of the next steps for the Love Lane Leaseholder Offer and for

delegated authority to agree all valuation and compensation packages for the land interests due to be acquired [\(link\)](#)

- 12th September 2017 Cabinet Report- High Road West Regeneration Scheme – appointment of a preferred bidder and next steps [\(link\)](#)
- 13th September 2016 Cabinet Report- Tottenham Housing Zone Phase 2- North Tottenham [\(link\)](#)
- 15th December 2015 Cabinet Report- High Road West Regeneration Scheme Update and Next Steps [\(link\)](#)
- 20th January 2015 Cabinet Report - Site Acquisitions Fund – approval for decisions under Delegated Authority [\(link\)](#)
- 16th December 2014 Cabinet Report- High Road West Regeneration Scheme- Masterplan and Next Steps [\(link\)](#)
- 15th July 2014 Cabinet Report- High Road West Regeneration Scheme Consultation. [\(link\)](#)
- 28th November 2013- High Road West Regeneration Project - Master Plan Option Consultation Feedback and Next Steps. [\(link\)](#)

Other relevant Cabinet papers:

- 8th October 2019 Cabinet Report - Community Wealth Building Approach [\(link\)](#)