

## REQUEST FOR DIRECTOR DECISION – DD2040

**Title:** Meridian Water Station Improvements (at Meridian Water)

### Executive Summary:

The purpose of this Directors Decision is to seek approval for up to £2,500,000 of capital expenditure from the Growing Places Fund (GPF) Programme for the London Borough of Enfield's Meridian Water Station Improvements project (referred to in previous approval documents as the 'Angel Road Station Improvements project') in accordance with the delegation set out in MD940.

The Funding will assist the LB Enfield to deliver the relocation and upgrade of Angel Road Station (to be renamed 'Meridian Water station') to improve accessibility and complement the improved services provided by the Stratford to Angel Road (STAR) rail upgrade project. This will unlock the development of 10,000 homes and 6,700 jobs at Meridian Water over the next 20 years.

### Decision:

That the Executive Director approves capital expenditure of up to £2,500,000 on the provision of funding to the London Borough of Enfield from the Growing Places Fund as a contribution to its costs of the relocation and upgrade of Angel Road (to be renamed 'Meridian Water') station (to be repaid to the GLA over the period 2019/20 to 2024/25).

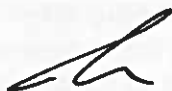
### AUTHORISING DIRECTOR

I have reviewed the request and am satisfied it is correct and consistent with the Mayor's plans and priorities.  
It has my approval.

**Name:** Fiona Fletcher-Smith

**Position:** Executive Director-Development,  
Enterprise & Environment

**Signature:**



**Date:** 9.12.16.

## **PART I - NON-CONFIDENTIAL FACTS AND ADVICE**

### **Decision required – supporting report**

#### **1. Introduction and background**

- 1.1 Angel Road station is the closest station to Meridian Water – a major development site in the Upper Lee Valley. Two constraints to development at Meridian Water are the low frequency of services at Angel Road station and the poor accessibility of the station, as recognised in the Upper Lee Valley Opportunity Area Planning Framework (adopted by the Mayor of London in July 2013). The existing entrance and route to the station from the Conduit Lane flyover is inconveniently located, poorly integrated with bus stop locations and is unattractive. This is a significant factor contributing to the low usage of the station – there were only 63,040 entries and exits in 2012/13.
- 1.2 This project seeks to assist in overcoming these inter-linked constraints and contribute to the unlocking of development at Meridian Water. The implementation of the Stratford to Angel Road (STAR) rail upgrade project will facilitate the improved frequency of services, whilst the Meridian Water Station Improvements project will provide a station with far greater accessibility, particularly to Meridian Water. This involves the relocation and upgrading of the station (to be renamed from 'Angel Road station' to the 'Meridian Water station'), the construction of three new platform faces, creation of new entrances, provision of access for all via new lifts, and new station furniture and equipment. The project will also improve access to the existing business and residential community.
- 1.3 The London Enterprise Panel (LEP) endorsed the Meridian Water Station Improvements project in June 2013. In March 2015, the Investment and Performance Board (IPB) approved the Stage 1 (Strategic Case) for the investment of up to £2.5m Growing Places Fund (GPF) funding in the Meridian Water Station Improvements project. The Stage 2 (investment decision) was approved in May 2015.
- 1.4 Since LEP endorsement, and Stage 1 and 2 approvals by the IPB, the project has developed in form and function. The original £12,131,800 station design for the project focused on a typical 'base station' design by Network Rail (NR). However, in recent months (since September 2015) LB Enfield have been working with NR to evolve the form and function of the station within an enhanced design (see part 2 for details) which aims to:
- provide a different, enhanced, station design;
  - provide 24/7 connectivity across the railway line from one side to the other for the public;
  - address the future needs (and not just the current needs in isolation) of the local area to help future-proof both the station project and housing project; and
  - provide a place maker environment to help unlock the Meridian Water development site.
- 1.5 The enhanced design for the station still incorporates the key components of the base scheme infrastructure that the GLA are funding as outputs (e.g. platforms, stairs, bridge, lifts, as outlined in section 2.1 below). However these are intrinsically incorporated into the enhanced station design and cannot be separated out as a separate project therefore resulting in the 'base station' design of the station now ceasing to exist. GLA Officers recognise that the wider range of outputs offered through the enhanced station design, compared to the outputs of the base station design, will significantly enhance the GPF investments in the project in terms of outputs delivered. Therefore, in July 2016 GLA Officers considered a proposal from LB Enfield to embody the GPF investments into the Meridian Water station project enhanced design. As a result, the GLA will be providing their GPF investment to the LB Enfield for the project in line with the conditions set out below; these conditions have been identified to help safeguard the GPF investment:

- GPF funding towards the station is a capped contribution of £9.4 million (which comprises of £2.5 million which will be captured through the Meridian Water station project funding agreement and £6.9 million captured through the wider £30.7 million STAR project agreement).
- The funds being provided through GPF are towards paying for works which are eligible costs in line with the outputs in our funding agreement (i.e. in line with the base infrastructure of the station such as platforms, stairs, bridge, lifts). The GPF funding cannot be used to subsidise the quality improvements which have taken place in the design for the enhanced scope station other than the base infrastructure elements of the station.
- The station is to be commissioned in two phases to reflect the need to release an enabling works package to prevent further delays to the programme (as outlined in sections 8.1 – 8.2 below).
- The £2.5 million GPF funding for Meridian Water station funding will become available for LB Enfield to drawdown once cost certainty has been provided by NR for the project, the full funding package has been secured by LB Enfield and the second phase contract between LB Enfield and NR has been agreed and entered into (with a long stop date of 31 July 2017) – this requirement will be captured within the funding agreement that the GLA and LB Enfield enter into.
- If a full funding package is not secured for the Meridian Water station project (see part 2 for details) by January 2017 then LB Enfield will seek to de-scope the project.
- Any uncertainty around the Meridian Water Station development cannot undermine the delivery of the STAR project (in respect of both programme and cost). To that end, the Meridian Water station project is being commissioned in two phases (as outlined in sections 8.1 – 8.2) to help implement mitigation measures against this risk.
- GPF puts a requirement on London Boroughs to repay GPF funding by a long stop date (in the instance of this Meridian Water station project this long stop date for repayment will be 31 March 2025). The provision to repay the funding by the end of the repayment window will be reflected within the funding agreement.
- If the second phase contract between LB Enfield and NR has not been entered into by 31 July 2017 the GLA will take steps to safeguard against the delivery of outputs (see part 2 of this report for more details).

- 1.6 NR has a client requirement document for the Meridian Water station which captures the look and feel of the station as requested by LB Enfield and the Development Services Agreement in place over the last seven months between NR and LB Enfield has been for the enhanced design of the station. Further details available in Part 2.
- 1.7 LB Enfield have identified a funding package to meet these project costs and its associated professional fees. The funding package comprises of two investments from GPF (£2.5 million through the Meridian Water station project and £6.9 million grant through the STAR project), two investments from the GLA Housing Zones (£6 million grant and £5.1 million recoverable grant), LB Enfield Forward Fund (from developer) of £10 million, LB Enfield capital of £6.7 million and Community Infrastructure Levy (CIL) of (estimated) £2.8 million. In the event of any cost overrun the borough will meet any additional costs. The GLA Housing and Land team are progressing approval for the investment of £6 million and £5.1 million (Housing Zones Funding) into the project; this is expected to be approved and into contract by the end of February 2017.
- 1.8 This Decision paper seeks approval for the investment of up to £2.5m GPF funding allocated to this project.

## 2. Objectives and expected outcomes

- 2.1. The strategic aim of this project is to assist in unlocking the Meridian Water development. Meridian Water is a major regeneration project that will deliver 10,000 homes and 6,700 jobs over the next 20 years.

### Outputs:

The GPF investments cover the cost for the following outputs:

1. Relocated operational station (as part of this the Angel Road station will be renamed the 'Meridian Water Station').\*
2. Two new station entrances including provision of one ticket machine and provision for the future installation of ticket barriers.\*
3. New passenger bridge with three lifts (which enables the station to incorporate access for all/step free access).\*
4. Three new platform faces.\*
5. New station equipment and furniture (in line with the guidance set for the Department for Transport's UK Railway Station Categories).\*

LB Enfield will only be permitted to use the GPF investments (£2.5 million and £6.9 million) to fund works associated with delivery of the outputs identified by \* above.

Additional outputs that will be delivered through the enhanced scope of the project (but not covered by the GPF investment) include:

6. Provide a place maker environment to help unlock the Meridian Water development site.
7. Provide 24/7 connectivity across the railway line from one side to the other for the public.

Also included in this cost is the additional rail system works for the positioning of the proposed station at Meridian Water.

### Objective 1: Improve the accessibility of Meridian Water Station

Measurable benefits are:

- Relocated station with two new entrances and provision of access for all (via new lifts). Anticipated date for the station to be brought into Operational Service is May 2019 (date to be confirmed by NR at entering into the second phase Implementation Agreement with LB Enfield).
- Increased Public Transport Accessibility Level (PTAL) of the area from 2 (poor) to 3 (moderate) by the date at which the station is brought into Operational Service
- By 2030/31, over 1.5 million station entries and exits per annum

### Objective 2: Assist in enabling the delivery of 10,000 new homes and 6,700 new jobs at Meridian Water over the next 20 years.

Measurable benefits are:

- Delivery of 3,675 new homes between 30 May 2019 and 31 March 2026 (as part of the Housing Zone allocation for Meridian Way).
- Delivery of 6,325 additional new homes beyond 31 March 2026 (as part of the wider contact LB Enfield have with the developer).
- Assist in enabling the delivery of 6,700 new jobs at Meridian Water over the next 20 years.

### 3. Equality comments

3.1. The project seeks to address issues of high deprivation in the Upper Lee Valley by addressing identified barriers to growth. Specific equality benefits include:

- Increased access to jobs along the Lea Valley, in particular at Stratford.
- Improved connections to leisure opportunities including the Olympic legacy facilities.

3.2 This project is also likely to have a positive impact on equality issues due to the inclusion of 'Access for All' provisions, such as step free access.

### 4. Other considerations

#### 4.1. Key risks and issues

	Risk description	Mitigation / Risk response	Current probability (1-4)	Current impact (1-4)	RAG rating
1	STAR Project is not implemented or becomes separated from the Meridian Water Station project. This would make the project undeliverable in its current form.	<ul style="list-style-type: none"> <li>• Enfield Council, the GLA and NR have worked closely over an extended period of time to ensure that the two projects are fully aligned in terms of design, programme and costs.</li> <li>• STAR funding package to cover total project costs has been secured.</li> <li>• Joint regular monthly catch-up meetings between both projects (Meridian Water Station and STAR).</li> </ul>	1	4	A
2	Cost overrun. Works exceed available funding due to unforeseen technical or other reasons.	<ul style="list-style-type: none"> <li>• Robust costing processes are undertaken in conjunction with NR, the contractor and the train operating company.</li> <li>• Due diligence is undertaken on costs by external consultant appointed by LB Enfield.</li> <li>• Costs to be finalised and formalised in an implementation agreement. This agreement will also set out the process between NR and LB Enfield for dealing with any cost over-runs.</li> <li>• Inclusion of Fee Fund to insulate project against risks external to the project.</li> <li>• GLA risk mitigated as funding contribution fixed at up to £2.5million.</li> </ul>	2	3	A
3	Time overrun. Programme delays caused by unforeseen technical or other	<ul style="list-style-type: none"> <li>• Meridian Water station works to be delivered by NR as part of the STAR project, which provides programme and resource efficiencies.</li> </ul>	1	2	G

	reasons.	<ul style="list-style-type: none"> <li>Project programme has been developed in conjunction with NR, the contractor and the train operating company.</li> </ul>			
4	Insufficient income from capital receipts from land sales to facilitate repayments	<ul style="list-style-type: none"> <li>Financial modelling has been undertaken to estimate capital receipts from land sales income.</li> <li>Prudential Borrowing as a contingency/loan guarantee (in extremis) from LB Enfield.</li> </ul>	2	2	A
5	Full funding package not secured in time for the second phase contract in May 2017	<ul style="list-style-type: none"> <li>In the event of a full funding package not being identified, LB Enfield and NR will aim to de-scope the project which may, in turn, cause delays to the programme as it will require for a redesign of the station.</li> <li>Slippage has been built in to the deadline for signing the second phase contract in 2017.</li> </ul>	2	3	A
6	Meridian Water station project is not implemented	<ul style="list-style-type: none"> <li>NR have emphasised for transparency that the risk contractually of moving away from the base station design and focusing solely now on the enhanced station design is that if the Meridian Water station project does not go into the second phase contract then the programme to deliver the STAR project in its entirety is at risk. This would mean that the Infrastructure will not be available at Meridian Water Station resulting in the train service having to be turned at Northumberland Park or entry into service being delayed.</li> <li>NR highlighted that at this stage of the project this risk is low as the funding package has been identified by LB Enfield, planning approval for a train station at the new location has been approved, and the designs for the station are progressing.</li> </ul>	1	4	A
7	Meridian Water station project introduced disruption or programme delay or cost increase to the STAR project.	<ul style="list-style-type: none"> <li>VolkerFitpatrick have mobilised a separate design and build team, minimise impact on possession by offsetting build. There has been no change to P-way or platform design as part of revised design therefore this should not impact on the base infrastructure of the GPF projects.</li> <li>A timetable has been worked up with stakeholders, which includes key dates from the GPF projects to align this enhanced scope project work within the GPF timeframes.</li> <li>LB Enfield have confirmed that</li> </ul>	1	3	G



		<p>although the design programme for the Meridian Water station is behind STAR, the risk of the Meridian Water station project causing a delay to the STAR programme was significantly reduced by the recent planning approval that was granted to build a station in the new location.</p> <ul style="list-style-type: none"> <li>NR will manage the boundaries between the two projects (Meridian Water Station and STAR) through contract management.</li> </ul>			
8	<p>Delay in December 2018 completion of STAR project (delivering third line) introduces delays to timescales outlined in Section 2.1 for delivery of housing outputs at Meridian Water</p>	<ul style="list-style-type: none"> <li>GLA are working to support NR in putting all relevant funder contracts into place to enable the VolkerFitpatrick team to be mobilised in time to meet the indicative December 2018 completion date.</li> <li>Both the STAR project and Meridian Water Station project have the same sponsor at NR who will continue to have an oversight on the full WAML programme to mitigate programme delays.</li> <li>STAR / Meridian Water Station Steering Group will be used to monitor risks and issues across the programme.</li> </ul>	1	3	G

#### 4.2. Links to Mayoral strategies and priorities

This project supports a number of Mayoral priorities. In particular, the activity supports the Mayor's manifesto commitments to create new homes and jobs in London.

### 5. Financial comments

- 5.1 There is £2.5 million earmarked in the GPF capital budget as the source of funding for this project, which will all be drawn down in the 2017-18 financial-year, (with the estimated draw-down being £1,250m in quarter 3 and the same for quarter 4). This would then be repayable over six years starting in 2019-20 and finishing in 2024-25 at the indicative rate of £435,000 for five years and £325,000 for one year. The London Borough of Enfield plan to use the capital receipts from land sales from the development partner to make the GPF repayments. The repayment profile will be confirmed in the funding agreement.
- 5.2 The total funding required for the project is captured in Part 2 of this paper and the balance of funding includes £3.8 million from Enfield, including capital receipts from land sales and £6m being made available via the Housing Zone grant. As detailed within the main body of this report, the GLA's Housing & Land Team are progressing approval for the Housing Zone Investment for this project and is expected to be approved and into contract by the end of February 2017. Approval of the GPF funding is conditional on this and all other funding sources being confirmed and will form part of the funding agreement. Any shortfalls in Enfield's Capital receipts from land sales which are being used for the repayment of GPF funding will have to be a risk carried by the borough and the funding agreement will only be finalised once all funding sources are confirmed.

- 5.3 Any changes to this proposal, including budgetary implications will be subject to further approval via the Authority's decision-making process. All appropriate budget adjustments will be made.

## **6. Legal comments**

- 6.1 The foregoing sections of this report indicate that:

- 6.1.1 the decisions requested of the Executive Director involve the exercise the GLA's general powers falling within the statutory powers of the GLA to do such things as may be considered to further, and or be facilitative of or conducive or incidental to the furthering of, the promotion of wealth creation and economic development in Greater London including the provision of funding which might be provided by Transport for London where it is for the purposes of, or relates to, housing or regeneration and the making of investments where for any purpose relevant to its functions under any enactment, or for the purposes of the prudent management of its financial affairs; and
- 6.1.2 in formulating the proposals in respect of which a decision is sought officers have complied with the GLA's related statutory duties to:
- (a) pay due regard to the principle that there should be equality of opportunity for all people;
  - (b) consider how the proposals will promote the improvement of health of persons, health inequalities between persons and to contribute towards the achievement of sustainable development in the United Kingdom; and
  - (c) consult with appropriate bodies.
- 6.2 Officers have indicated that report that the contribution of funding to the London Borough of Enfield will amount to an investment by way of the provision of (repayable) funding and not a payment for services to be provided and must ensure that the proposed funding is disbursed in a fair and transparent manner in accordance with the GLA's Contracts and Funding Code and a funding agreement is put in place between and executed by the GLA and London Borough of Enfield before any commitment to the funding is made.
- 6.3 In taking the decisions requested, the director must have due regard to the Public Sector Equality Duty; namely the need to eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Equality Act 2010, and to advance equality of opportunity between persons who share a relevant protected characteristic (race, disability, gender, age, sexual orientation, religion or belief, pregnancy and maternity and gender reassignment) and persons who do not share it and foster good relations between persons who share a relevant protected characteristic and persons who do not share it (section 149 of the Equality Act 2010). To this end, the director should have particular regard to section 3 (above) of this report.

## **7. Investment & Performance Board**

- 7.1 On 19<sup>th</sup> March 2015 the IPB agreed approval for the Stage 1 (Strategic Case) for this project.
- 7.2 On 14<sup>th</sup> May 2015 the IPB approved in principle the Stage 2 (Investment Decision) for up to £2.5m of GPF funding for this project.



## 8. Planned delivery approach and next steps

- 8.1. The project will be delivered and monitored by the LB Enfield who will enter into an Implementation Agreement with NR in two phases (early November 2016 and (once cost certainty is provided) by the end of May 2017) to deliver the actual station improvement works. This two phased contract approach has been selected to minimise risks around NR contracting Volkerfitzpatrick for the full WAML scheme on time (which includes the Meridian Water station project) in November 2016. The initial contract will aim to focus on the on-track works and base function infrastructure, and the second contract (entered into after cost certainty) will cover delivery of the remainder of the project.
- 8.2. NR has advised that final costs are planned to be provided to LB Enfield verbally at the end of January 2017. LB Enfield confirmed that between the January and May 2017 window, they will be working with NR to ensure a final draft of the second phase contract is prepared and ready for being submitted for sign off by the end of May 2017. A drop dead date of 31 July 2017 has been agreed for the signing of the second phase contract. NR have confirmed that the on track works will still be going ahead as programmed from November 2016, and that it is expected that the station infrastructure will start to be constructed from September 2017.
- 8.3. LB Enfield has confirmed that the aim is to have a programme for the Meridian Water station project that has a deadline for completion by May 2019. As captured by the separate but linked STAR project, the provision of a new bi-directional third track from north of Tottenham Hale station to the new Meridian Water station will be complete by December 2018, with trains running along most of the new third track (i.e. entry into service) by December 2018. GLA Officers acknowledge that slippage to the completion date of the (separate but interlinked) STAR project (which is scheduled for completion in December 2018) may directly impact the completion date of the Meridian Water station project in terms of the date upon which trains can enter into service at the new station. NR are working with LB Enfield on the programme and risks, but confirmed that the date for completion will not be known until December 2016 when the final version of the programme is planned to be available to LB Enfield. Whilst the programme is planned to be available in December 2016, NR are sharing the emerging picture with LB Enfield every fortnight.
- 8.4. Both the STAR project (rail infrastructure improvements to introduce a third line which will create improved train frequency) and the Meridian Water Station Improvements project need to be delivered to unlock the land for housing development at Meridian Water. Therefore the earliest homes can be delivered at Meridian Water is May 2019. If there is slippage to the December 2018 completion date for the STAR project then this will have a direct impact on the ability for LB Enfield to deliver homes in line with the timescales outlined in Section 2.1 above. Mitigation measures against the risk of programme delay are understood in Section 4.1.
- 8.5. The estimated profile of GPF expenditure is £2.5 million in 2017/18. The funding agreement will set out clear requirements for repayment and will include a repayment profile starting in 2019/20 and completing in 2024/25; the indicative repayment profile is set out below and will be formalised in the GPF agreement:

Financial year	Repayment Amount	Cumulative Total
2019/2020	£435,000	£435,000
2020/2021	£435,000	£870,000
2021/2022	£435,000	£1,305,000
2022/2023	£435,000	£1,740,000
2023/2024	£435,000	£2,175,000
2024/2025	£325,000	£2,500,000

Enfield will be entering into a GPF agreement with the GLA and will be committing towards the repayment of funding. It is Enfield's plan to use the capital receipts from land sales from the development partner to make GPF repayments.

- 8.6. LB Enfield will be taking on cost risk of the project and will stand behind any cost increases in the project and/or any gaps in funding (excluding any cost risks associated with the funding being provided by the GLA which will be a capped fixed amount).
- 8.7. Within the GLA, the project will be managed by the Regeneration Team reporting to the LEP Delivery Board and the LEP. Performance will be monitored (against both GPF investments of £2.5 million and £6.9 million) through a monthly meeting convened between GLA Officers, LB Enfield and other relevant stakeholders. Performance will also be monitored through monthly dashboards and any amber and red risks will be reported to the Regeneration team's Budget and Performance Review process to ensure all steps are taken to mitigate and reduce any potential impacts of risks.
- 8.8. There will be an obligation for Enfield to undertake a self-evaluation at project closure.
- 8.9. The next steps are summarised below.

<b>Planned activity</b>	<b>Indicative timeline</b>
Director Decision	November 2016
GPF Funding Agreement in place	December 2016
Delivery Start Date	December 2016
Housing Zone Funding Agreement in place	February 2017
Complete Detailed Design	March 2017
Second phase contract between NR and LB Enfield signed	End May 2017
Meridian Water station opened and operational	May 2019
Angel Road station decommissioning completed	August 2019
Delivery End Date	September 2019
Evaluation	November 2019
Repayment complete	2024/2025

#### **Appendices and supporting papers:**

N/A

**Public access to information**

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary.

**Note:** This form (Part 1) will either be published within one working day after approval or on the defer date.

**Part 1 Deferral:****Is the publication of Part 1 of this approval to be deferred? YES**

If YES, for what reason: An application for Housing Zones Funding (£6 million) is currently being considered, Decision and Agreement anticipated to be put in place in February 2017. And because the anticipated programme and final programme are not due to be provided to LB Enfield from Network Rail until 31 January 2017 and 31 May 2017 respectively in which the targeted date for completion will be provided.

Until what date: 31 May 2017

**Part 2 Confidentiality:** Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part 2 form, together with the legal rationale for non-publication.

**Is there a part 2 form – Yes**

**ORIGINATING OFFICER DECLARATION:**

Drafting officer to  
confirm the  
following (✓)

**Drafting officer:**

Sarah Hayward has drafted this report in accordance with GLA procedures and confirms that:

✓

**Assistant Director/Head of Service:**

Debbie Jackson has reviewed the documentation and is satisfied for it to be referred to the Sponsoring Director for approval.

✓

**Financial and Legal advice:**

The Finance and Legal teams have commented on this proposal, and this decision reflects their comments.

✓

**Corporate Investment Board:**

The Corporate Investment Board reviewed this proposal on 5 December 2016.

**EXECUTIVE DIRECTOR, RESOURCES:**

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

Signature

*M. J. Ellis*

Date

*8.12.16*

