

Merton Council - call-in request form

1. Decision to be called in: (required)

Land at 111-127 The Broadway, SW19 (known as P4).

2. Which of the principles of decision making in Article 13 of the constitution has not been applied? (required)

Required by part 4E Section 16(c)(a)(ii) of the constitution - tick all that apply:

(a) proportionality (i.e. the action must be proportionate to the desired outcome);	
(b) due consultation and the taking of professional advice from officers;	√
(c) respect for human rights and equalities;	
(d) a presumption in favour of openness;	
(e) clarity of aims and desired outcomes;	√
(f) consideration and evaluation of alternatives;	√
(g) irrelevant matters must be ignored.	

3. Desired outcome

Part 4E Section 16(f) of the constitution- select one:

(a) The Panel/Commission to refer the decision back to the decision making person or body for reconsideration, setting out in writing the nature of its concerns.	√
(b) To refer the matter to full Council where the Commission/Panel determines that the decision is contrary to the Policy and/or Budget Framework	
(c) The Panel/Commission to decide not to refer the matter back to the decision making person or body *	
* If you select (c) please explain the purpose of calling in the decision.	

4. Evidence which demonstrates the alleged breach(es) indicated in 2 above (required)

Required by part 4E Section 16(c)(a)(ii) of the constitution:

<p>(a) proportionality (i.e. the action must be proportionate to the desired outcome);</p>	
<p>(b) due consultation and the taking of professional advice from officers;</p> <p>The site is of strategic importance and key to building a creative arts cluster (as identified in Merton's Economic Development Strategy). Yet paragraph 4 makes clear that there has been very little consultation with local groups who would be key to the success or otherwise of this aspiration, such as the New Wimbledon Theatre, Polka Theatre, Wimbledon College of Art and Wimbledon Choral Society. Nor has there been recent consultation with residents living nearby.</p>	
<p>(c) respect for human rights and equalities;</p>	
<p>(d) a presumption in favour of openness;</p>	
<p>(e) clarity of aims and desired outcomes;</p> <p>The council clearly has a duty to deliver best value. However, there is no clarity in the report as to what constitutes best value. Best value may not necessarily be delivered through an outright sale. Nor is there clarity about what might deliver best value for the wider community in and around Wimbledon town centre. Over many years, there has been an aspiration – including by the council - to provide a new community facility as part of any redevelopment of this site to benefit residents and yet this would not be delivered through the proposed outright sale.</p> <p>With regard to financial implications, current pressure is on the council's revenue budget not capital budget and – unlike with a long leasehold geared interest sale for example – an outright freehold sale risks increasing pressure further on the revenue budget as a result of lost future income.</p>	
<p>(f) consideration and evaluation of alternatives;</p> <p>This call-in relates primarily to the due consideration and evaluation of alternatives. Whilst it may be the stated aim of the Administration to maximise the potential of the land at 111-127 The Broadway SW19 (known as "P4"), the Cabinet has failed to demonstrate that</p>	

an outright sale of the property at the price proposed is necessarily maximising its potential.

The last call-in relating to this decision in 2013 was submitted because no valuation had been undertaken of the site. This proved the right decision given the proposed sale proceeds being discussed at that point and the 5-fold amounts now being discussed. The situation, however, has moved on again since 2013 and any decision being made in 2016 must now take into account the current plans for Crossrail 2 which could involve the re-development of part of Wimbledon town centre. It may well be that the proposed sale price already reflects this, but this is by no means clear.

A decision as important as this should not also be accepted on the basis that the Council perceives that it would cause a “loss of reputation” if it “changed its mind” after lengthy discussions. It has to be presumed that a legally binding “verbal agreement” had not been given before official approval of the decision and, therefore, any prospective buyer would understand that a change in circumstance/ new information would be taken into account without detriment.

In consideration of the alternative options, Merton Council has failed properly to evaluate these. It is an overly risk-averse decision taken by a Cabinet which has not seriously undertaken any real examination of alternatives, but just wants to “get rid of the land as soon as possible”. 3.5 states that “the council is keen to look at retaining property and developing sites to add value”. Yet where it has the golden opportunity to do so here with P4, it simply puts obstacles in the way such as “the council does not currently have in-house experience and expertise to carry out such a project”, without including any detail of what it would cost in terms of time and/or resources to buy-in or develop such experience and expertise. By focusing solely on the risks of the alternatives, the council shows that it is scared of failure rather than necessarily taking the most beneficial decision for the long term future of Wimbledon and its residents.

3.3 states that the Council would either need to (a) provide the finance for the scheme or (b) seek to let a design, build and finance contract. Taking these in turn

Financing a scheme

No details are provided in the report of what level of financing would be needed for such a scheme and the rate of interest at which this funding could be borrowed.

3.3 highlights the risk of a “speculative development” whereas 6.5 notes “the current confidence in the Wimbledon office market”.

If the market is speculative, then surely it would be better to be in control of the development, than risk the developer coming back in a year’s time (after planning permission has been granted and the

building sold) saying that it can't find tenants and requesting change of use to residential for example (as happened with the development on Hartfield Road, stating that the building was "too far away from the station"). This risk has not been included in the paper.

No valuation on a lease of an office block with vacant possession has been undertaken; nor of current rental amounts which could be earned. The paper highlights the business rates that could be generated, but these would still accrue to the Council in either of the 2 alternative scenarios.

Based on the range of valuations received; planning permission itself appears to be worth an additional £3million. If the Council was in control of a development which could provide the "high quality" being sought in 3.5, then it would be likely to be given planning permission.

Letting a design, build and finance contract

The paper talks about the amount of time this would take. This option has not seriously been considered as an alternative as the council have had since 2013 to test the market to see if this would be attractive. Given the fact that there were 114 registered interests and 17 offers received; there is obviously considerable interest in this site in the market.

Again, no costing has been given to benchmark against an outright sale.

No detail is given in the report about the potential benefits of a Long Leasehold Geared Interest sale. The site could be sold subject to a 150 year lease for example with the council retaining the freehold. This would generate a year on year return for the council which could more than offset the loss of parking revenue whilst the council would also retain additional control over the development. The option would still remain to sell the freehold interest at a future date.

5. Documents requested

- Any internal or external discussions or costing on what expertise would be needed and possible exploratory discussions with 3rd parties to underpin comments made in para 3.2 of the report.
- All minutes and documentation relating to any discussions held with other Councils that have formed a joint venture to develop property sites.
- Evidence to substantiate the differing timescales expected for the various options (outright sale; financing a scheme; design build and finance)
- Full costings and risk analyses for the following options:
 - a) Freehold sale of the land
 - b) Long annuity income receipt
 - c) Joint Venture
 - d) Council develops land directly

- Details of the latest utilisation rates for the P4 car park compared to other car parks in Wimbledon town centre.
- Forecasts for capital appreciation of the site over the next 5, 10 and 20 years
- Details of any 'non embarrassment' clause proposed as part of the contract to avoid the purchaser 'flipping' the asset at a profit

6. Witnesses requested

- "Expert" on joint ventures who could talk through the options, risks and opportunities of such an approach.
- Andrew Scott Robertson to discuss current market conditions and medium-term expectations.
- Former Abbey Ward Councillor; Diane Neil Mills
- Director of Environment and Regeneration, Chris Lee
- Head of Sustainable Communities, James McGinlay
- Property Management and Review Manager, Howard Joy
- General Manager of the New Wimbledon Theatre
- Chairman or Representative of the Wimbledon Broadway Car Park Action Group (which previously submitted an application to list the site as an 'asset of community value')

7. Signed (not required if sent by email): in alphabetical order:

Cllr Michael Bull, Cllr Suzanne Grocott, Cllr Daniel Holden, Cllr David Williams

8. Notes

Call-ins must be supported by at least three members of the Council (Part 4E Section 16(c)(a)(i))

The call in form and supporting requests must be received by 12 Noon on the third working day following the publication of the decision (Part 4E Section 16(c)(a)(iii)).

The form and/or supporting requests must be sent **EITHER** by email from a Councillor's email account (no signature required) to democratic.services@merton.gov.uk **OR** as a signed paper copy (Part 4E Section 16(c)(a)(iv)) to the Assistant Head of Democracy, 5th floor, Civic Centre, London Road, Morden SM4 5DX. For further information or advice contact the Assistant Head of Democracy on 020 8545 3361

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