

# **Committee: Overview and Scrutiny Commission (call In)**

**Date: 2 May 2013**

Agenda item:

Wards: Abbey

**Subject: Sale of land on The Broadway (P4)**

Lead officer: Chris Lee

Lead member: Cllr Andrew Judge

Forward Plan reference number: 1246

Contact officer: Jacquie Denton

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## **Recommendations:**

**That the overview and Scrutiny Commission consider the call in request and decide whether to -**

- A. Refer the decision back to cabinet for reconsideration, setting out in writing the nature of its concerns
- B. Refer the matter to full council where the Commission/panel determines that the decision is contrary to the Policy and/or budget framework.

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## **1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY**

- 1.1. The Overview and Scrutiny Commission is asked to consider the call in request together with the officer's comments and further information provided in response to the reasons for the call in.

## **2 DETAILS**

- 2.1. Under the scheme of Management 2012 the Head of Sustainable Communities is authorised to negotiate and agree terms for the disposal of land.
- 2.2. Cabinet resolved at the meeting of 17 December 2007 the strategic principle that the development of the P4 site should be as a mixed development comprising commercial elements (residential and retail) and community facilities.
- 2.3. In order to ensure that the council achieve best consideration for the site a report was taken to Cabinet March 2013 recommending that the site be disposed of (in line with the Council's Asset Management Plan), without restriction on use and that the now out dated Planning Brief of 2003 be rescinded.
- 2.4. Cabinet resolved at the meeting of 11 March 2013 that (1) the decision taken on 17 December 2007 in respect of the site being linked to Hartfield Road car park be rescinded and that the site be disposed of on the open market without restriction on use; and (2) the existing Planning Brief published in 2003, entitled 3 WTC Site, Wimbledon be revoked. A copy of the report is attached in appendix 2.

- 2.5. Councillors Diane Neil Mills, Henry Nelles, Suzanne Grocott and Chris Edge have requested that this decision is called in for the reasons shown in part four of the request form (appendix 1)
- 2.6. The councils procedure for dealing with call in requests is set out in paragraph 16 of Part 4E of the constitution.
- 2.7. The monitoring Officer has accepted the call-in as valid and the Commission is required to consider the reason for the call in and decide

### **3 RESPONSE FROM OFFICERS**

- 3.1. Question - There has been insufficient consultation with local groups with potential interest in the site including New Wimbledon Theatre, Polka Theatre, Wimbledon College of Art, and Wimbledon Choral Society. The site is of strategic importance and key to building a creative arts cluster (as identified in Merton's Economic Development Strategy).
- 3.1.1 Response The site has been identified as a development opportunity in Merton's Unitary Development Plan (2003) and more recently, included in the Council's Draft LDF Sites and Policies Development Plan Document (DPD) and draft Policies Map which is currently out for consultation. The consultation commenced on 16<sup>th</sup> January and ended on 27<sup>th</sup> February 2013. Three stages of consultation on the DPD have previously taken place in July – September 2011, January – April 2012 and June – July 2012. Details of the DPD "call for site" documents and consultation, which this site is include in can be viewed at [http://www.merton.gov.uk/environment/planning/planningpolicy/ldf/sites\\_policies\\_dpd.htm](http://www.merton.gov.uk/environment/planning/planningpolicy/ldf/sites_policies_dpd.htm)
- 3.1.2 Responses have been invited by the council at all stages to date of public consultation on the draft DPD. A number of responses on the P4 site have been received including those from the Wimbledon Society, Bell Hammer Ltd. and English Heritage.
- 3.1.3 Wimbledon Theatre have always been fully aware that the car park use was temporary and that the site would be developed in the future.
- 3.1.4 At Borough Plan Advisory Committee on 21<sup>st</sup> May 2012, members considered a number of viable redevelopment options for both Hartfield Road (P3) and The Broadway (P4) car parks. The proposed land uses and disposal do not prevent or restrict a creative/arts led development. However this is dependent on viable proposals coming forward via the site marketing process.
- 3.1.5 At the meeting of March 11<sup>th</sup> Cabinet recommended the site's disposal on the open market without restriction on use. Therefore this does not preclude any uses, including those associated with building a creative arts cluster subject to accordance with relevant material considerations such as Merton's Development Plan.
- 3.2. Question - The decision to expedite the sale is justified in part to avoid the possibility of local groups requesting that the site be added to the list of sites eligible under Community Right to Bid; this is contrary to the Localism Act and is pre-emptive in spirit.

- 3.2.1 Response – the use of the site as a car park was always intended as an interim use, it has long been identified as a development site for town centre uses. As part of the ongoing process of asset management it was identified that the market may now support a disposal which offers better value to the council than its current use.
- 3.2.2 There has been no intention to avoid the possibility of local groups exercising their rights under the Localism Act (“the Act”). The Act applies to both council and non council owned assets. If an application were received the council would have to consider this in accordance with the procedure set out under the Act. If after doing so it was decided that the property was an asset of community value it will be listed on the council's register of community assets and will remain listed for five years. Whilst this wouldn't prevent a disposal it must be done in accordance with the Act. This requires the local authority to first offer the community group an opportunity to purchase the land which must be at the market value. They will have six weeks in which to decide and a further six month should they decide to get funds together. The councils procedures can be found at [www.merton.gov.uk/community\\_right\\_to\\_bid](http://www.merton.gov.uk/community_right_to_bid).
- 3.3. Question - The purpose of selling the site is unclear; the Budget (6 March 2013) states that in depressed markets, asset sales will not be prioritised yet there is little appetite for new office accommodation on the Broadway and there is contraction in retail space across the UK, neither of which suggests that this is a good time to sell an asset, particularly one of great strategic importance. As an income generating asset, the use of the site as a car park is very valuable and when capital appreciation considered, a better investment than disposal. Even if the capital receipt were used for debt redemption, early redemption penalties are punitive in a low interest rate environment. The pressure is on the revenue budget not capital budget and the disposal would increase pressure further on the revenue budget. As of 31 January 2013, cash investments at Merton Council were in excess of £80 million.
- 3.3.1 Response - The purpose of selling the site is to achieve best value for the council from the asset. Indications are that the Wimbledon market has improved and therefore disposal may be advantageous to the council. The council considers assets on a site by site basis and has sought external advice on the viability of the site.
- 3.3.2 The loss in revenue income has already been taken into account in the Medium Term Financial Strategy (MTFS) as approved by council on 6<sup>th</sup> March 2013. This reduction has been included from the start of the 14/15 financial year.
- 3.3.3 The council actively reviews its debt portfolio to fund redemption opportunities as they arise. As at 31 March 2013 the average rate of the council debt portfolio was 5.72%. Current Public Works Loans Board (PWLb) borrowing rates are 1.72%. In the current economic climate of low interest rate and extremely low investment returns it is economical for the council to seek to reduce its debt currently at high interest rates rather than invest at low interest rates currently around 0.5%. This is however dependant on the premiums charged by lenders and these have precluded

viable debt redemptions recently. The 2013/14 Treasury management Strategy Paragraph 5.6 as approved by council on 6<sup>th</sup> March 2013 states the councils borrowing policy of debt rescheduling and redemption. Currently the councils Borrowing Strategy is to use its internal investments to finance the capital programme thereby maintaining an under borrowing position. The strategy is prudent in the current economic environment. The Director of Corporate Services regularly monitors interest rates. The council may use capital receipts in financing its debt redemption should the need arise. However this is a decision which would be made in consultation with members.

- 3.3.4 There is a significant amount of capital expenditure budgeted for in the next few financial years and it is anticipated that this will reduce the council's cash balances and then result in a need to borrow externally. Cash received from the disposal of assets will reduce the need for substantial long term external borrowing to support the capital programme. Capital Receipts can be used to directly fund Capital Expenditure
- 3.4. Question - The use of the site as a car park is of great amenity value; parking at another car park (e.g. Queen's Road) is not a substitute for P4. The desire to use the site to regenerate the area is flawed as (a) the loss of parking will lead to a decline in the local businesses (including shops, bars, restaurants, the New Wimbledon Theatre and the Polka Theatre) and (b) there are other sites that make a negative contribution to the state of the Broadway that should be prioritised for redevelopment. The P4 site makes a positive contribution to the local area in amenity terms and does not detract from the visual aspects of the street scene
- 3.4.1 Response – In considering this site the council has also looked at Queens Road car park and Hartfield Road P4. There is no evidence to support the view that the loss of parking will lead to a decline in the local businesses. The site is well served by public transport and is directly served by 4 bus services (routes 57, 93, 131 and 219). Other bus services are available a short walk away at the Sir Cyril Black Way bus stand. This site is also 5 minutes' walk from Wimbledon Station with its rail, tram and underground connections.
- 3.4.2 Whilst the 2012 parking surveys for Wimbledon identified this as a very busy car park, it also demonstrated that across the town centre sufficient spare car parking capacity was available to accommodate the potential loss of parking from this site. Alternative public car parks are available within a reasonable walking distance (up to 400- 500m) and during the day some on-street parking is also available close by around South Park Gardens. There is no restriction on the future development of the site and therefore the scheme could include parking. Redevelopment of the site is likely to bring people/business to the area.
- 3.5. Question - No consideration has been made of (a) disposing of another car park with lower utilisation rates than P4, which has a utilisation rate in excess of 100 percent (b) retention of the freehold (c) sale to New Wimbledon Theatre and/or Polka Theatre and/or Wimbledon College of Art (d) use of powers to redevelop dilapidated office blocks on the Broadway. If

P3 were to be developed, P4 would be of even greater importance for provision of parking.

- 3.5.1 Response (a) Consideration has been made with regard to disposal of other car parks. The only public car park in council ownership with lower utilisation rates than the Broadway Car Park is the predominately long stay car park in Queens Road. However, there are issues relating to access and regarding Network Rail which would affect any redevelopment of the site.
- 3.5.2 The 2012 parking demand study demonstrated that the town centre retained sufficient capacity overall (including both private and council owned car parks) to accommodate the redevelopment of both the P3 and P4 sites. Although it is accepted that movement patterns around the town centre (vehicular and pedestrians) are likely to change as a result. Nevertheless, both sites are highly accessible by public transport and are supported by a network of accessible links.
- 3.5.3 (b) retention of the freehold would affect the ability of developers to obtain funding and would affect the capital receipt achievable.
- 3.5.4 (c) Sale to Wimbledon theatre. Wimbledon theatre are free to put forward a bid for the site which would be considered with all bids
- 3.5.5 (d) use of powers to redevelop other office buildings on The Broadway. The council has no plans, or seen a credible business case to support using its powers as a planning authority, including compulsory purchase, to redevelop other buildings in Wimbledon. The P3 site is not being considered for development until 2019 at the earliest. In the event of any future redevelopment, P3 is of sufficient size to include re-provision of parking on-site, subject to detailed proposals.

#### **4 ALTERNATIVE OPTIONS**

- 4.1. None. The monitoring Officer has deemed the call in request to be valid and the commission is required to consider the request as the matter falls within its remit.

#### **5 CONSULTATION UNDERTAKEN OR PROPOSED**

- 5.1. None for the purpose of this report. Any consultation undertaken, as part of the decision being considered, will be referred to in the report on which the decision was based.

#### **6 TIMETABLE**

6.1

#### **7 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS**

- 7.1. Included within the body of this report and the cabinet report of 11 March 2013

#### **8 LEGAL AND STATUTORY IMPLICATIONS**

- 8.1. Included within the body of this report and the cabinet report of 11 March 2013

#### **9 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS**

9.1. None for the purposes of this report

**10 CRIME AND DISORDER IMPLICATIONS**

10.1. None for the purpose of this report.

**11 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS**

11.1. None for the purpose of this report

**12 APPENDICES – THE FOLLOWING DOCUMENTS ARE TO BE PUBLISHED WITH THIS REPORT AND FORM PART OF THE REPORT**

- Appendix 1 Call in request form
- Appendix 2 Report to cabinet 11 March 2013
- Appendix 3 External valuations of P4 CONFIDENTIAL
- Appendix 4 Parking Study (2013) Extracts which particularly relate to Wimbledon are attached the full report can be viewed at [http://www.merton.gov.uk/environment/planning/planningpolicy/1df/planningresearch/parking\\_research\\_2012.htm](http://www.merton.gov.uk/environment/planning/planningpolicy/1df/planningresearch/parking_research_2012.htm)
- Appendix 5 Minutes of the Integrated Project Team (IPT) on 15 June 2012 and the new development brief prepared following the action point from that meeting
- Appendix 6 Details of which departments were consulted in the preparation of the Cabinet report (Paragraph 4.2) and the feedback that was given as part of that consultation.
- Appendix 7 Economic analysis of the minimum price the council would be willing to accept, including all assumptions.
- Appendix 8 Details of any debt redemption considerations/proposals in the 2012/13 and 2013/14 financial years (including calculations of penalties due, impact on revenue budget, etc)
- Appendix 9 E-mail from Ms MacNab local resident.

**13 BACKGROUND PAPERS**

13.1. Cabinet report 11 March 2013