

CABINET

Date: 14 January 2019

Wards: Trinity

Subject: Former Virgin Active property, Battle Close, SW19 1AQ

Lead officer: Chris Lee, Director of Environment and Regeneration

Lead member: Councillor Mark Allison, Deputy Leader and Cabinet Member for Finance

Contact officer: Howard Joy, Property Management and Review Manager

Recommendations:

1. That the demolition of the former Virgin Active Health Club, Battle Close, SW19 1AQ is authorised subject to confirmation of prior approval under the Town and Country Planning (General Permitted Development)(England) Order 2015.
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1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. To authorise the demolition of the former Virgin Active Health Club, Battle Close, SW19 1AQ.

2 DETAILS

- 2.1. Virgin Active Health Club (previously Holmes Place), Battle Close, SW19 1AQ (Edged red on appendix Location Plan) comprises a freestanding two storey health club in a 2.406 acre (0.974 hectares) site. The freehold is owned by the Council and was leased to Virgin Active. On 20th December 2017 Virgin Active surrendered their leasehold interest to the council giving the council possession of the building.
- 2.2. The intention is to redevelop the property for housing either directly/via Merantun Developments Ltd or through sale to a private developer. Redevelopment of the site to maximise housing requires the designation of the site to be changed through the Local Plan 2020. This is underway with approval having been given by Cabinet for the second stage of public consultation between October 2018 – January 2019. This process is scheduled to be completed in eighteen months.
- 2.3. Until the site is sold or redeveloped the council need to ensure the property is secured against damage or squatters. The holding costs of the property remain with the Council until then. These costs including NNDR amount to approximately £600,000 p.a. (see appendix Schedule of expenditure 2018-19). The major components of these costs are NNDR @ £241,110 and security@ £314,000. NB The security was significantly increased on 9th March 2018 following the building being squatted both to protect the building and re-assure the public.
- 2.4. Pressures upon the council's revenue budget and the need for thrift demand that these costs be significantly reduced. The best means of doing this is

through demolition of the building that has been estimated to cost £160,000 plus professional fees at 9.9%. Demolition should remove almost all of the costs identified in Schedule of expenditure 2018-19.

- 2.5. Demolition had been considered previously but concerns over the loss of a leisure centre facility has been minimised through the completion of Morden Park Leisure Centre that opened on 6th November 2018. Demolition need not now be delayed subject to obtaining prior approval (see paragraph 7.2) before carrying out any demolition
- 2.6. On 31 October 2018 consultation started on Stage 2 of Merton's draft Local Plan, including sites proposed for allocation to new land uses. Battle Close is one of those sites which is now proposed for reallocation to residential use.
- 2.7. The Council has purposely delayed consideration of demolition until the Local Plan preparation has progressed sufficiently. Now that we are at the end of the 2nd stage of consultation on the Local Plan, subject to the site allocation responses, greater weight can be attached to the Local Plan and the change of use proposed for this site. To consider demolition prior to the 2nd stage consultation could have been considered premature.
- 2.8. As the site was formerly in use as a privately run leisure centre, Sport England will be one of the consultees who are likely to comment on this site. On 3rd January 2019, the time of writing of this report, no responses from Sport England had been received.
- 2.9. It should be noted that while Sport England are not a statutory consultee for this site in their statutory role to protect playing fields (as the leisure centre does not meet the definition of a "playing field" under the Town and Country Planning (Development Management Procedure) (England) Order 2015) they remain a consultee for Merton's Local Plan and it is likely considerable weight will be given to their response by decision-makers including the Planning Inspector examining the council's Local Plan and Merton's Planning Applications Committee.
- 2.10. Sport England's planning policy states "*Existing provision should be protected unless an assessment has demonstrated there is an excess of the provision and the specific buildings or land are surplus to requirements, or equivalent or better provision will be provided as replacement*".
- 2.11. This is very similar to the new National Planning Policy Framework 2018 para 97 which states:

Existing open space, sports and recreational buildings and land, including playing fields, should not be built on unless:

 - a) an assessment has been undertaken which has clearly shown the open space, buildings or land to be surplus to requirements; or*
 - b) the loss resulting from the proposed development would be replaced by equivalent or better provision in terms of quantity and quality in a suitable location; or*
 - c) the development is for alternative sports and recreational provision, the benefits of which clearly outweigh the loss of the current or former use.*

- 2.12. The FutureMerton and Leisure Services teams have been working together on a Playing Pitch Study and Open Space Study (including indoor sports) to assess all such facilities in the borough in line with the NPPF 2018 and Sport England's requirements. This is due to report shortly.
- 2.13. On the currently available information, officers have recommended that Battle Close is allocated for residential development in the draft Local Plan. Consultees had until 06 January 2019 to respond.
- 2.14. Support (or otherwise) for whole site residential on Battle Close will be informed by various matters including consultee's responses, the opening of Morden leisure centre, the completion of the council's playing pitch / open space studies and consequential demonstration of compliance with national policy on sports facilities.
- 2.14. Local Plans gather greater significance in influencing planning decisions the closer they are to adoption. It may be possible to take forward a successful planning application for residential development on Battle Close prior to 2020 if there is support for this through evidence and consultation.
- 2.15. Property Asset Management Board on 12th November 2018 approved the principle of demolition subject to obtaining formal authority.

3 ALTERNATIVE OPTIONS

- 3.1. Let the property. This would reduce the revenue costs falling upon the council. However, the previous provider (Virgin Active) chose to hand back the long leasehold to the council which indicates a low level of market demand for such a facility in this location and as the maximum term the council could offer is eighteen months it is very unlikely that a tenant could be found and at best there would be a delay until a tenant could be found and a lease completed reducing the term and saving to the council.
- 3.2. Do nothing. The revenue costs would continue to be funded by the Council.

4 CONSULTATION UNDERTAKEN OR PROPOSED

- 4.1. Officers of the council through the normal circulation process.
- 4.2. The draft Local Plan consultation timetable is 31 October 2018 to 06 January 2019.

5 TIMETABLE

- 5.1. From authority tenders in two weeks, lead in of two weeks. Demolition two to four weeks.
- 5.2. The timetable for the production of Merton's Local Plan 2020 is as follows:
- 5.2.1 October 2018 – January 2019: consultation on draft Local Plan
- 5.2.2 January 2019 – September 2019: assess consultation responses, complete local evidence, attend the examination of the London Plan and incorporate results into Merton's Local Plan; finalise Local Plan for submission to Secretary of State. (NB if more sites are put forward or there are significant

policy changes, this stage will also include 6 weeks of consultation on those sites / policy changes)

5.2.3 Autumn 2019 – seek full council resolution to submit to the Secretary of State for examination

5.2.4 Autumn 2019 – Spring 2020: examination in public (c6 months)

6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

6.1 Capital

6.2 The proposals in this report would need to be progressed with the costs of demolition being charged to revenue.

6.3 Under the Prudential Code released in 2012 it would only be possible to capitalise demolition costs if the demolition was intrinsic to a re-development scheme or related to asbestos. Under the new guidance for account closure in 2017/18 the latitude for capitalising demolition costs has been extended. It is now possible to capitalise demolition costs if it can be justified that this will increase the value of the residual asset.

6.4 The onus will be placed on officers to justify that the value has increased. Merton's specialist financial advisors have recommended that independent valuations are obtained to justify the increased value and the decision to capitalise would be subject to external audit review. The VOA/DVS has been instructed to provide the valuation advice required.

6.5 Revenue.

6.8 The financial implications are contained within the body of the report.

7 LEGAL AND STATUTORY IMPLICATIONS

7.1. Under the Town and Country Planning Act 1990 planning permission is required for "Development" Development includes demolition and therefore as a general rule demolition requires planning permission.

7.2. However, the Town and Country Planning (General Permitted Development)(England) Order 2015 grants deemed planning permission for demolition subject to the party proposing to carry out the development first going through a prior approval before carrying out any demolition.

8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

8.1. None for the purpose of this report.

9 CRIME AND DISORDER IMPLICATIONS

9.1. None for the purpose of this report.

10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

10.1. Risk management regarding the revenue and capital budget are contained within the body of this report.

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

- Location Plan.
- Schedule of expenditure 2018-19

12 BACKGROUND PAPERS

12.1. National Planning Policy Framework 2018

12.2. Town and Country Planning Act 1990 as amended

12.3. Sport England – planning policy and playing fields statutory policy

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