

**AGENDA ITEM: 7**

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Meeting	Cabinet Resources Committee
Date	30 March 2006
<b>Subject</b>	<b>Watling car park and related lands, Burnt Oak</b>
Report of	Cabinet Member for Resources
Summary	To consider outline development proposals and approve the appointment of consultant valuers.

Officer Contributors	Dave Stephens, Strategic Property Advisor
Status (public or exempt)	Public – with a separate exempt report.
Wards affected	Burnt Oak
Enclosures	Plan
For decision by	Committee
Function of	Executive
Reason for urgency / exemption from call-in (if appropriate)	N/A

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## **1 RECOMMENDATIONS**

- 1.1 If the Committee is content to progress the discussions and negotiations with St James Investments for the possible redevelopment of Watling car park site and related lands, that the appropriate Chief Officers be instructed to appoint consultant valuers to advise the Council upon the development costs and the value of the Council's property assets required for the scheme.**

## **2. RELEVANT PREVIOUS DECISIONS**

- 2.1 Policy and Implementation Committee of 29<sup>th</sup> March 2000, item 13. Approval was given to entering into a conditional contract with Lidl UK GmbH for the disposal and retail development of part of the Watling Car Park site.
- 2.2 Policy and Implementation Committee of 6<sup>th</sup> December 2000, item 22. Approval was given to the detailed development components including the works to be carried out to the Council's land, the programme of events be approved and the detailed financial arrangements.
- 2.3 Cabinet Resources Committee 24.7.03 – noted that because of flood plain issues, Lidl could not develop an economically viable scheme on the land and therefore the committee agreed to the rescission of the contract and the repayment of the deposit.
- 2.4 Cabinet Resources Committee 8.7.04 – amongst other issues, agreed that subject to the grant of planning permission, the freehold interest in the former Child Guidance Centre site at East Road, Burnt Oak be transferred to Ealing Family Housing Association for the building of a replacement for the Merrivale elderly persons care home and day centre in exchange for the transfer back to the Council of the current Merrivale site at East Road, Burnt Oak and the grant of a short-term, non-renewable lease of the existing care home and day centre to Ealing Family Housing Association at a peppercorn rent,

## **3 CORPORATE PRIORITIES AND POLICY CONSIDERATIONS**

- 3.1 The Community Plan priorities include Fostering and Enterprising Community through major investment in infrastructure and regenerating key areas.

## **4 RISK MANAGEMENT ISSUES**

- 4.1 The Council is not committed to progress any development scheme at this stage. By appointing consultant valuers to advice on scheme costs and property values, the Council will be able to make further decisions with the knowledge of possible capital receipt and revenue loss implications.

## **5 FINANCIAL, STAFFING, ICT AND PROPERTY IMPLICATIONS**

- 5.1 The indicative offer from the developers to acquire the Council's property assets required for the development together with a list of those assets is set out in the exempt report.
- 5.2 At this stage the only expenditure to be incurred by the Council will be the fees of the consultant valuers. All other matters will be subject to further negotiations if the Council decides to progress this project.

## **6. LEGAL ISSUES**

- 6.1 None.

## **7. CONSTITUTIONAL POWERS**

- 7.1 Constitution – Part3 Responsibility for Functions – Section 3.6 Functions delegated to the Cabinet Resources committee – All matters relating to land and buildings owned, rented or proposed to be acquired or disposed of by the Council.
- 7.2 Constitution – Rules for the disposal of land and real property – On any disposal of property, proper regard will be had to the professional advice from a qualified valuer at all relevant stages in the process and where the Director of Resources or designated officer, the Cabinet Member for Resources or the relevant body deems it appropriate, independent valuation advice shall be obtained.

## **8. BACKGROUND INFORMATION**

- 8.1 The site referred to as the Watling car park site (including the existing market) is shown by zigzag hatching on the attached plan. The whole of this land is within the latest Environment Agency flood plain boundary. The site of the existing Merrivale elderly persons care home is shown edged black on the plan.

### **CAR PARK SITE REDEVELOPMENT OPTIONS HISTORY**

- 8.2 For a considerable number of years, the Council has been aware of the potential for having the Watling car park and adjacent lands redeveloped. In the past a planning brief was prepared for the site proposing a mixed use development but with the major component being retail.
- 8.3 Marketing of the site for a primarily retail scheme in the 1990s produced little interest, and that which was shown did not progress because of vehicular access difficulties, flood risks and similar site constraints.
- 8.4 In 2000, the Council was approached by Lidl UK with a proposal to develop a supermarket on the site but which retained the majority of the car parking and included proposals to up-grade and retain the stall market but in an alternative

location on the site. The Council agreed to enter into conditional contracts with Lidl.

- 8.6 Lidl eventually withdrew from the contract because the scheme was not economically viable. The major problem was the risk of flooding and the extent and cost of the infrastructure works which would be necessary to satisfy the Environment Agency.

#### MERRIVALE

- 8.7 In order to prevent a long delay to the programme for the provision of new elderly persons residential and day care accommodation, in 2004 this committee agreed to swap the Child Guidance Centre site at East Road (to be developed with a new residential care home and day centre) in exchange for the existing Merrivale site. There were cost implications associated with this swap and these are set out in the exempt report.

- 8.8 Because of the local flood plain issues, in considering the planning application for the new care home and day centre, the Environment Agency required that once the existing Merrivale was demolished the site should remain un-developed to provide a compensatory area of flood plain. This meant that the capital receipt which the Council expected from a subsequent disposal of the Merrivale site was no longer achievable.

#### A NEW PROPOSAL

- 8.9 In the last twelve months, officers were approached by a firm of developers, St James Investments, who expressed an interest in developing the Watling car park site with a Tesco supermarket. The flood plain problems associated with the site were explained to the developers. It was also made clear that whilst officers were prepared to talk about their proposals, there was no commitment by the Council to sell any land or agree any scheme and that any work undertaken at this stage would be entirely at their own risk.
- 8.10 St James Investments engaged Faber Maunsell to undertake a flood risk assessment of the developers proposed scheme. The following bullet points are extracted from the Flood Risk Assessment:

- CURRENT STATUS
- Development of the site for retail use has been objected to by the Environment Agency under heightened powers afforded by PPG25 due to (i) flood plain storage lost to development; (ii) risk of loss of life and injury due to flooding; (iii) increase in flood risk to neighbouring property.
- Based on the EA Flood Risk maps the site is shown as being impacted by the 1 in 100 year fluvial flood area and is therefore Flood Zone 3 (High Risk) of PPG25.
- Historic flooding in 1992 is recorded as inundating the whole site.
- PPG25 states – Development should not be permitted where existing ... river

defences, properly maintained, would not provide an acceptable standard of safety over the lifetime of the development.

- There are no flood defences along the banks of the Silk Stream.
  - A planning application submitted in 2001 (made by Lidl) was objected to by the EA for two main reasons – (i) insufficient buffers strip to the Silk Stream – a 10m strip was required; (ii) the whole site fell within the indicative flood plain and provided flood storage which if lost because of being developed would have an adverse impact on neighbouring property.
  - ON THE PROPOSED SCHEME
  - The proposal to mitigate against flooding by raising the building on columns whilst using the space below for car parking would minimise the area taken out of flood plain and avoid the risk of damage to living and working areas.
  - Compensation of flood volume taken out of flood plain storage should be provided on a like for like level basis in an area out of flood plain. The Merrivale site is a potential area for flood compensation and its level suggests flows can be stored below ground.
  - Diversion of the Silk Stream must be carried out with the approval of the EA.
  - The outline development proposals (i) will not increase the flood risk at the site; (ii) will provide a net benefit to the flood risk and therefore be acceptable in terms of PPG25; (iii) will provide a 10m buffer strip between the Silk Stream and the development.
- 8.11 The outline scheme proposes to develop the Watling car park site and adjacent lands with a Tesco store of approximately 6,250 sq m with a further 800 sq m of retail space. This will be constructed on columns with access being at a level so that there is access from Watling Avenue. There will be an elevated area at the rear for good deliveries. At ground level the site will provide car parking and a re-modelled market. Fronting Silk Stream (at the rear of the buffer strip) will be a development of 48 residential units – these similarly will be built on columns with parking below. In addition to using the Merrivale site to accommodate flood storage tanks, it is also proposed to construct a scheme of 24 residential units. The new Tesco store would replace the existing store on Burnt Oak Broadway. The development would enhance this town centre and could create the potential for new employment opportunities.
- 8.12 The developers have now come to the stage where they are reluctant to incur additional expenditure or commission further work until they are confident that there is a reasonable prospect of concluding a land transaction with the Council. In this connection they have made an indicative offer in the sum and for the properties referred to in the exempt report.
- 8.13 It has to be recognised that the costs of the works to mitigate and alleviate the flood risk will be significant but without them development of the site is unlikely to be

achieved. The converse is that without a development which produces significant land value it will not be possible to carry out the flood alleviation and mitigation works. Thus, offering the site on the open market for development is likely to produce the same results as achieved in the 1990s and that the most practical approach is to enter into direct negotiations with a single developer subject to still meeting the best consideration requirements of Section 123 of the Local Government Act 1972.

- 8.14 From the Council's perspective it is important to establish whether or not the indicative offer is in a sum which reflects the value of the Council's property assets which the developers wish to acquire, having proper regard to the costs of development and its end value. It is recommended therefore that, if the Committee is content to progress the discussions and negotiations with St James Investments, that external valuers be appointed to enter into discussions with the developers and advise the Council upon the development costs and the value of its property assets. The valuer's conclusions will be reported to a future meeting of the Committee.

## **9. LIST OF BACKGROUND PAPERS**

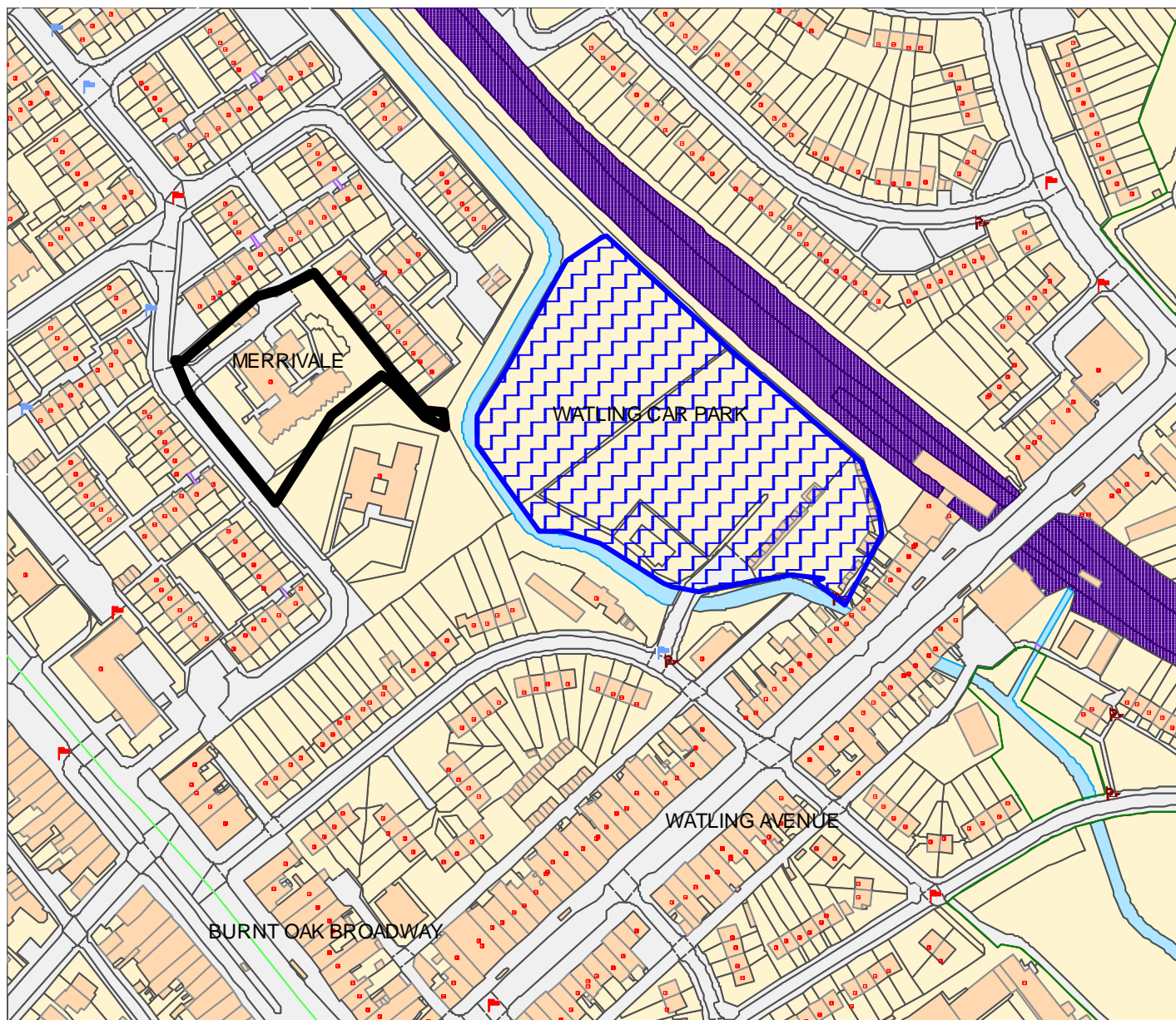
- 9.1 None.

Legal: SWS  
CFO: JB

Plan showing:

By zigzag lines – Watling car park, market and adjacent lands.

By black edging – existing Merrivale care home site



Not to scale

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