

NOT FOR PUBLICATION BY VIRTUE OF PARAGRAPH 9 OF SCHEDULE 12A OF THE LOCAL GOVERNMENT ACT 1972

**TO: AUDIT AND RESOURCES SCRUTINY COMMITTEE – 1ST APRIL
 2003**

**SUBJECT: REDEVELOPMENT OF THE COURT STREET CAR PARK AREA,
 LEAMINGTON OLD TOWN**

FROM: POLICY SERVICES

1. PURPOSE OF REPORT

1.1 In accordance with Rule 19(c) of the Council's Procedure Rules, to consider the Executive's decision on the redevelopment of the Court Street car park area, Leamington Old Town, at its meeting on 10th March 2003 in the light of that decision being called in by three Councillors.

2. BACKGROUND

2.1 At its meeting on 10th March 2003, the Executive considered the report attached at Appendix 1. That decision has been called in and this Scrutiny Committee must consider the decision as required at paragraph 3 (below).

2.2 The recommendation in the report was a choice between continuing with the Aldi proposal (1.1) or exploring another approach (1.2). That other approach did not commit the Council to the other company but rather asked that officers undertake detailed investigations and discussions that be reported back to Councillors for them to determine whether to proceed with that company or decide to market the site.

2.3 To aid consideration of the report, it would be useful to reflect upon the following:

2.3.1 The comments raised by the Scrutiny Committees and whether they were taken on board or set aside and why.

2.3.2 Whether there are other options.

2.3.3 Additional financial assessment.

2.3.4 Additional knowledge of the organisations involved.

2.3.5 Impact on regeneration of area.

2.3.6 Risks of alternative approaches.

2.4 Comments of Scrutiny Committee

- 2.4.1 Two of the Scrutiny Committees considered the item and their comments were as follows:
- 2.4.2 Audit and Resources were not convinced about the proposals and would like further appraisals. They were concerned about the need for a rapid decision. They would like clarification about whether or not it should go out to tender.
- 2.4.3 Environment supported recommendation 1.2 in the report, for the site to be a multi use site, but for the Council to proceed with caution and perhaps seek other tenders for the use of the site.
- 2.4.4 In terms of the Executive's decision, the difference in opinion rests with not deciding to market the site more generally. It is an option that the Council could market the site more generally, but it would have to be done with the benefit of a brief to ensure that planning and regeneration objectives were comprehensively covered and the right of way issue would need to be catered for. All of these elements would take time but are not impossible, although the right of way issue may prove extremely difficult. Recommendation 1.2 addressed that issue by involving the occupier making the right of way claim and that is why it was suggested in the report why general marketing was not a recommended way forward at that time.

2.5 Other Options

- 2.5.1 General marketing of the site has been remarked upon above as one possible approach in the above option.
- 2.5.2 In addition, it may be possible to ask Aldi to take the site with the right of way unresolved. They may not be willing to do this and even if they did it would undoubtedly reduce the capital receipt the Council would receive. This may make this an inappropriate option in terms of best consideration as well as because of other issues raised in the report.
- 2.5.3 If the Council does not want to accept Watershore's involvement, at least two of their proposed end users have indicated a willingness to pay a capital sum. This may prove difficult to achieve in normal tendering terms as the end users don't want the whole site for themselves, hence being part of an approach whereby the whole site was to be secured to accommodate a number of parties. The Council could, however, act as the facilitator to bring the parties together, assuming that the uses are supported by the community and are compatible with the area.

2.6 Additional Financial Assessment

- 2.6.1 The two schemes bring different financial benefits, but include different parcels of land (although the car park is common to both). 1.1 involved an outright capital receipt, while 1.2 involved a mixture of revenue benefits and a possible capital receipt. 1.2 also involved the disposal of the Packington Place site and any comparison of the two schemes needs to acknowledge this.

2.6.2 If the Council were to pursue other options then a sensible financial framework should involve:

- (i) a land value estimated by the District Valuer or qualified agent to act as a benchmark for any proposal.
- (ii) a clear decision on the brief for the site as this would influence (i) above.
- (iii) a clear decision on whether the value of the site could be realised in either revenue or capital terms or both as this would influence (ii) above and so (i).

The Council could then employ a Discount Cash Flow assessment to compare the financial proposals. This of course will be deployed in respect of options 1.1 and 1.2 even now.

2.7 Additional Knowledge of Organisations

2.7.1 Aldi is a well known national/international retail organisation that deploys a standard format for its shops throughout the company selling a wide range of products, but primarily food, and known for its 'budget' approach.

2.7.2 Watershore is a small company and some of its Directors have been involved in the delivery of the Surgery, Pharmacy and office building (for the North Warwickshire Health Promotion Service) in Court Street. The Directors involved therefore are known in this context. One of the Directors leads Supporting the Arts with whom the Council is working on the Spencer Yard scheme.

2.7.3 As part of the evaluation of the proposal following the decision at the Executive to negotiate on the approach in the report, officers have undertaken research that indicates that various Directorships are, or have been, held in a variety of companies, both live and closed, by the Directors of Watershore. Further, officers have been advised that an investigation of a Watershore Director is under way, commissioned by colleague directors of a different company. It is understood that one of the consequences of this might be a civil action in the Courts. Both as a result of receiving this information and also for the purpose of project evaluation, enquiries are being pursued and searches of company records have been requested; at present there are significant issues that need to be addressed before a substantive decision can be taken to proceed with this option. Insufficient information is held to make judgements or reach conclusions at this stage, but further work is being undertaken and must be completed before any commitments with Watershore are entered into.

2.8 Impact on Regeneration of Area

2.8.1 While the Council has owned Court Street car park for sometime, land adjoining it to the south was acquired to enable a more comprehensive redevelopment scheme to take place but with the clear aim of aiding the regeneration of Leamington Old Town. This could occur in terms of improving the environment, creating footfall, creating jobs, encouraging business

creation. For the same reasons the railway arches were secured to provide craft workspace and a new attraction.

2.8.2 The benefits and disadvantages of each option were set out in the original report and are not duplicated here.

2.8.3 If other approaches were adopted then in particular the (Economy Theme) actions of the Community Plan to:

- redevelop Court Street car park and adjoining land for commercial use;
- developing the railway arches for an arts scheme;

need to be incorporated within a development brief as would the requirements of the new Local Plan.

2.9 Risks of Alternative Approaches

2.9.1 The respective risks of recommendations 1.1 and 1.2 have already been set out in the attached report. Conditional marketing of the site would require:

- the right of way issue to be dealt with by bidders; and
- adherence to the brief to meet planning and regeneration requirements.

2.10 General Process

2.10.1 Section 3 of the Council's Code of Contract Practice in respect of disposals requires land and property with a value in excess of £20,000 to be the subject of a report to the Executive seeking approval to the disposal and the method of disposal.

2.10.2 The Aldi offer had not been arrived at through a competitive tendering process. Their offer was one of 2 received. The alternative option (1.2) was suggested as an option because it addressed the right of way issue that any proposal will need to deal with.

2.10.3 Recommendation 1.2 would allow the Council to complete its investigations and permit Councillors to subsequently make a fully informed decision on the method of disposal.

3. OUTCOME REQUIRED

3.1 To make a recommendation in respect of this item on a way forward; in accordance with Rule 19(c) of the Council's Procedure Rules, the Committee should decide whether the matter should be referred back to the Executive, or on to Council, or to take no further action.

Chris Elliott
Strategic Director

BACKGROUND PAPERS

Report to Executive – 10th March 2003

Areas in District Affected: Clarendon, Leamington.

**Executive Portfolio Area and Holder: Corporate and Strategic Leadership –
Councillor R. Crowther**

For further information about this report please contact:

Contact Officer: Chris Elliott
Tel: (01926) 456004 (Direct Line)
E-mail: chris.elliott@warwickdc.gov.uk

I:\admin\KAREN\scrutiny cttcs\Audit Resources\redevelopment of court street car park area.doc