

# Delegated Decisions report



11 January 2022

## DISPOSAL OF THEATRE MULTI-STOREY CAR PARK, CENTRAL MILTON KEYNES

Name of Cabinet Member	<b>Councillor Rob Middleton</b> (Cabinet member for Resources)
Report sponsor	<b>Stuart Proffitt</b> Director - Environment and Property
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Exempt / confidential / not for publication	<b>Annex C</b>
Council Plan reference	<b>Not in Council Plan</b>
Wards affected	<b>Central Milton Keynes</b>

### Executive Summary

This report sets out the proposals to dispose of the closed Theatre Multi Storey Car Park in Central Milton Keynes. Prior to its closure, the car park was under-utilised and required significant investment to bring it up to standard. A planning led Development Brief sets out the aspirations for the site in placemaking terms and an options analysis and appraisal examined several redevelopment opportunities for the site. The proposed decision is to commence marketing of the site in the New Year for bids to create an exceptional mixed-use development that meet the aspirations of the development brief and provide the council with an albeit, small, capital receipt.

### 1. Decisions to be Made

- 1.1 That the public and press be excluded from the meeting by virtue of Paragraph 3 (Information likely to Reveal the Financial or Business Affairs of the Authority) of Part I of Schedule 12A of the Local Government Act 1972, in order that the meeting consider **confidential Annex C** to the report.
- 1.2 That the disposal route and evaluation criteria for bidders of the Theatre Multi-Storey Car Park be approved.

1.3 That the Director - Environment and Property, in consultation with the Cabinet member for Resources, be given delegated authority to select a preferred bidder and enter into a contract for the disposal.

## 2. Why is the Decision Needed?

2.1 The Theatre Car Park has been underused and prior to closure ran at a loss, particularly since the new John Lewis car park opened, and also requires significant refurbishment of approximately £150k to bring it up to standard fit to reuse as a car park. As part of the Council's Corporate Property Strategy, the site has been assessed against the criteria for disposal through the asset challenge process and has been recommended at Strategic Property Board to be disposed of as part of the asset rationalisation programme. A site plan and aerial view of the building can be found at **Annex A**.

2.2 Subsequently, the car park was closed at the start of the pandemic and a delegated decision was taken on 17 November 2020 not to reopen it. The decision recommended to develop an options appraisal for alternative uses. Officers have worked with consultants CCD Properties to develop an options appraisal which include several options including mixed used and residential schemes.

2.3 Given the prominence of the site in Central MK and its adjacency to the Theatre, 12<sup>th</sup> Street Leisure Quarter, and MK Gallery, a development brief has been considered, consulted upon, and adopted by the Council by a Delegated Decision taken on 7 December 2021. The development brief will influence what the site is eventually used for and what the layout and design will be and therefore engagement with local stakeholders to establish their issues, views and aspirations is essential to the process. The brief provides prospective developers with planning and design guidance to enable the submission of an informed and high-quality proposals for the development of this site.

2.4 The vision for the site is: *"To create an exceptional mixed-use development that capitalises on its outstanding gateway location that affords stunning views over Campbell Park and beyond and is positioned adjacent to the most popular theatre outside London, an acclaimed and recently expanded MK Art Gallery and complementary uses."* More in-depth information can be found in the Development Brief (see List of Background Papers)

2.5 There are essentially two preferred options for the site. Both involve the demolition of the theatre multi-storey car park building to bring forward a redevelopment with a mixed-use scheme. An active mixed-use ground floor facing its eastern, southern and western edges level that includes community focused uses will be looked on favourably. The second option goes further in promoting oversailing of the existing public realm on upper floors in order to increase the overall capability, capacity and economic viability of the site. The latter option will require negotiation with the adjacent landowner who owns land between the site and the classic infrastructure. Discussions with the

third- party landowner so far have been positive given the benefits it will bring to the 12<sup>th</sup> Street development.

2.6 The Option Analysis report examines several redevelopment opportunities for the site. These included:

- *Commercial Use* - single storey footprint of 17,000sqft or a multi-level scheme for uses such as Self-Storage which could provide 80,000sqft over four floors.
- *Residential* - a multi-level apartment style scheme. 126 apartments, over 6/14 stories. The scheme is configured to provide a 31% Affordable Housing content in line with adopted Supplementary Planning Guidance.
- *Senior Living* - a McCarthy and Stone type layout - 73 Apartments over five floors.
- *Temporary Housing* - 30 micro flats in a prefabricated/modular temporary short-term option or 53 bed spaces in a more traditional lodge type arrangement.
- *Specific Occupiers as part of a mixed-use development:*
  - An A3 Community Led Use - 17,000sqft.
  - Upper level residential within the airspace - 108 Apartments with split tenure providing 33% Affordable content.

2.7 High-level development appraisals were undertaken for several of the options to provide a comparative indication of the potential residual site value. As with all Option Analysis there is a range of site values generated dependent on the use and building type. A summary can be found in **confidential Annex C**. The simplistic long term storage option created the best site value however, in Planning terms is the most unlikely to be supported.

2.8 The commercial, residential and mixed-use schemes to match the Development Brief will be considered most favourable albeit the challenges in generating a positive site value are recognised at this stage. Over time, it is felt as Milton Keynes becomes recognised as the pivotal point in the growth of the Cambridge/Oxford Arc the demand for town centre sites within the mixed use/private rented residential sector will increase resulting in improved land values and viability.

2.9 We will market the site for sale with the benefit of the adopted development brief and will be looking for high quality schemes in accordance with the requirements of the Development Brief. The Council's strategic property consultants CCD Properties will run the marketing campaign with agents

Bidwells, a very established consultant who specialise in the “golden triangle” - Oxford/Milton Keynes/Cambridge Arc. Bidwells have been procured in accordance with the Council’s procurement regulations (three quotes given the value). They have extensive experience and networks among the development sector, and as a team have sold land with a gross development value in excess of £2bn over the past five years It is intended to commence marketing in early February for a period of six weeks.

- 2.10 There is a strip of land around the south eastern and south western boundaries of the site abutting the structure which is not in the Council’s ownership. Previously owned by the HCA, it has now transferred to the owners of the Theatre District which creates a potential ransom situation. Discussions with the owners have however been positive on doing a deal here.
- 2.11 Bids will be assessed in accordance with the following criteria of which 40% will be on the bidder’s financial offer and the remainder on their track record, quality and deliverability of proposals. This will go some way in ensuring any scheme will be the right fit for Central Milton Keynes, in accordance with the development brief and which will be delivered to a high standard.

<b>Financial Offer</b>	<b>40%</b>
<b>Financial Track Record &amp; Covenant</b>	<b>10%</b>
<b>Quality and Deliverability of proposals</b>	<b>50% made up as follows:</b>
1. Compliance with the development Brief	10%
2. Ability to include Community/Arts uses	20%
3. Design	10%
4. Appraisal and deliverability	10%

- 2.12 Bidders will be made aware of any site constraints including proximity to existing uses. This will include, for example, the Theatre which can be a loud operation when touring shows arrive and depart. Consideration should be given by bidders on compatible uses and any mitigation needed, such as sound proofing.

### 3. Implications of the Decision

Financial	Yes	Human rights, equalities, diversity	No
Legal	Yes	Policies or Council Plan	Yes
Communication	Yes	Procurement	No
Energy Efficiency	No	Workforce	No

#### (a) Financial Implications

We are not expecting to see a significant capital receipt for this disposal. Our disposal costs of up to 4% of the capital receipt can however be offset against the value of the receipt received, any further costs incurred will be reflected in the Council’s outturn position. However, we’re expecting our disposal costs to be 1.5% for agency fees plus legal

costs. The property is not currently opted to tax, and therefore are exempt from VAT. SDLT is not payable on disposals. Depending on the offer received, we may ask the successful bidder to enter into an overage agreement to secure any future uplift in value in order to meet our obligations under S123 of the Local Government Act, 1972.

(b) Legal Implications

Under s123 Local Government Act 1972, there is a requirement for the Council to obtain the best consideration that can reasonably be achieved when disposing of its assets. The property has a gross book value of £1,007,837. The Council can, however, give an undervalue of no more than £2 million if the disposal promotes the social, economic or cultural well-being of an area. This must be considered when selecting a bidder before entering into contract.

(c) Other Implications

A clear communications plan will need to be worked up after selection with the successful purchaser on the future of the site and development proposals. Consultation with key partners including CMK Town Council should continue.

## 4. Alternatives

4. The alternative to disposing of the car park is to retain its use and re-open it as an operational car park. As discussed in the body of the report, this would require significant investment for an already under-utilised asset and would be contrary to the Corporate Property Strategy.

## 5. Timetable for Implementation

- 5.1 The draft preliminary programme is attached at **Annex B** to the report which gives full details of the timeline. In overall terms, we will be seeking to commence marketing on 9 February 2022 for a period of six weeks. Tenders will be returned by 23 March 2022, followed by any clarifications with an assessment and report issued by 11 May 2022. We should be able to make a formal decision and agree heads of terms to instruct legal in June 2022.

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### List of Annexes

Annex A	Site Plan and Ariel View
Annex B	Draft Preliminary Programme
Annex C	Options Appraisal (Confidential)

### List of Background Papers

- Delegated Decisions - 17 November 2020: [Delegated Decisions - 17 November 2020](#)
- Delegated Decisions - 7 December 2021: [Delegated Decision - 7 December 2021](#)
- Development Brief (final version): [Development Brief final version](#)