

Future Merton
London Borough of Merton
12th Floor Civic Centre
London Road
Morden
SM4 5DX

25 July 2012

Dear Sir / Madam,

Site and Policies Development Plan Document – Former Mitcham Gasworks

On behalf of my client, National Grid Property (NGP) and Scotia Gas Networks (SGN), I am writing with regard to Site Proposal 75 Former Mitcham Gasworks, as set out in the Council's Draft Site and Policies DPD.

NGP and SGN own two separate parcels of land, which make up the site identified in the site allocation. Both parties welcome the proposed allocation of the site, in response to the Council's "call for sites" earlier in the year. Background information and detailed comments on the draft site allocation are set out below.

Background

The NGP land (1.78 hectares) has outline planning permission for up to 7,500 sq m of light industrial (Use Class B1c) use, which was granted as part of a wider outline planning permission for mixed use residential and employment use.

The residential element (which is located to the south-west of the site) has been sold to Barratt Homes. A reserved matters application for the residential element of the scheme was submitted by Barratt Homes in May 2012. The outline planning permission for the employment element expires on 28 July 2012.

The SGN land (0.63 hectares) includes the gasholder on the corner of Western Road and Portland Road. Development within the vicinity of the gasholder is subject to restrictions set out in the HSE's land use planning methodology (PADHI), which limits the potential for residential and retail uses at present.

SGN has identified potential for the gasholder to be decommissioned within the next two to five years. There are significant costs related to decommissioning the gasholder, dismantling the associated infrastructure and subsequent decontamination of the site. Additional costs may also be incurred if it is necessary to relocate the existing Pressure Reduction Station.

The SGN interest is unlikely to generate sufficient value in isolation to fund decommissioning and remediation of the site, regardless of its use. Therefore, it is expected that the NGP and SGN interests

will be combined to enable the regeneration of the site.

The Council's Preferred Use

The draft site allocation identifies potential for the site to be allocated for alternative (non-employment) uses, subject to the decommissioning of the gasholder.

It also recommends that, if the gasholder is decommissioned, a planning brief (supplementary planning guidance) is prepared to guide the use, layout and design of development that would be acceptable on the site.

There are significant costs related to the decommissioning of the gasholder, dismantling the associated infrastructure and decontamination of the site. Further costs may be incurred if it is necessary to relocate the existing Pressure Reduction Station.

It is essential that the site is allocated for uses of sufficient value to ensure that the redevelopment of the site is viable, taking into account the significant abnormal costs of these enabling works. Even if there was sufficient demand for employment uses in this location (which is very doubtful), the current permitted employment use would not generate sufficient land value to make the redevelopment of the site viable.

The National Planning Policy Framework (NPPF), which was published in March 2012, is clear that Council's should not retain unviable employment allocations. Paragraph 22 specifically states that

"Planning policies should avoid the long term protection of sites allocated for employment use where there is no reasonable prospect of a site being used for that purpose. Land allocations should be regularly reviewed. Where there is no reasonable prospect of a site being used for the allocated employment use, applications for alternative uses of land or buildings should be treated on their merits having regard to market signals and the relative need for different land uses to support sustainable local communities."

The Council should plan pro-actively for the future use of the site, by allocating the site for higher value uses in the Sites and Policies DPD. This will provide more certainty that sufficient value can be created, to fund the decommissioning of the gasholder. Without this certainty, the decommissioning of the gasholder may not proceed.

Potential Higher Value Uses

Food retail is the highest value use for the site and has the potential to fund the high costs of decommissioning and remediation. NGP and SGN understand that there are a number of policy issues, which need to be overcome to support retail use in this location.

Retail proposals in edge-of-centre locations, such as this one, are required to demonstrate that there are no viable, suitable and available sequentially preferable sites that could accommodate the proposals. There are 13 sites currently identified for retail uses in the Draft Sites and Policies DPD. However, none of those sites identified in Mitcham are of a suitable size to accommodate a large foodstore.

It must also be demonstrated that development would not result in adverse quantitative or qualitative impacts on existing centres or planned public and private investment within the catchment area.

Boosting the supply of new housing is a key objective of national planning policy. LPAs are required to robustly plan for a 5-year housing land supply, by identifying viable and deliverable sites for housing. There is potential to deliver new housing on the Former Mitcham Gasworks site, potentially in combination with a new foodstore, subject to the decommissioning of the gasholder and financial viability.

Residential uses are less valuable than retail in this location and on their own are less likely to generate the significant investment required to fund decommissioning and remediation.

The NPPF requires Local Planning Authorities to pay careful attention to viability and the costs of development, to ensure that plans and site allocations are deliverable. Paragraph 173 states:

"To ensure viability, the costs of any requirements likely to be applied to development, such as requirements for affordable housing, standards, infrastructure contributions or other requirements should, when taking account of the normal cost of development and mitigation, provide competitive returns to a willing land owner and willing developer to enable the development to be deliverable."

The allocation of the site for food retail use would deliver significant regeneration and qualitative retail benefits, as well as funding the significant costs of decommissioning and remediation, which is necessary to make any proposed redevelopment viable.

Preparation of a Planning Brief

NGP does not consider that the preparation of a planning brief is necessary for this site. The layout of the scheme and general design principles should be developed through pre-application consultation with the Council, once the principle of use has been established. This could form the basis for an approved masterplan or planning application for the site. The preparation of a planning brief (supplementary planning guidance) would require additional Council resources and has the potential to significantly delay development.

The site will not be developed by NGP or SGN. Therefore, flexibility is required for a developer to work up a masterplan for the site, depending on the scale and balance of uses proposed.

Delivery Timescales

The wider NGP land was marketed by Drivers Jonas Deloitte in 2010. There was significant interest in the residential element and Barratt London was subsequently selected as preferred bidder.

There was only limited interest in the employment land from industrial developers and no financially viable offers were received. There was significant interest in the employment land from major food retail developers and operators.

Given the demand for residential and retail uses in this location, it is considered that a scheme could be delivered within three to five years, subject to securing sufficient value to fund the decommissioning of the gasholder.

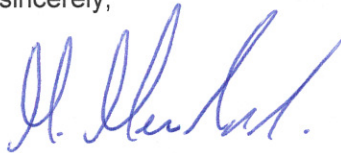
Summary

Reasonable flexibility is required to allocate the site for higher value uses, to promote the successful regeneration of the site and ensure that any proposed redevelopment is financially viable. Therefore, we request that the draft site allocation identifies the potential for residential and retail uses, subject to the decommissioning of the gasholder, evidence of financial viability and (where necessary) a retail impact assessment.

The quantum of each use should be determined at the planning application stage, taking into account financial viability and the high costs of decommissioning and remediation.

If you have any queries on the points raised above or about the site generally, please call me on 0207 303 3829.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'M. Meadows', with a stylized flourish at the end.

Michael Meadows
for Deloitte LLP (trading as Drivers Jonas Deloitte)