Report by Resources and Public Realm Scrutiny Committee

Urgent decision regarding re-examination of the funding decision for Olympic Way Improvements and following the announcement of the potential sale of Wembley Stadium to a private company/individual

Introduction

On Friday 11 May the Chair of the committee received official notification from Brent Council's Governance Manager of this urgent decision which had been added to the agenda for Cabinet on 21 May 2018.

As this decision involved a significant investment in a location with iconic importance for the people of Brent, the chair requested a meeting with the relevant Operational Director so he could ask questions and find out further information about the report. This meeting took place, where he was supported by the relevant Senior Policy & Scrutiny officer, on Tuesday 15 May.

Changed circumstances

It was very important to understand why this decision had been categorised as urgent and could not be taken within the usual time framework. The underlying reason for this is the potentially imminent sale of Wembley Stadium to Shahid Khan. When owned by the FA the stadium was considered a community asset as it was owned by a not-for-profit trust. Previous cabinet reports which referred to an investment in the site referred to the stadium as a public asset. If, following a sale, this is no longer the case then it was felt that the idea should be reviewed.

If the cabinet were to proceed with the investment then this decision did need to be taken urgently for the following reasons:

- Quintain have already begun design work in respect of "Zone C" of Olympic Way, including the reorientation of the NW04 building, and are ready to begin detailed work for the proposed steps;
- Due to the regularity of stadium events it is not possible to build the steps in situ and they must be pre-cast offsite;
- There is a very limited window to fit the steps (December 2019) and it is considered vital to have a trial event before Euro 2020 with the completed steps in place;
- An order/contract for the steps needs to be in place by September 2018 and to be in the position to do so, detailed design work for the steps must begin by June 2018 and Quintain therefore require funding confirmation by the end of May 2018.

For these reasons, the decision needed to be taken on an urgent basis. However, on behalf of the committee, the chair asked the Cabinet Member and Director to consider some of the wider issues that members feel should be considered if the stadium becomes a private asset. For example, at the Committee meeting on 21 February 2018, members expressed concern that since the stadium was first opened, its rateable value has been twice reduced on appeal. This may, in part, be due the fact that it was owned by a not-for-profit trust, and were these circumstances to change there could be a strong case that the private owners should pay the full amount.

Return on investment

If the cabinet decide to proceed with the development of the pedway then a significant investment of £17.8m of Strategic Community Infrastructure Levy (CIL) money could be made. To be clear, the final total investment is likely to be much lower that this amount (and under the current report could not be higher) due to the agreement with Quintain, but the committee feels that investments of this magnitude should only be made after very careful consideration. The current CIL pot stands at £34m and so a large proportion will be dedicated to this project whatever the eventual outcome.

The Resources and Public Realm Scrutiny Committee has previously expressed its belief that any capital investment by the council should ensure that future income is generated or future revenue spending is decreased. This was one of the key principles included in its 2018 Budget Scrutiny Panel Report.

The committee was keen to understand how far the proposed pedway investment would match these principles. It seems clear that the council expects a clear new income stream to follow completion of the project, primarily from rents and use of the new public square (to be split with Quintain).

Furthermore, the removal of the pedway will provide space for new businesses to open along Olympic Way. The Resources and Public Realm Committee has done a significant amount of work on how Brent can take advantage of business rates retention by encouraging more businesses to open and thrive in our borough. It therefore would be inconsistent for the committee to take a position against a project which delivers more high-value business space.

Overall, the full development of the area around Wembley Stadium is expected to generate around £100m of CIL money in the coming years. If an investment is made now to improve this zone along Olympic Way and contributes to this overall benefit, then this is broadly beneficial.

Spreading the benefits

Finally, the committee feels it is important to ensure Strategic CIL money is spent in a way that benefits the whole of Brent.

This of course already happens and the Kiln (previously Tricycle) Theatre in Kilburn was the first project to receive funds from the Strategic CIL pot. However, when such a significant investment is being made in Wembley it is vital that this will be balanced out by future awards.

Following discussions with the Operational Director, the report proceeded to Cabinet for a decision on 21 May. However, the committee recommends that:

- **If the sale of Wembley Stadium goes ahead, the London Borough of Brent should write to the Valuation Office at the point the stadium passes to the new owner to ask that its business rates valuation is reconsidered. If the stadium is to be used purely to generate private profit the full amount possible should be returned to the taxpayers of London (through the London business rates pilot pool).**

- **The cabinet always give due consideration of geographical spread when allocated Strategic CIL monies to projects in future.**

Response from officers:

These recommendations can be implemented. It should be noted that business rates are a tax determined by central government, not local government. Brent (the billing authority) has no say in the calculation of the amount of rates to be charged but is required to collect business rates on behalf of central government and the Greater London Authority having retained a proportion of itself in accordance with the business rates retention arrangements decided by the Government.

The rateable value represents an open market annual rent on a set date and it is not based on the profitability of the individual business. A ratepayer who believes that the current assessment is wrong can make a challenge against the rateable value. With regards to the sale of Wembley Stadium, it is irrelevant if the tenant changes from a not for profit to private organisation. Officers can write to the VOA to review the assessment but it is unlikely to change as there will not have been a material change to the assessment.