

Note of informal meeting between Regeneration Committee Chairman and Deputy Chair with Cargiant

Tuesday 30 September 2014

Introduction

Gareth Bacon AM, Chairman of the Regeneration Committee, and Navin Shah AM, Deputy Chair, met with Tony Mendes and Geoff Warren (Cargiant), Kate Ives (First Base) and Hugh Bullock (Gerald Eve) to hear about Cargiant's plans for regeneration of the site Cargiant owns at Old Oak Common.

Discussion summary

Cargiant and plans for relocation

Cargiant is currently located on a 47-acre site at Old Oak Common, which contains a holding area and processing plant. 40,000 cars pass through its mechanical centre annually and the company sells 40 per cent of its stock every week.

The company generates high profits, is growing, and has significant aspirations to expand; including to cities outside London (Birmingham and Bristol). Cargiant has a need for greater supply on the shop floor and the company has potential to create 24-hour operations. It trialled this prior to the recession, but then shrunk its operations in order to ensure the business remained robust.

Cargiant is working to relocate the business. It has significantly high levels of local employment and the company wants to bring its staff to a new site in the local area. Cargiant told Members that the company would not have embarked on relocation if QPR had not proposed its plan to move to Old Oak Common however, Cargiant would have looked to move at some point. When Cargiant first heard about plans for the regeneration of OOC, it calculated that it would have cost at least £1bn to compulsory purchase the business.

Cargiant had initially worked with QPR (and Anthony Spencer) to relocate onto the Guinness site, but a suitable site was not found. Cargiant realised that QPR would be unable to help, and Cargiant became unconvinced that the club would secure sufficient funding for the move. There is a 'chicken and egg' scenario; the company cannot relocate without a credible regeneration plan.

The company told Members that it is pursuing its own plans to acquire and to build a new plant that would accommodate the business. These plans are progressing well: Cargiant ideally requires around 100 acres but this is not possible in London. It currently owns 33 acres for its own operations with plans to intensify its current site use; a further 12 acres are owned and let out but earmarked for future expansion; and it has recently purchased a further 2 acres now incorporated into daily use.

For relocation, it cannot build a multi-storey building for car processing and sales; the plant needs a ground floor single level facility, and cannot condense the business. It would also have to work with other businesses, such as EMR, which have very expensive relocation costs. Cargiant needs to have discussions with all the boroughs about relocation; it has spoken to Ealing and Brent, but it is more difficult in Hammersmith and Fulham, as there is not space in the borough. As part of its relocation plans, Cargiant has approached the GLA for assistance (eg. with a potential site managed by Segro). When it came to a proposed acquisition, Segro had already started building, so the GLA advised that this site was not an option.

Car Giant's plans for regeneration at Old Oak Common (OOC)

Cargiant has assembled a professional team – including Lipton Rogers and First Base – and drawn up masterplans for the area. The company emphasised that it is not looking at the area owned by Cargiant in isolation; the company aims to work at scale on regeneration and it believes place-making and viable communities are central.

Members heard that Cargiant has developed a residential-led mixed-use plan for development. The company has met with Sir Edward Lister, Deputy Mayor and held preliminary meetings with boroughs. Cargiant's plans are in the early phases, but the company plans to deliver 8,500 homes on its land. It will be looking to initiate planning and consultation with communities early 2015.

Arguments against a stadium-led regeneration scheme

Cargiant has worked with the organisation Quod to produce a comparative analysis on the costs and benefits of a stadium. This research shows that a residential-led scheme creates more jobs than a stadium-led regeneration scheme. The new jobs a residential scheme would create would not be zero-hours contracts.

Cargiant questioned why a stadium was being proposed when there is need for housing intensification (based on the claim that a stadium would occupy around 20 per cent of the site). The company argue that the interests of QPR's 18,000 match day fans have to be weighed up against the 12 million people living within reach of Old Oak Common in north London.

Cargiant told Members that if there were to be a stadium on the land it owns, around 3,000 homes would be taken out of the equation. (Cargiant told the Committee that QPR would only be able to deliver 300 homes at the Loftus Road site. Therefore, a new stadium has opportunity costs for housing).

Furthermore, Cargiant noted that if the aim is to bring forward housing in the area, a stadium is not needed to act as a catalyst for regeneration. The area already benefits from plans to build Crossrail and HS2, and the construction of Westfield. Cargiant believes that these factors themselves are catalysts enough, and the essential ingredients for regeneration are in place at Old Oak Common. The company also drew distinctions between Old Oak Common and other sites where stadium-led regeneration has taken place. For example, in Manchester, there was a lot of contaminated land, whereas this is not the case at Old Oak Common.

Cargiant observed that opportunity costs arise from a stadium-led plan for Old Oak Common, and that if a stadium scheme was logical and viable, Cargiant would do it. The company challenged foregone conclusions about the use of public land for public benefit, noting that there needs to be a consensus. Decision-makers need to ask if there would be compelling public and community benefits which would offset the harm of QPR being at Old Oak Common (because Cargiant argues that public investment is already present in the form of investment in transport). Cargiant believes that the utility of the land must be maximised to achieve the GLA's housing requirement. There is finite land in areas of high public transport accessibility across London, which must be used intelligently. Cargiant believes housing is London's biggest intergenerational need; if housing is not optimised on a site such as this, it questions how London will deliver the 1.2 million homes it requires. The speed at which new residential development is required means that there cannot be any hindering factors (recognising that not everyone wants to live by a stadium).

Cargiant also told Members that the only way for QPR to move to Old Oak Common is through a Compulsory Purchase Order (CPO). Also, Cargiant would have to close at Old Oak Common, to

prepare the site for development, because QPR's timeframe is different to that of Cargiant. Cargiant believes the CPO value for the OOC site would be very high, and that subsidised land would be required to make the project happen. Subsidy would have to be higher from a stadium scheme than for a residential-led scheme (for housing, roads, schools, and social infrastructure, for example), as the stadium takes up land that would be used for social infrastructure. The company could not envisage there being no land subsidy issues for a stadium at Old Oak Common, given that there are at Tottenham, and in that scenario, the club own the land and have a residential scheme.

Cargiant staying locally would retain local jobs. The business has looked at moving further away, but the nature of the business means that this is not feasible. There is very little commercial space available in the immediate area, therefore it will have to relocate. Cargiant argued that QPR could buy industrial land elsewhere for a stadium; the benefit of the Cargiant site is its housing potential.

Cargiant expressed scepticism about the benefits that a stadium can bring, observing that a stadium is only open 28 days a year. Shops and cafes may benefit, but the company questioned how staff are occupied when the stadium is not open. The jobs created around a residential scheme would include road infrastructure and cleaning, and be sustainable and long term. By contrast, stadium jobs would include cutting grass and catering. Cargiant cited the failed attempt to open Croydon arena. Even when all components for the scheme were in place, following discussions over a 10-year period, the scheme did not receive planning permission or a confirmed CPO.

Other issues

Cargiant also suggested that a stadium scheme is not feasible in the timeframe QPR has proposed. In comparison, Cargiant's plans are not reliant on an expensive CPO process, and it has no debt on the land.

Cargiant told Members that consultation is very challenging. The company would be starting its consultation later because it spent 6 months working with QPR. Members heard that Cargiant does not want to confuse local communities; therefore it needs to think about how it approaches the community and the company will have a dialogue with officers to set up a consultation strategy. Cargiant noted that an initial consultation phase would become live in the next few weeks.