

POLICY & FINANCE COMMITTEE
23 SEPTEMBER 2021

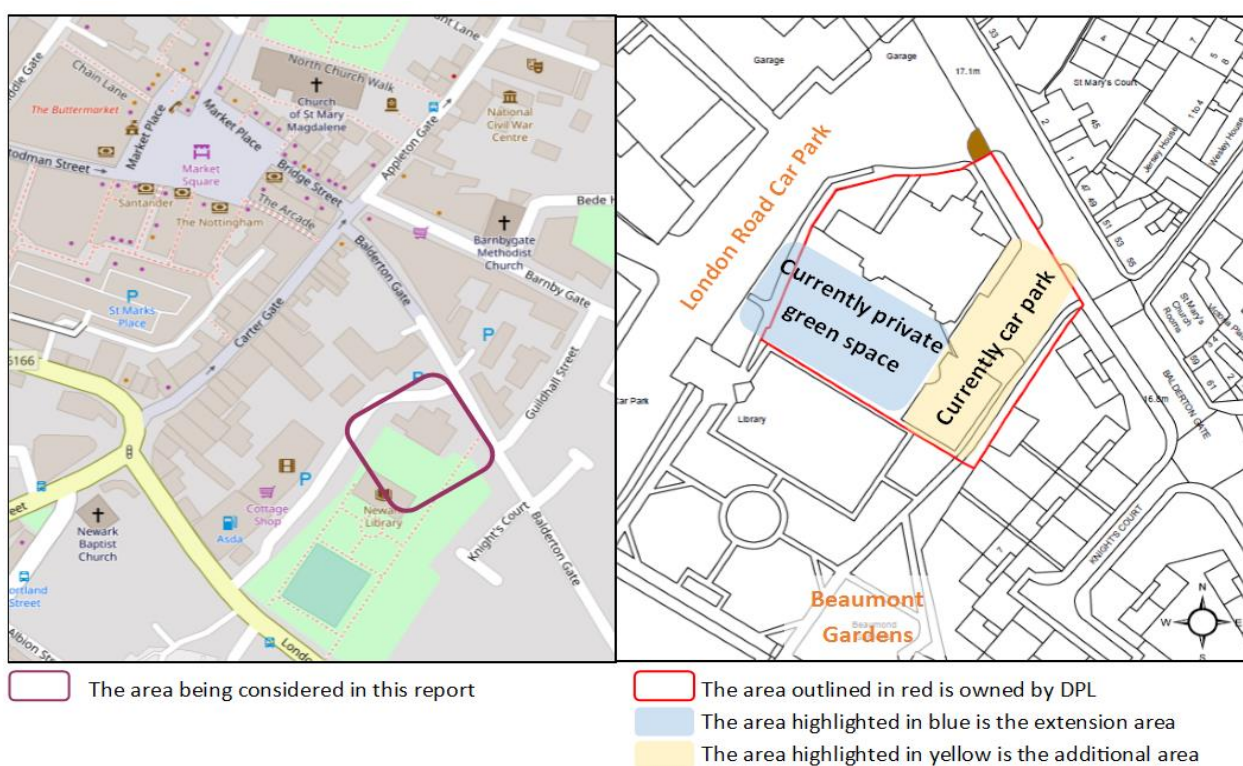
LONDON ROAD CAR PARK

1.0 Purpose of Report

1.1 A review of the London Road Car Park extension scheme was requested in response to a petition presented to Full Council on 7 March 2019 entitled 'help to halt plans to turn a town centre garden into a car park.'

1.2 This report presents to Members options following this review.

1.3 *Fig One: A map of the area/s in question*



2.0 Background Information

2.1 Following a period of marketing the Council sold the former Municipal Buildings and its associated green space to Dutch Properties Ltd (DPL) on 1 November 2016 for £450,000. As of August 2021 the buildings within the site are owned by JAJ.

2.2 The current London Road Car Park has 163 car parking bays. 149 of these 163 bays are chargeable car parking spaces plus 12 disabled bays. 2 bays are assigned to the Royal Air Force Association (RAFA) club and there is 1 motorcycle bay (not a full bay). The net income between April 2019 and March 2020 from this car park was £284,996.89

- 2.3 The Council had, up until 2019, also been running the car park next to the former Municipal Buildings known as the London Road Annex consisting of 28 spaces surrounding the building (the area in yellow on figure one) on a 50-50 profit share basis with DPL. This secured circa £15k of income for the Council per annum as exemplified by the £30,791.26 net income between April 2018 and March 2019 (with £15,395.63 less cost of that income being paid to DPL as a result of the 50-50 profit share arrangement).
- 2.4 Following the operation of the London Road Annex, DPL approached the Council to suggest an extension to the London Road car park utilising existing green space between the former Municipal Buildings and Library (the area highlighted in blue in figure one above). The proposals for this extension were presented to Policy and Finance Committee on 30 November 2017 and the extension of the London Road Car Park was unanimously agreed on the basis of creating 36 spaces. The report presented to Committee included indicative construction costs of £115k, lease costs of £30k per annum with a 2 year lease-free period, and expected gross income of £59k per annum (a net income, after costs of £29k per annum). For awareness, the proposed scheme would create 36 spaces, but only 31 net additional spaces due to the loss of spaces on entry to the site via London Road Car Park.
- 2.5 Following the grant of planning permission for the car park extension at the Planning Committee in November 2018 (8 votes for, 5 votes against and 1 abstention) lease terms were finalised with DPL.
- 2.6 The lease for this land which includes the creation of a car park was signed between the Council and DPL on 22 January 2019. This lease requires to the Council to:
1. Create the car park at its expense after grant of permission at some point within the lease period.
 2. After a rent free period of 2 years, to pay to DPL, or any successor in title, £30k per annum for a minimum period of 25 years (regardless of whether or not the land has been developed as a car park).
- 2.7 The lease explicitly states that the first opportunity the Council has to break the lease is after 15 years with a 6 months' notice. This means the Council is tied to the current arrangements until January 2034, unless an alternative is negotiated.

3.0 Proposals

- 3.1 As a starting point it is clear, as a matter of fact and law, that the Council remains in the position that it is required to implement a car park on the land. However the Council could seek to negotiate its release from this obligation should it consider this appropriate. To aid debate and discussion Members are presented with a range of options. The financial, legal, and other consequences of options available (and other options explored which are no longer available) are explored in the Exempt paper elsewhere on the agenda.
- 3.2 Options open to the Council:
- a) Seek to enter into negotiations with DPL to buy back the Land;
 - b) Implement the approved scheme which has planning permission (implement the 'Approved Extension' including the associated tree removal);

- c) Implement a revised scheme (implement the 'Approved Extension' but retain one tree nearest the Municipal Building) subject to planning permission;
- d) Do nothing and provide a car park at some point prior to the end of the current lease.

3.3 Having considered all of the options in detail, it is recommended by Officers that Members pursue Option B above. The reasons for this recommendation is that the scheme has previously been unanimously approved by the Policy & Finance Committee (2017), it has received full planning permission, there is a legally binding lease agreement in place with the land owner. The options regarding the purchasing of the site or doing nothing to the site and continuing to pay the lease liabilities involve significant additional costs and do not offer value for money for the local taxpayer.

3.4 It remains open for Members to consider all options, provided the implications are fully understood.

4.0 Equalities Implications

4.1 There are equalities implications within some of the options for development of the Car Park. There are no equalities implications not already addressed with the recommended option.

5.0 Digital Implications

5.1 None.

6.0 Financial Implications (FIN21-22/7747)

6.1 Of the original £115,000 capital budget, approved by Policy and Finance Committee on 30 November 2017, for the extension to London Road car park, £7,593 has already been incurred on scoping and planning works carried out in 2018/19. Therefore in 2020/21 there is a remaining Capital Budget available of £107,407. Should the scheme not go ahead based on the original approval the £7,593 expended would be abortive and need to be charged to the general fund revenue account.

6.2 The Council has made the first payment of £30,000 which became due this year after the initial two year rent free period and is contractually committed to continued annual lease payments of £30,000 per annum for the remaining 22 years of the lease.

6.3 Should the decision be to not implement the currently approved scheme and buy back the land without implementing a car park, the Council would need to finance this purchase through the Change Management Reserve. Annual additional income forecast to be received based on the currently approved scheme of a car park would be forfeited and there would be, currently unquantifiable, costs in relation to the upkeep and maintenance of the green space.

6.4 Should the decision be to implement the scheme as is, based on a recent procurement exercise, there would be a need to increase the capital budget in order to fund the works to the car park. The details of this are in the exempt report. The future annual revenue implications of this would mean that net income from the car park would outweigh the cost of borrowing and hence over the life of the lease agreement would generate a surplus.

- 6.5 Should the decision be to implement the reduced scheme, based on a recent procurement exercise, there would be a need to increase the capital budget in order to fund the works to the car park. The details of this are in the exempt report. The future annual revenue implications of this would mean that expenditure in relation to the cost of borrowing for the capital expenditure would outweigh the net income generated from the car park and over the life of the lease agreement would generate an overall deficit.
- 6.6 Should the decision be to not implement the currently approved scheme and do nothing, the Council would be committed to the £30,000 annual lease payments over the remaining 22 years of the lease - total of £690,000 including the £30,000 already paid in the current financial year. In addition to this there would be unquantifiable costs in relation to the upkeep and maintenance of the green space. At the end of the lease term the Council would still be required to implement the Car Park as per the lease agreement at an increased inflated cost.
- 6.7 The options appraisal around these options are set out in the exempt report.

7.0 RECOMMENDATION

That the review be noted and a decision be made based on the information contained in the exempt report.

Reason for Recommendation

To allow the Council to finalise next steps.

Background Papers

Nil.

For further information please contact Neil Cuttell on Ext. 5842

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