

## **EXTRAORDINARY COUNCIL MEETING – 24 NOVEMBER 2021**

### **LONDON ROAD CAR PARK – PROPOSED EXTENSION**

#### **1.0 Purpose of Report**

1.1 This report provides information to support Members in considering the motion before the Extraordinary Meeting of Full Council on 24 November 2021.

#### **2.0 Background Information**

2.1 On 12 October 2021, Full Council considered the report as attached at Appendix A.

2.2 Following a comprehensive debate, Full Council considered 5 options and agreed to proceed with an extension to the London Road Car Park – Option B as set out in Appendix A. This decision was consistent with the terms of the current lease, with Datch Properties Limited (DPL), to build a car park and also in accordance with the current planning consent for the site.

2.3 Members acknowledged that this was an extremely difficult decision that had to take into account the contractual arrangements between the Council and the landowner, the financial implications of not progressing with the car park extension, and the non-financial value of retaining the trees and the green space. There was a significant amount of opposition to the removal of four trees that was necessary in order to extend the car park.

2.4 Since the decision of Full Council, officers have made progress to implement the car park extension. An updated ecology survey has been undertaken and fencing has been installed around the perimeter of the site. This was in preparation for the removal of the trees and the implementation of planning permission.

2.5 In the periods before and after the last meeting of Full Council, campaigners have continued to press for the trees to be protected and for the proposed car park extension to be abandoned. An online petition “Stop the Chop and Save our Trees” has, at the time of preparing this report, gathered 4,959 signatories. This petition calls for the Council to:

- Pause the felling of the trees;
- Undertake, and publish the findings of, the promised car parking review with stakeholders including the Newark Civic Trust and Protecting Newark’s Green Open Spaces;
- Hold the promised consultation on the development of the site, given its high value to local people; and
- Undertake a full bat survey next spring in May 2022 when the weather is warm enough for bats to fly at night.

#### **3.0 Revised Offer**

3.1 On the day that the Council’s Ecologist visited the site (Friday, 12 November 2021) the Council received a revised offer from DPL for the Council to purchase the freehold of the site earmarked for the car park extension. The relevant area of land is shown on the plan at Appendix B.

- 3.2 As reported to the last meeting of Full Council, the previous best and final offer for the Council to purchase the site was for a sum of £600,000. The revised offer from DPL has reduced the price to £450,000, on condition that the Council did not implement the planning permission to create the car park extension and retained the land as green space.
- 3.3 The revised offer provides a very significant reduction in price - £150,000 or 25% less than the previous best and final offer.
- 3.4 From a purely financial perspective, this offer still does not represent best value to the tax payer. In November 2016, the Council sold the Municipal Buildings and the land now earmarked for the car park extension (between the former municipal building and the library) for £450,000. The revised offer is to buy back just the land earmarked for the car park extension for the same amount of money.
- 3.5 However, it is accepted that the land has environmental and social value and there is considerable local support to retain the four trees and the green space on which they are located.
- 3.6 The landowner has made it clear that his revised offer is in response to both the local representations and his desire to consider environmental alongside financial considerations.
- 3.7 The proposed Heads of Terms, which set out detailed provisions regarding the potential purchase, are included as Appendix C to the report.

#### **4.0 Financial Implications/ S151 Officer Comments**

- 4.1 On 12 October 2021, Council considered 5 options (Appendix A) for the land between the former municipal building and the library on London Road. In summary, the options included: doing nothing; building the car park extension as required by the terms of the lease with DPL; partially building out the car park; purchasing back the site for £600,000 and entering a new lease for an extended period of 30 years at £25,000 per annum.
- 4.2 The decision made by Council at this meeting was to proceed with an extension to the London Road Car Park, as per the approved scheme – Option B in the attached report (Appendix A). This was at an estimated development cost of £246,000 with an estimated fee income of £48,141 per annum. The net annual income after the lease payment of £30,000 was therefore £18,141 per year, or £399,102 over the remaining 22 year term. This option therefore projected a positive revenue contribution of £153,102 over the remaining 22 year term, or just under £7,000 per year.
- 4.3 Since the meeting date, the estimated development cost has been further revised due to delay in implementation and increases in material costs advised by the short-listed contractors. The development cost now is £260,627, an increase of £14,627 against the original estimated cost.
- 4.4 The land owner, DPL, has now proposed a revised sale price for the land (subject to the current lease) of £450,000. This has been revised down by 25% from the purchase price of £600,000 considered by Council at the meeting of 12 October. This is a significant reduction; however, from a financial perspective, it still does not provide value for money to the residents of the district. The Council would be purchasing the land for the same price as it

sold the whole demise (Municipal Building and associated land) in November 2016. In addition to the cost of the purchase there would be an estimated liability of £12,000 payable in respect of Stamp Duty Land Tax. There will also be a land registration fee payable of £540.

- 4.5 Further, as reported in the financial implications section of the report to Council on 12 October 2021 (Appendix A, paragraph 7.1), a total cost of £7,593 was incurred on planning scoping works (ground investigation, surveys, planning fee, landscaping etc) in 2018/19. Since the Council meeting on 12 October, the Council has incurred further costs of £15,773 on ecology surveys, hoarding and security. Should the currently approved scheme not go ahead then this total cost of £23,336 will need to be written off to the General Fund as abortive costs.
- 4.6 Taking into account the increase in the development costs of £14,627 stated in paragraph 4.3 and the additional “abortive” costs of £23,336 in paragraph 4.5, the projected net income from building out the car park reduces the positive revenue contribution, as described in the report to Council on the 12 October, from £153,102 to £115,139, or £5,233 per year.
- 4.7 In summary, the total cost to the Council in purchasing the land is the asking price of £450,000 together with SDLT, legal costs and land registration fee totals £467,540. In addition to the costs of purchasing the land, the Council will not be receiving any future income from constructing the car park. This lost income, net of the abortive and additional development costs as per paragraph 4.6, is £115,139. This future loss in anticipated income has not been incorporated into the medium term financial plan and therefore will be no immediate impact on the financial plans of the Council.

## 5.0 **RECOMMENDATION**

**That Full Council be recommended to determine the motion included on the agenda having regard to the contents of this report and the attached Heads of Terms and Plan, and to note that if the motion is agreed, that the necessary changes will be made to the General Fund Capital Programme and in year General Fund expenditure.**

### Background Papers

Nil

For further information please contact John Robinson on Ext 5200.

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