

## **POLICY & FINANCE COMMITTEE**

**26 SEPTEMBER 2019**

### **NEWARK LORRY PARK**

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

- 1.1 To update Members on the completed Newark Lorry Park Extension Project and the Newark Lorry Park 5 Year Business Plan (exempt **Appendix One** to the report).

#### **2.0 Background Information**

- 2.1 In November 2015, planning permission was granted for the provision of new Council offices, Castle House, on land adjacent to the Newark Lorry Park. Prior to the construction of the offices Newark Lorry Park could accommodate up to 160 vehicles and on average 111 Lorries parked in Newark Lorry Park every day. 38 spaces were lost during the construction and as such works were undertaken to reintroduce the spaces. In March 2016 the Economic Development Committee agreed to expand the Lorry Park to reinstate the spaces and expand and improve the offer. A scheme was developed to take the total spaces to 167 as well as improve the site offer and the safety and usability of the site. This included the introduction of a fuel bunker, a one-way system, improved lighting, additional pedestrian crossings, speed bumps and improved security on site including an access barrier. The main body of the works were completed in July 2019 and, at the time of writing this report, the construction of the fuel bunker (for haulage vehicles) was scheduled to end in August 2019. As such the expanded and improved site is scheduled to be completed in September 2019.

<b>Timeline</b>	
March 2016	38 spaces were lost in the Lorry Park due to the building of Castle House and the Economic Development Committee agreed to expand the Lorry Park to reinstate the spaces and expand the offer.
March 2017	The scheme was approved by Economic Development Committee.
March 2018	The scheme developed following approval in March 2017. It was reviewed by officers and developed to allow improve health and safety on site. This plan was approved by Economic Development Committee.
June 2018	The scheme plans and associated capital spend were agreed by Economic Development Committee and approved by Policy & Finance Committee in Sept.

- 2.2 The vision for Newark Lorry Park is to offer secure, high quality parking for Lorries, HGVs and coaches as well as provide for the wellbeing of drivers through the provision of quality facilities. Our aim is to provide users of the Lorry Park with a safe and secure site in a central and easily accessible location for day and overnight parking, and provide a range of quality facilities to cater to diversity of users, and in doing so secure good financial return for the council.

#### **3.0 Update**

- 3.1 This report will provide an update on three aspects of Newark Lorry Park:

1. The Extension of the Lorry Park
2. The Business Plan for the continued development of the Lorry Park (exempt)
3. The Lorry Park Café

### 3.2 Newark Lorry Park Extension

The project to extend Newark Lorry Park led by the Commercialisation and Major Projects Team was completed under budget and on time. The project was completed under budget with actual expenditure being £1,070,926 against a budget of £1,139,021. £68,095 will be returned to the capital budget to be spent on other capital projects.<sup>1</sup> NMCN were contracted to undertake the majority of the extension work. 167 spaces are now available at Newark Lorry Park and the build process was managed to ensure that parts of the lorry park stayed open throughout. This ensured there was continuity of service for users throughout the build. The safety of the Lorry Park was also improved during the project by; installing an access barrier, improving lighting, introducing speedbumps and pedestrian crossings, introducing a one-way system and improving CCTV. These developments help maximize the income potential of the Lorry Park asset and raise the profile of the Lorry Park as a quality parking site.

The total income in 2019/20 is budgeted at £427,760 (the Lorry Park Income for 2017/18 was £310,582) and the expected total income for 2020/21 is £457,129. Based on the current income and expenditure projections, as outlined in the Business Plan, the payback period for the works is 3.75 years.<sup>2</sup> This is a reduction from the 4 years payback period estimated at the start of the project. This is predominantly due to the addition of the haulage fuel bunker to the site and planned tariff increase from £14.50 to £16.50 to reflect the improved over (to be implemented from April 2020).

Alongside the extension works, the Council leased land in the Lorry Park for the provision of a fuel bunker for haulage vehicles. Works commenced in May 2019 and, at the time of writing this report, the bunker was expected to be open to users from late September 2019. The details of the income expected from this lease are outlined in the Business Plan. The Project Risk Register will be continued until the construction of the bunker is completed.

### 3.3 Newark Lorry Park 5 Year Business Plan

Newark Lorry Park is an important business for the Council and therefore a Five Year Newark Lorry Park Business Plan has been created by the Commercialisation and Major Project's team in collaboration with Asset Management and Car Parks business unit. The Business Plan outlines the principles of how Newark Lorry Park will be managed over the next five years, and explains how the offer at Newark Lorry Park will be developed with the aim of improving the user experience and improving the Council's financial return. The business plan is attached as appendix one.

The following table outlines the expected income from the Lorry Park from 2020/21 to 2024/25. Please note this is dependent on the approval of the tariff increase during the 2020/21 Budget Revenue setting. All estimations are based on a capacity of 167 spaces. However, with efficient parking the Lorry Park can accommodate up to 190 vehicles. The

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<sup>1</sup> £59,493 contingency not required and £8,602 of savings.

<sup>2</sup> The full pay back period calculated pre-project (June 2018) was 7.8 years.

income projections are conservatively based on 167 spaces. Members should also note the increased revenue required to run the site is a reflection of the greater pressures of more customers on site. This is also reflected in the gradual increase in R&R which is the expected consequence of the increased costs of maintaining more infrastructure, tarmac and facilities.

### 3.4 5-Year Income Projections Table (as outlined in the Business Plan)

Description	Budget 2019/20	Proposed Budget 2020/21	Proposed Budget 2021/22	Proposed Budget 2022/23	Proposed Budget 2023/24	Proposed Budget 2024/25
Tickets	£369,440	£376,428	£468,961	£520,720	£560,945	£587,696
Additional Income	£58,320	£80,701	£81,603	£82,530	£85,135	£88,222
<b>Total Income</b>	<b>£427,760</b>	<b>£457,129</b>	<b>£550,564</b>	<b>£603,250</b>	<b>£646,080</b>	<b>£675,918</b>
<b>Income % increase on previous year</b>	-	6.9%	20.4%	9.6%	7.1%	4.6%
Expenditure*	£147,940	£202,790	£208,690	£214,770	£221,020	£227,460
R&R Contribution	£15,000	£20,000	£25,000	£25,000	£30,000	£30,000
<b>Total Expenditure</b>	<b>£162,940</b>	<b>£222,790</b>	<b>£233,690</b>	<b>£239,770</b>	<b>£251,020</b>	<b>£257,460</b>
<b>Expenditure % increase on previous year</b>	-	36.7%	4.9%	2.6%	4.7%	2.6%
<b>Net Income to Service</b>	<b>£264,820</b>	<b>£234,339</b>	<b>£316,874</b>	<b>£363,480</b>	<b>£395,060</b>	<b>£418,458</b>
Minimum Revenue Provision (MRP)**	9,905	21,749	21,749	21,749	21,749	21,749
<b>Net Income to Council</b>	<b>254,915</b>	<b>212,590</b>	<b>295,125</b>	<b>341,731</b>	<b>373,311</b>	<b>396,709</b>
<b>Net Income % Increase</b>	-	-17%	39%	16%	9%	6%

\* Security costs currently unbudgeted but to the value of £42,336.00 for 2019/20.

\*\*Represents the minimum amount that must be charged to the Councils revenue budget for financing of Capital Expenditure by borrowing.

### 3.5 Newark Lorry Park Café

Newark Lorry Park has recently been expanded and improved and these improvements are vital as they are directly connected to the proposed tariff increases. Therefore, in line with these improvements, work is being undertaken to redevelop the café to meet the high-quality standard of the extended site. The plans to improve the quality of the café include:

- Refurbishment of the café (expand and improve the seating, install Wi-Fi etc.);
- Diversification of the food offer; and
- Extension of the opening hours.

These works are scheduled to be undertaken late in 2019. Following this, in order to ensure the continued quality of offer at the café over the long term, the cafe will be run through a contractor. The aim is for the opportunity for this contract to be tendered in autumn 2019.

#### **4.0 Equalities Implications**

4.1 No implications identified.

#### **5.0 Financial Implications Ref: FIN19-20/7911**

5.1 The figures included in paragraph 3.4 show an income to the Council £1.874m over the 5 year period. If trends had continued from 2018/19 into the same 5 year period, the overall income to the Council would have been approximately £0.9m lower at £1.015m.

5.2 The Capital costs are estimated at the current time to be financed by borrowing. This will result in a charge to the revenue budget for the Minimum Revenue Provision (MRP) and this has been reflected in 3.4 using the revised scheme cost of £1.071m.

#### **6.0 Community Plan – Alignment to Objectives**

6.1 The Lorry Park was invested in to improve the quality of the offer available on site. This allows a higher fee to be charged to the customer increasing the surplus achieved by the Council thus contributing to the objective “Generate more income, improve value for money and increase residents’ satisfaction with the Council.”

6.2 The expansion of the Lorry Park also aims to reduce the number of HGVs and Lorries parking ‘off-street’ in motorway laybys or roadsides in rural areas. This form of parking can be dangerous to other road users, is a nuisance to residents and encourages freight crime. Therefore, the extension also contributes to the two objectives regarding increasing feelings of safety and reduction in congestion.

#### **7.0 Comments of Director - Resources**

7.1 The extension of the lorry park has been a very successful project. It has delivered the 167 parking spaces within budget and with a contribution back to the council’s capital programme of £68,095. Furthermore, the installation of the fuel bunker which will be operational from September 2019, together with the proposed increase in the tariff to £16.50, from April 2020, will increase the income to the council reducing the payback period below the 4 year period that was predicted when elected members gave approval to the project.

7.2 In order to further improve the offer to the users of the lorry park, proposals are included in the business case (Appendix One) to renovate and modernise the café at the lorry park. The proposed changes will enhance the experience of the customers and potentially further increase revenue to the Council.

#### **8.0 RECOMMENDATIONS that:**

- a) **Members note the exempt Newark Lorry Park 5 Year Business Plan approved by the Economic Development Committee; and**
- b) **Members note the saving of £68,095 and approve that this sum be added to the available funding of future projects in the Council’s Capital Programme.**

## **Reason for Recommendations**

**To generate additional revenue for the Council and to provide secure, high quality parking for Lorries, HGVs and coaches as well as provide for the wellbeing of drivers through the provision of quality facilities.**

## **Background Papers**

Appendix One- Newark Lorry Park Business Plan 2019/20 - 2024/25 [Exempt]

For further information please contact Ella Brady, Projects Officer - Commercialisation & Major Projects on Ext.5279 or Deborah Johnson, Business Manager - Commercialisation & Major Projects on Ext.5800

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