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Extraordinary Council Meeting

Thursday, 22nd March, 2018 at 6.45 pm or immediately following Cabinet, whichever is later

Conference Room, Parkside, Chart Way, Horsham

To: All Members of the Council

(Please note that prayers will be taken before the meeting commences)

You are summoned to the meeting to transact the following business

Tom Crowley
Chief Executive

Agenda

	Page No.
1. Apologies for absence	
2. Declarations of Members' Interests To receive any declarations of interest from Members	
3. Announcements To receive any announcements from the Chairman of the Council, the Leader, Members of the Cabinet or the Chief Executive	
4. Recommendation from Cabinet To receive the recommendation from the meeting of Cabinet held on 22 nd March 2018 in respect of the approval of a supplementary capital budget for the redevelopment of Piries Place Car Park <i>(The full Cabinet report is online at: Cabinet agenda)</i>	3 - 8
5. Urgent Business To consider matters certified by the Chairman as urgent	

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Report to Cabinet

22nd March 2018

By the Cabinet member for Local Economy and the
Cabinet Member for Finance and Assets



DECISION REQUIRED

Not Exempt - Exempt Appendix 3

Piries Place Car Park – Redevelopment proposal

Executive Summary

On 21st September 2017, Cabinet approved a proposal to demolish and redevelop Piries Place Car Park subject to satisfactory funding and satisfactory planning permission being granted and to delegate authority to the Director of Planning, Economic Development and Property to enter into a construction contract with a nominated contractor for a new facility (Minute EX/33).

Two schemes were proposed, a smaller scheme comprising ground floor plus three upper floors and a larger scheme of ground floor plus four upper floors. The budget for the smaller scheme was £6.25m and for the larger scheme £7.25m. A meeting of the Council on the 18th October 2017 approved the supplementary budget of £7.25m but that if a small scheme was approved the budget should not exceed £6.25m (Minute CO/41). A copy of the reports to Cabinet and Council are included in Appendix 1.

Since the 21st September 2017, officers have progressed the proposals and have obtained planning permission for the demolition of the existing car park and the construction in respect of both schemes. The larger scheme was preferred by Cabinet and Members during consultation processes. A copy of the report to Planning Committee (North) is attached as Appendix 3 to the report on the appropriation of land elsewhere on this agenda. The decision notice is attached as Appendix 2 to this report.

Alongside this work, officers have progressed the design details and have agreed a contract sum with the contractor of marginally under £7.1m. The contract sum is higher than anticipated at that time the initial budget was prepared. As a result, the approved budget of £7.25m is inadequate and a supplementary capital budget is required in order for the project to proceed.

The new budget proposed is £8m, an increase of £750,000. A detailed split of the costs within the budget is included in Appendix 3.

The shortcomings of the existing car park and the case for its demolition and a new facility have not changed since the original report and are therefore not re-stated. However the increase in costs has affected project viability, which is detailed in the body of the report.

Recommendations

Cabinet is recommended to:

- (a) Approve the supplementary budget of £750,000, increasing the total budget to £8m.
- (b) Delegate authority to the Director of Planning, Economic Development and Property to enter into the contract for the construction of the facility within the proposed new budget figure of £8m.

Subject to (a), Council is recommended by Cabinet to:

- (b) Approve a supplementary capital budget of up to £750,000 in addition to the figure of £7.25m previously approved on the 22nd September 2017. Thus increasing the total budget to £8m.

Reasons for Recommendations

The reason for the recommendation is allow the Council to proceed with the demolition of the existing multi storey car park and replacement with a new larger facility, which will meet modern standards and customer expectations. This requires a budget allocation of £8m.

Background Papers

See Appendices

Wards affected: All

Contact: Brian Elliott, Head of Property 01403 215328

Background Information

1 Introduction and Background

- 1.1 The case for demolition of the existing facility and construction of a new facility is set out in the Report to Cabinet dated 22nd September 2017 included in Appendix 1 of this report.
- 1.2 The timing of the project remains critical if the new car park is to be delivered at the same time as completion of the redevelopment of Piries Place Shopping Centre by British Airways Pension Trustees, in mid-2019.
- 1.3 The project cost have increased to a figure in excess of the originally estimated budget. This was for a number of reasons, including poor ground conditions. The project budget therefore needs to be increased by £750,000 to a total budget of £8m. The breakdown of the budget is detailed in exempt Appendix 3.
- 1.4 The appraisal has been updated to take into account the additional cost and the updated developed design, which includes wider car spaces. The appraisal is set out in 3.4 below.

2 Relevant Council policy

- 2.1 A priority for the council is to enhance the economic development of the District. Car parks are a key item of infrastructure and generate substantial revenues for the council.
- 2.2 Council policy is to produce and implement a strategy for the management of the off-street car parks across the district. The proposal is consistent with these policies.

3 Details

- 3.1 The details of the project are set out in the officer's report to Planning Committee North, including the decision notice attached in appendix 2. The proposed car park provides 516 car parking spaces. The split on widths is set out below:

Bay width (m)	No	%age
2.40	94	18%
2.45	222	43%
2.50	40	8%
>2.50	160	31%

In the existing car park, 50% of the bays are 2.35m wide or less.

- 3.2 The impact of the demolition of the existing car park and the provision of a new facility is unchanged from the previous report to Cabinet.

- 3.3 The existing car park generates an income of c£560,000 pa and a net contribution of c£390,000 pa. The proposed new car park would ultimately generate an additional net income of £320,000 pa.
- 3.4 The income return figures assume that the current annual income per space is extrapolated across the additional spaces. The revised financial return is set out below. The returns have reduced because of the cost increase and a reduction in the projected number of car spaces from 560 to 516 during design development, driven by the desire to achieve wider spaces.

Additional income pa	Capital cost	Return on capital	MRP plus loan interest ¹	Net cost to Council
c£320,000	£8.0m	4.0%	£352,000pa	c(£32,000)pa

Notes: ¹ interest at 2.4% and MRP at 2%.

This compares with the original projection, which is set out below:

Additional income pa	Capital cost	Return on capital	MRP plus loan interest ¹	Net cost to Council
£350,000	£7.25m	5.1%	£312,000	£33,000pa

It is important to note that while current parking in the town centre is close to capacity, the construction of the car park will create surplus parking, which is not forecast to be fully absorbed until 2031.

- 3.5 The returns would improve over time as prices increase. If parking charges increase over time by 10% the loss of (£32,000) pa would become a gain of c£60,000 pa.
- 3.6 A breakdown of the revised budget is set out in Appendix 3 (exempt)
- 3.7 During consultations, members have expressed concern at the maintenance cost of the living wall. Estimates have been received from specialist contractors and this figure is expected to be in the order of £10,000 per annum. This is considered an acceptable level in the context of the overall project and the design benefit. The living wall also addresses concerns raised during consultation, in particularly:
- The massing associated with the primary stair core makes it the most dominant and large feature of the development.
 - Its position in relation to the adjacent development of Piries Place makes it a focal point at the end of the vista viewed from within Piries Place.
 - From an Urban design perspective the corner location of the stair core acts as a 'Place Making' device and gives connectivity between Park Place and the New Piries Place Development.

Additionally, the living wall will improve the sustainability credentials of the car park and attracts increased biodiversity to the location.

4 Next Steps

- 4.1 Before instructing contractors to enter the construction phase of the contract, the Council needs to resolve a number of neighbour issues, which are in negotiation, see the paragraph below on risk factors.

5 Views of the Policy Development Advisory Group and Outcome of Consultations

- 5.1 There was an all member seminar on the 5th September 2017 at which the draft proposals were presented. Members supported the proposals and preferred the larger Ground plus four upper floor scheme.
- 5.2 On the 11th September 2017, the proposal was considered by a joint session of the Policy Development and Advisory Groups for Parking and Finance and Assets. The Joint Group had no objections to the proposal to redevelop Piries Place Car Park and preferred the larger scheme.
- 5.3 The comments of the Monitoring Officer and the Head of Finance are incorporated in this report.
- 5.4 There are no impacts on staffing directly resulting from this proposal.
- 5.5 The Finance and Assets Policy and Development Advisory Group has been consulted and the Group support the recommendation.

6 Other Courses of Action Considered but Rejected

- 6.1 The alternative options are set out above.

7 Resource Consequences

- 7.1 Approval of the supplementary estimate will increase the cost of the project and reduce the car park's initial financial viability to an estimated loss of £32,000 per annum, assuming the car park is utilised and excluding price increases and inflation. However, the eventual financial impact of the increase in the budget will only be known once the car park is operating. The effect of initial losses owing to the over provision of parking in the town while the additional car parking is taken up by users is also unknown and difficult to predict. However, a simple modelling exercise, exploring a number of scenarios, indicates that the scheme would achieve a revenue neutral position between 2024 and 2028. These scenarios assume increases in charging structure on completion of the works, inflationary increases in parking charges over time, a straight line take up of spare capacity until 2031 and a realistic take up of season ticket sales. Any lessening of the car park's financial return will increase the Council's budget gap in 2020/21 and beyond. This means other cost savings or increased income will need to be generated from the Parking Service, or elsewhere in the Council, or drawn from reserves in order for the Council to set a balanced budget in 2020/21 and beyond.
- 7.2 The removal of the living wall would remove approximately £50,000 in capital expenditure depending on the alternative wall treatment and improve the revenue position by £12,000 pa. This is a combination of maintenance cost saving and the saving on financing costs.

8 Legal Consequences

- 8.1 The recommendations in this report are consistent with the Council's statutory powers under Section 111 of the Local Government Act 1972, Section 1 of the Localism Act 2011 and the Public Procurement Regulations 2015 and all other enabling provisions.
- 8.2 There is considered to be no adverse impact on human rights or disability access in relation to these proposals and these proposals are considered to be consistent with the Human Rights Act 1998, the Equalities Act 2010 and the relevant Council policies related to them.

9 Risk Assessment

- 9.1 The major risks identified are as follows:
- (a) Party Wall Awards. Party wall notices have been served where required.
 - (b) Rights of Light and other rights. This are some legal and financial risks which are due to be addressed by a decision to appropriate the car park for planning purposes using the Council's statutory powers. See Report to Cabinet dated 22nd March 2018.
 - (c) Adjoining owner fire escape: Fire escapes from an adjoining property need to be re-routed. The proposed Appropriation of the car park allows to the Council to interfere with any rights in respect of these routes.
 - (d) Other construction and development risks. All construction projects include risks, including price and programme risks, which will be identified and managed as appropriate. The revised budget of £8m includes a contingency sum of £540,000.
 - (e) Revenue risk. As previously identified, this infrastructure will be in place in anticipation of the projected increase in the population of the district, therefore there will be a period of time before the car park reaches financial maturity and delivers the projected returns. The Parking Service will seek to identify other income generating projects to fill the gap in the MTFS created by this charge.

10 Other Considerations

- 10.1 The proposal improves access to the town centre by providing additional disability parking bays and parent and child bays. A Changing Places facility will be included, funded by s106 contributions. Electric charging points will also be included.