

## Report to Cabinet

21st September 2017

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

### **DECISION REQUIRED**

NOT EXEMPT



**Horsham  
District  
Council**

## **Piries Place Car Park – Redevelopment proposal**

### **Executive Summary**

The purpose of this report is to consider the demolition of Piries Car Park and its replacement with a new larger car park with improved usability and additional spaces.

Piries Car Park has 330 spaces. It is a popular car park within the town centre but has a number of operational shortcomings which detract from user experience. The shortcomings are:

- Narrow ramps with poor visibility
- Heads of ramps meet with the need to give way i.e. down traffic conflicts with up traffic.
- A high number of internal columns, which need to be manoeuvred in order to park and exit.
- Approximately 50% of the spaces in the existing car park are sub-standard with a width of less than 2.4m.
- Difficult to access corner bays make some spaces unusable.
- Cul de sac zones
- Poor lighting
- Tired appearance

Piries Place Shopping Centre, which is adjacent to the car park, is being redeveloped to create a new restaurant, cinema and hotel destination; which is due for completion in January 2019. There is an opportunity to redevelop the car park within the same timescale, to achieve a coordinated opening with this major evening and leisure destination.

Horsham District Council commissioned Peter Brett Associates to undertake a review of parking capacity in Horsham. This report concludes that at the present time there is spare parking capacity within the town centre car parks. However, the effect of present and future development, including the Horsham District Planning Framework (HDPF) and the proposed cinema development, means that this surplus is diminishing and will be taken up between 2018 and 2023. Peter Brett Associates identified a requirement for between 200 and 380 new spaces by 2031.

The spare parking capacity that currently exists within the town centre provides capacity headroom during the period the car park would be closed for redevelopment. However, a mitigation strategy will be required during the closure period, to manage peak demand.

Plans have been prepared which show, subject to planning, that redevelopment could achieve from 113 to 230 additional spaces, including extra spaces for disabled drivers and parents with children.

Because of the time constraint, the only procurement option is a Scape Group framework. Scape Group is a public sector owned organisation which operates OJEU compliant frameworks. With a scape framework, a contractor is selected to undertake the work on a design and build basis. To achieve programme, design development would take place alongside the planning and council approval process, which means that the council is at risk of abortive fees if, for example, planning permission is refused.

The s151 Officer will consider sources of finance, and if funding is required a loan can be taken from the Public Works Loan Board (PWLB), which is the normal source of funding by local authorities for infrastructure projects. The financial evaluation has been undertaken assuming that this will be the source of finance.

The identified capital required is between £6.25m and £7.25m depending on which option is preferred. The additional spaces will generate new income, which can be offset against the finance charges that would be incurred if this capital were to be borrowed from the PWLB. Depending on the option preferred, the estimated net annual revenue impact would be between a cost of -£72,500 pa and a surplus of £33,000 pa.

If a loan is taken from PWLB, the repayment would be over a 50 year timeframe which is the design life of the car park.

### **Recommendations**

Cabinet is recommended to:

- (a) Approve the proposed redevelopment of Piries Place Car Park (subject to satisfactory funding and satisfactory planning permission).
- (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 approved budget figure.

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

- (b) Approve a supplementary capital budget of up to £7.25m for the proposed redevelopment of Piries Place Car Park, phased across 2017/18 and 2018/19. Provided that if the smaller scheme is approved the budget shall not exceed £6.25m.

### **Reasons for Recommendations**

The reason for the recommendation is to replace an existing multi storey car park, which has significant shortcomings, with a new larger facility, which will meet modern standards and customer expectations.

**Background Papers**

None

**Wards affected:** All

**Contact:** Brian Elliott, Head of Property Ex5311

## Background Information

### 1 Introduction and Background

- 1.1 This report considers the redevelopment of Piries Place Car Park, which is owned and operated by Horsham District Council.
- 1.2 There are a number of issues that are relevant to the decision making process:
- (a) Timing - the adjoining shopping precinct was acquired by British Airways Pension Trustees (BAPT) in 2016 and is being redeveloped to create a new leisure destination, including a hotel, cinema and a number of restaurants. This development is due for completion late 2018/early 2019 and there is an opportunity to redevelop the car park alongside the redevelopment of Piries Place. By way of background, when the site was developed in the late 1980s the Council acquired the freehold of the shopping area and car park and then granted a 250 year lease to the then developer. The car park was then leased back to the developer. The opportunity was taken during BAPT's discussions with the Council in 2016 to secure the unencumbered freehold of the car park thus making redevelopment possible.
  - (b) Parking Demand – consultants were commissioned to review parking demand in Horsham. Their research identifies a current surplus capacity within the town centre car parks, but identifies a need to create additional car parking or to take complementary measures for accessing the town centre; the report recommends that action is taken from 2018 and by no later than 2025. The existing surplus capacity means that with mitigation measures there is capacity headroom to close Piries Place Car Park for redevelopment. Closure would be more challenging over time as the capacity headroom is taken up by increased demand.
  - (c) Quality of existing car park – the car park is 30 years old and has a number of shortcomings, including tight turning circles and a high percentage of sub-standard parking bays.
  - (d) Financial return – Additional car spaces can be provided, which will help to offset the cost of finance.
  - (e) Development or refurbishment option – Different options have been considered, namely, to refurbish or redevelop.

#### 1.3 Timing

The redevelopment of Piries Place Shopping Centre by British Airways Pension Trustees to create a new leisure focused evening destination is under way and is due for completion in late 2018/early 2019. There is an opportunity to redevelop the Piries Place Car Park alongside the commercial redevelopment and complete both projects simultaneously. The timing to achieve this is challenging and necessitates procurement of the project through a Scape process, which is the appointment of a contractor from an approved framework agreement on a design and build basis. It will be necessary to submit a planning application in January/February 2018, which

means that design costs and other fees will be incurred at risk if, for example, planning permission is refused.

#### 1.4 Parking Demand

A report prepared by Peter Brett Associates identifies current demand, surplus capacity and projected future demand. The detail is explored later in this report.

#### 1.5 Quality of existing Piries Place car park

The car park was built in 1989. It has 330 spaces over seven levels with vehicle circulation by way of scissor ramps. The car park structure is precast concrete frame with precast concrete floor slabs and an in situ concrete topping. The car park has a number of shortcomings, which are:

- a) Narrow ramps with poor visibility
- b) Heads of ramps meet with the need to give way i.e. down traffic conflicts with up traffic.
- c) A high number of internal columns, which need to be manoeuvred in order to park and exit.
- d) A large proportion of sub-standard spaces that make it difficult to access and egress vehicles.
- e) Corner bays, which are difficult to access, making spaces unusable.
- f) Cul de sac zones
- g) Poor lighting
- h) Tired appearance

#### 1.6 Financial Return

The income from the creation of additional spaces will offset the finance costs for the project. Financial returns are examined later in this report.

#### 1.7 Refurbish or redevelop

A firm of structural engineers were instructed to report on the different approaches that could be available to improve and enhance the car park. These included:

- a) A light refurbishment
- b) A light refurbishment with ramp re-alignment
- c) The above together with an additional level of parking
- d) Demolition and rebuild of the car park to an increased capacity.

#### 1.8 They undertook a desktop analysis of costs for each option, which were as follows:

| Option                             | Cost Estimate | Comment                                                                        |
|------------------------------------|---------------|--------------------------------------------------------------------------------|
| Light refurbishment                | <£500,000     | Cosmetic improvements with reduced capacity. Underlying problems not addressed |
| Refurbishment and ramp realignment | c£1.5m        | Reduced capacity if the undersize space width issue is addressed.              |
| The above with an additional deck  | NA            | Not structurally possible                                                      |
| New construction                   | £5m+          | Modern user experience and additional spaces                                   |

The cost figures were provided as illustrative only and showed the relative cost between different options.

- 1.9 An important consideration when evaluating options is the design life expectancy of the car park. At 30 years old, the car park is reaching the end of its original design life and although this can be extended through maintenance and repairs, the light refurbishment option would only extend the life of the structure by a further 10-15 years and the remodelling by only 15-20 years. A new build would have a design life expectancy of 50 years.
- 1.10 Redevelopment of the car park would be the most costly option; however it has the advantage of creating a modern, fit for purpose, structure with none of the shortcomings that now exist. Also, it would add additional spaces which would provide a revenue return.

## 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 Demand for parking in Horsham Town

Peter Brett Associates were commissioned by the council to report on the existing capacity and use of the car parks in Horsham Town Centre. The report notes that there are many factors that impact on car park usage, including capacity, pricing, quality of car parks, ease of use, congestion outside of the car park, proximity to destination, proximity on arrival to town centre, signage and reliability of availability of spaces. Each of these variables can influence demand.

- 3.2 Demand for parking spaces varies intraday, from day to day, and seasonally. The supply and demand relationship is examined by reviewing the user patterns of the car parks and setting an optimum measure of where spaces meet demand. Accepted practice is to aim for a level of supply to satisfy the demand that will only be exceeded for a number of days each year. Industry practice sets a level of

supply at the 85<sup>th</sup> percentile highest daily occupancy throughout the year. In other words, the level of parking that would be adequate for 85% of the days of the year.

- 3.3 In terms of optimum efficiency, a parking system operates best when the system is being used slightly less than at full capacity. Ideally, supply should therefore be about 10% higher than the estimated demand for parking, which allows for vehicles in circulation, loss of parking because of poorly parked vehicles and operational fluctuations. This is known as 85<sup>th</sup> percentile plus 10%.
- 3.4 Peter Brett Associates advise that on the 85<sup>th</sup> percentile measure there is currently a surplus of capacity within the town centre amounting to approximately 200 spaces, which is about 11% of total capacity. This headroom is forecast to be taken up by 2023 at which time the town centre is expected to be at capacity.
- 3.5 Using the optimum efficiency approach of 85<sup>th</sup> percentile plus 10%, the survey data shows that the current parking capacity in Horsham will be inadequate in 2018.
- 3.6 Peter Brett Associates modelled how projected future development within the district will increase demand in the town centre and assessed that by 2031, there is a potential requirement for a further 200 spaces at 85<sup>th</sup> percentile utilisation, rising to 380 spaces, at the optimum efficiency 85<sup>th</sup> percentile plus 10%, utilisation level.

**Quality of existing car park**

- 3.6 The car park at Piries Place has a number of shortcomings. Some of these can be addressed by refurbishment, however many are design deficiencies. Examples of design deficiencies are: the large number of columns at lower deck levels which determine the size of the parking bays; and the difficulty of manoeuvring when changing levels and when driving through the car park to find a space.
- 3.7 An analysis of the car parking bays shows that many of the 330 bays that exist in the car park are substandard. Institute of Structural Engineers recommendations for car park bay widths are shown in Table 1:

| Type of parking | Length (m) | Width (m) | Comment                     |
|-----------------|------------|-----------|-----------------------------|
| Mixed use       | 4.8        | 2.4       | Mixed occupancy             |
| Short stay      | 4.8        | 2.5       | Typically less than 2 hours |
| Long stay       | 4.8        | 2.3       | One movement per day        |
| Disabled user   | 4.8        | 3.6       |                             |
| Parent child    | 4.8        | 3.2       |                             |

Note: The dimensions are to be clear of all projections

**Table 1: IStructE recommended bay widths.**

Parking widths at Piries Place Car Park, are shown in Table 2.

| Decks  | width <2.25 | Width 2.25 | Width 2.3 | Width 2.35 | Width 2.4 | Width 2.45 | Width >2.45 | Disability | Totals |
|--------|-------------|------------|-----------|------------|-----------|------------|-------------|------------|--------|
| GF/LGF | 5           | 53         | 1         | 4          | 29        | 0          | 3           | 9          | 104    |
| F1/LF1 | 18          | 40         | 1         |            | 32        | 31         | 5           |            | 127    |
| F2/LF2 | 3           | 14         |           | 26         | 12        | 18         |             |            | 73     |
| F3     |             |            |           |            | 12        | 21         | 2           |            | 26     |
| Totals | 26          | 107        | 2         | 30         | 81        | 61         | 10          | 9          | 330    |
| %age   | 7.9%        | 32.4%      | 0.6%      | 9.1%       | 25.8%     | 18.5%      | 3%          | 2.7%       |        |

Notes: LGF means Lower Ground Floor LF1 Lower First floor etc.

Survey by mixture of on-site measurement and off plan analysis

**Table 2: Analysis of Piries Place car space dimensions**

As can be seen from table 2, c50% of the spaces in Piries Place are narrow or have projections that reduce width to sub optimal dimensions. A large proportion of spaces are 2.25m or narrower. Typical dimensions of cars are set out in Table 3.

| Vehicle      | Length | Width | Height |
|--------------|--------|-------|--------|
| Small car    | 3.95   | 1.75  | 1.75   |
| Standard car | 4.75   | 2.06  | 1.85   |
| Large car    | 5.4    | 2.24  | 2.05   |
| MPV          | 5.1    | 2.2   | 1.9    |
| 4x4          | 5.05   | 2.25  | 2.05   |

Note: width includes wing mirrors and height excludes roof bars/racks

**Table 3: comparison of vehicle dimensions**

- 3.8 The structure of the car park is in good condition but is in need of upgrade to extend its physical life and to improve the car park cosmetically. Low impact refurbishment works would increase the life of the car park by 10-15 years, but these would not address the design deficiencies.

**Refurbish or Redevelop**

- 3.9 As stated in paragraph 1.8, there are a number of options for improving the car park ranging from a low cost refurbishment option to a comprehensive redevelopment. The light refurbishment option has the lowest capital cost and can be undertaken in the least amount of time. It would improve the appearance, but does not add to parking numbers and does not address the layout problems with the car park. Furthermore it does not extend the life of the car park beyond an additional 10-15 years.
- 3.10 The remodelling option would address some of the shortcomings, including improvement of the ramp arrangement, but it would not eliminate structural columns, which impact on bay width. Bay width can be addressed by eliminating bays, for example, using three undersized bays to create two parent and child bays. This would remove between 11 and 40 car spaces depending on the target bay width. A remodelling would take 4-6 months to complete and would not extend the life beyond 15-20 years. As this proposal requires a high capital commitment but reduces the number of car spaces the option has been discounted.
- 3.11 Although the redevelopment option is the highest cost, it would, subject to planning, provide additional car spaces, which would provide a financial return.

- 3.12 There are three option proposals for redevelopment. Options 1 and 2 are identical and comprise a flat deck car park with a ground and three upper floors. The only difference between the options is bay width, which impacts on the number of spaces created. Option 3 has also been included, which has the same footprint and floor plate as options 1 and 2 but includes an additional deck. Option 3 has a higher capacity.
- 3.13 All options will be subject to planning and other approvals. Cabinet and Council decisions to proceed with the projects will need, because of timing, to be settled prior to planning.

**Timing**

- 3.12 The target completion date is January 2019. In order for the car park to be demolished and rebuilt within this time frame it is necessary to appoint a contractor using the Scape procurement framework, which is a framework operated by Scape Group, which is a publicly owned body and which allows public bodies to access contractors quickly and be compliant with government procurement rules. There are no options other than a Scape appointment because of the tight timeframes.
- 3.13 Three Scape contractors were interviewed by the Head of Property, the Senior Procurement Officer and by an independent project manager and as a result of the interviews it was decided to proceed with the appointment of Kier Construction Plc to prepare a no cost, no commitment, feasibility exercise, with a programme and a refined concept design. This provides improved cost certainty for the project subject to normal project risks.

**Impact on businesses, users and the community**

- 3.14 A new car park would improve Horsham's parking infrastructure. It is expected that additional revenue would be generated from the improved evening offer in Piries Place and the opportunity to let secure spaces to the hotel operator. However, redevelopment will require closure for at least a year, which will be disruptive to visitors and businesses in Horsham Town Centre.
- 3.15 As previously stated, there is currently headroom of c200 spaces within the existing parking capacity. However as Piries Place Car Park has 330 spaces a detailed mitigation strategy will still be prepared to reduce the negative impact of the loss of these car parking spaces during redevelopment, particularly during peak demand periods. This is expected to incorporate the following:
- a) Detailed business communication strategy and consultation.
  - b) Consideration of location of alternative disabled parking spaces and toilet facilities and communication.
  - c) Decanting long-term users to alternative car parks such as North Parade.
  - d) Discuss with WSCC the possibility of the Parkside car park being made available to shoppers at weekends.
  - e) Consideration of the impact on seasonal activities, in particularly, Christmas, Easter and Piazza Italia. The option of using the car park at Parkside is important for these high peak times.

The mitigation strategy will need to be prepared alongside the pre-contract process and after the decision making process by Cabinet and Council.

**Financial Viability**

- 3.16 The contractors have undertaken a feasibility exercise, which explored different types of layout design and different massing options. Some of the concept design options were discounted because of construction challenges or because the design was too costly. The choice has been narrowed to three options, which are set out in table 4 below:

| Option | Type of car park | Floors | Bay width (m) | Bays | Over-size | Total bays | Cost all inclusive* |
|--------|------------------|--------|---------------|------|-----------|------------|---------------------|
| 1      | Flat deck        | 4      | 2.5           | 391  | 22        | 413        | £6.25m              |
| 2      | Flat deck        | 4      | 2.4           | 417  | 26        | 443        | £6.25m              |
| 3      | Flat deck        | 5      | 2.4           | 530  | 30        | 560        | £7.25m              |

Note \*This figure includes a number of design contingency items and a client contingency of 10%

**Table 4: Car park options**

All three options have an identical site footprint and layout. The difference between options 1 and 2 is bay width and illustrates the impact of wider bays on overall capacity. Option 3 is identical to option 2 other than it incorporates an additional deck. Oversized bays are used for disability parking and parent and child.

- 3.17 The existing car park generates an income of c£560,000 pa and a net contribution of c£400,000 pa. Option 1, which has 413 spaces, would generate an additional income of c £150,000 pa. Option 2, which has 443 spaces, delivers an additional income of £195,000 pa and Option 3, with 560 spaces would ultimately generate an additional income of £350,000 pa. It is important to note that in the short term, Option 3 will increase the surplus capacity within the town centre and according to Peter Brett Associate forecasts this will not be fully taken up until 2031 at the 85<sup>th</sup> Percentile measure. The revenue returns should therefore be treated with caution in the short to medium term.
- 3.18 The income return figures assume that the current annual income per space is extrapolated across the additional spaces. The return matrix is shown in table 5.

| Option   | Additional income pa | Capital cost | Return on capital | MRP plus loan interest <sup>1</sup> | Net cost to Council |
|----------|----------------------|--------------|-------------------|-------------------------------------|---------------------|
| Option 1 | £150,000             | £6.25m       | 2.4%              | £269,000                            | -£120,000           |
| Option 2 | £195,000             | £6.25m       | 3.3%              | £269,000                            | -£72,500            |
| Option 3 | £350,000             | £7.25m       | 5.1%              | £312,000                            | £33,000             |

Notes: <sup>1</sup> interest at 2.3% and MRP at 2%.

**Table 5: Financial returns on capital invested**

Options 1 and 2 produce negative returns; however the returns are sensitive to uplifts because uplifts would apply across all spaces. For example, a 10% increase in price would reduce option 1 losses to -£50,000 and create a positive contribution of £2,000 in option 2. For option 3, creating 200 spaces would mean that Horsham would have an oversupply of parking spaces following construction. Peter Brett

Associates have forecast that an additional 200 spaces will be utilised by 2031. It is not possible to model the growth over the period from 2019 to 2031 with accuracy, however if the top deck is not utilised then the net cost to the council would be similar to option 2.

- 3.19 For all options, the people parking in the existing car park will be displaced during the construction period. This will mean a loss of revenue from Piries Place, but it is expected that this will be offset to a large degree by gains from other car parks. It is not possible to quantify this sum; however there could be a moderate reduction in overall car parking income in 2018/19. The mitigation strategy referred to in 3.15 above will seek to minimise this.
- 3.20 It is recommended to proceed with both Options 2 and 3, to planning stage.

## **4 Next Steps**

- 4.1 The next steps would be to proceed with development of detailed design and preparation of a planning application. Alongside this process, technical design work will be undertaken and construction costs finalised. Following approval of a planning application, the Director for Planning, Economic Development and Property would exercise delegated authority, as requested in this report, for the council to enter into a contract at a fixed price with the Scape contractor for the demolition and construction of the new car park.

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

- 5.1 An all member seminar was held on the 5<sup>th</sup> September, at which the draft proposals were presented. Members supported the proposals and asked for an additional deck to be considered, which has been incorporated in option 3 detailed in this report.
- 5.2 On the 11<sup>th</sup> September 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 encouraged the investigation of the additional deck outlined in option 3 above. The Joint Group recognised the time constraints on the project and the restrictions that these dictate, but encouraged the investigation of the council possibly purchasing neighbouring properties in order to expand the development site. Given the timescales, the proposal needs to be progressed in its current form, however during the detailed process, the additional footprint suggested will be assessed and if this is preferable a further report will be submitted to joint PDAG and Cabinet.
- 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.

## **6 Other Courses of Action Considered but Rejected**

- 6.1 The alternative options are set out above.

## **7 Resource Consequences**

7.1 Comments from the Head of Finance are incorporated in this report.

## **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.

## **9 Risk Assessment**

9.1 The primary risks within the project are the normal risks that are associated with a major constructional project including, planning, programme, cost control, construction risks and consultation risks. A detailed risk register will be prepared at an early stage in the project programme.

## **10 Other Considerations**

10.1 The proposal improves access to the town centre by providing additional disability parking bays and parent and child bays. The intention is also to include a Changing Places facility within the car park funded by s106 contributions. Consideration will be given to introducing electric parking point to recognise the trend towards electric vehicles.