

Report of Head of Resources

DEVELOPMENT OF THE MULTI-STOREY CAR PARK

1 Purpose of report

To advise members of a proposal to redevelop the multi-storey car park, converting part of it into a cinema/restaurant complex.

2 Executive summary

- 2.1 The council has been approached with a proposal to redevelop the multi-storey car park. At this stage the proposal is in its early stages but will require a decision in principle by members to allow officers to continue negotiations because it relates to town centre planning, council services (car parking) and property/finance.

3 Appendices

None

4 Proposed action:

- 4.2 Members are requested to RECOMMEND to Resources Committee that the council agree in principle the redevelopment of the multi-storey car park and any related council premises, subject to appropriate consultation with partners and due diligence in respect of finances.**

5 Background

- 5.1 The multi-storey car park (MSCP) in Wellingborough has been a concern for a number of years due to the capital requirements to maintain and improve the facility to modern standards, and its revenue running costs.
- 5.2 The MSCP is currently managed by Wellingborough Norse at a cost of approximately £156,000 per annum. This includes the cost of maintaining the toilets and lifts. In recent years the cost of maintenance has increased dramatically because of the level of overnight vandalism. Closure of the car park at 6pm has reduced this considerably, while still retaining the flexibility to leave it open for special events at The Castle, or elsewhere in the town centre.
- 5.3 A report was completed in 2010 which showed that the cost of extending the MSCP's life by 50 years was £2,138,000. A sum of two million pounds was

therefore included in the capital programme to allow for this, but has subsequently been withdrawn while the future of the property is considered.

- 5.4 Discussions have been held with various parties who have expressed an interest in acquiring and redeveloping the MSCP, mainly with the aim of reducing the council's financial commitment, but also to consider whether additional, complementary, facilities can be introduced, thereby making the town centre offer more attractive to local people.
- 5.5 So far, only one firm proposal has been put forward: by a company who is interested in building a leisure complex with a cinema and restaurants on top of the MSCP, and expanding this into 20 Sheep Street. This proposal would also retain part of the MSCP as a car park.
- 5.6 20 Sheep Street has been used as council offices for some years. It was vacated for a short time in order to try to sell or lease it, but without success. Whilst it is currently partially occupied by council officers, they could be relocated without too much difficulty and the building could be restored and developed. It is a listed building and a development of the kind proposed would be an opportunity to retain the features of the building as part of an interesting development in the town, possibly by reusing it as a restaurant.
- 5.7 There are no planning objections in principle to the redevelopment of this part of the town centre, but details, including the effects upon heritage, would need to be considered as part of a planning application. Leisure and restaurant uses are acceptable town centre uses in planning policy terms. Redevelopment could act as a catalyst to regeneration, especially given the proximity of The Castle. In addition to a planning application, many of these issues would be considered as part of the Plan for the Borough of Wellingborough local plan review which would deal with town centre uses and their locations.

6 Discussion

- 6.1 The annual running costs of the MSCP (and 20 Sheep Street) are significant. Any reasonable proposals which aim to reduce this would be beneficial to the council's base budget.
- 6.2 Assuming the council could realise some of its land and property assets, it would be possible to fund the refurbishment of the car park from the capital budget to extend its life. This would, however, mean that other capital projects which have the potential to generate revenue may have to be withdrawn or delayed.
- 6.3 The Swansgate Centre is linked to the MSCP via a (council-owned) bridge. The council owns the land on which the Swansgate Centre stands, as well as Commercial Way, but the shopping centre itself is leased by a private investment company. Any changes to the car park would need to be developed in agreement with this company in order to maximize the benefit for both.

- 6.4 In the same way, The Castle (Wellingborough) will need to be consulted and involved because of their proximity to the MSCP. The establishment of a cinema and restaurants could have a direct impact on their business, but initial discussions indicate that The Castle is considering its own development proposals which would provide different, but complementary, facilities for the borough.
- 6.5 Town centre car parking surveys have been carried out which demonstrate that between 2008 and 2014, car parking occupancy rates in the town centre have declined steadily, even taking into account the loss of some spaces. The top floor of the car park is currently chained so the loss of this level would not affect local people.
- 6.6 The MSCP's level of parking occupancy has decreased from 72% in November 2008 to 60% in November 2014, which is a peak usage period before Christmas. The decline in town centre parking is also evident at other less busy periods of the year. This would indicate that the loss of some spaces for a cinema and restaurants should not unduly affect visitors to the town, or parking availability, especially as it would provide additional facilities which make the town and the shopping centre more attractive. The use of the MSCP for parking by visitors to the cinema and restaurants would tend to be during the late afternoon and evenings rather during the day so should not adversely affect the parking available to shoppers and those working within the town centre.
- 6.7 At this stage, there appear to be three options (there is no option of "do nothing" because the car park repairs cannot be ignored):
- (a) Repair the MSCP using capital monies in order to lengthen the life of the car park. This would ensure the retention of the current facility but also commit a significant proportion of capital funds.
 - (b) Work in partnership with a third party to deal with the repairs and maintenance of the car park, and use part of it to provide leisure or retail facilities. This would retain a number of parking spaces in a town centre location, as well as a new leisure/retail offering, but may mean the council having to provide the site on which the development is to take place at nil value because of the estimated cost of the building's repairs and maintenance.
 - (c) Sell the MSCP. A sale valuation has not yet been commissioned because it would be a specialist valuation, but it would have to be set against the capital commitment a purchaser would need to make to repair the building. A purchaser is likely to be interested for two reasons: first, to redevelop the site, or second, to charge for car parking. In both cases, a sale would effectively remove council control over it.
- 6.8 Councillors are recommended to agree the second option in principle. The challenge of an ageing car park is one which will continue to test the council, and the second option addresses this point as well as providing a more

attractive town centre. At this stage an agreement in principle is requested because work will need to be carried out on a business case, feasibility study and consultation with relevant partners to ensure that a further report can be made to members with sufficient information to make a decision.

7 Legal implications

7.1 The council has powers under section 123 of the Local Government Act 1972 to grant leases as it thinks fit provided that it is for the best consideration reasonable obtainable. It also has all of the powers of an individual under section 1 of the Localism Act 2011 to enter into arrangements for the economic or social wellbeing of the town.

7.2 That means that there is no objection in principle to the proposals outlined in this report, but detailed consideration will have to be given to the appropriate legal structures with the organisation eventually selected for the project. That will depend on the degree of control over the completed development that the council wishes to secure and the extent to which it seeks a future income stream from the project.

7.3 The possibilities are:

7.3.1 A simple grant of a lease or freehold disposal of the car park and 20 Sheep Street with appropriate covenants as to future use, repair etc. That will not guarantee that the development proceeds, but would simplify the selection of the organisation to whom the property is passed. That is because a formal contract procurement process would not be necessary under the Public Contracts Regulations. The council would only be able to control the detail of the development through the planning process and the property transfer documentation.

7.3.2 A formal procurement process under the Public Contracts Regulations leading to the appointment of the developer and a Development Agreement requiring the developer to proceed with the development. That would provide a greater degree of control and certainty that the proposals are implemented.

7.3.1 Some form of joint venture agreement by which the council would be able to share in the future profits of the scheme and give a considerable degree of control over how the scheme was managed after it was completed.

7.4 There will be a need for detailed consideration of these possibilities if the committee approves the recommendation in principle to proceed.

7.5 There are also other detailed legal matters to be considered. In particular the obligation that exists under the lease of the shopping centre to the investment company that owns it to provide car parking spaces as well as other matters. The detailed provisions of the documents relating to those have been considered by District Law and legal advice is that on the information currently available they do not provide an impediment to the scheme proceeding.

8 Financial and value for money implications

The general principles in respect of finance and value are outlined above, and

focus on how the council's capital and revenue budgets would be affected by a decision.

9 Implications for resources

Officer time will be needed to manage this project, and council property will be a part of any proposals to redevelop, so assets will be affected.

10 Author and contact officer

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11 Consultees

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Victoria Phillipson, Principal Planning Policy and Regeneration Manager

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12 Background papers

Reports on car park maintenance and repair

Correspondence (exempt) with potential developers.

