

<b>Meeting:</b>	<b>Cabinet</b>
<b>Meeting date:</b>	<b>21 July 2016</b>
<b>Title of report:</b>	<b>Disposal of all or part of the Broad Street car park, Leominster</b>
<b>Report by:</b>	<b>Cabinet member contracts and assets</b>

## **Classification**

Open

## **Key decision**

This is not a key decision.

## **Wards affected**

Leominster East

(Indirectly affected wards are: Leominster North & Rural, Leominster South and Leominster West).

## **Purpose**

To approve the principle for the disposal of all or part of the public car park at Broad Street, Leominster.

## **Recommendations**

**THAT:**

- (a) disposal of all or part of the site is approved in principle; and;**
- (b) the programme of activity set out at paragraph 16 of this report be implemented to a further decision on a specific proposal.**

## Alternative options

- 1 Do nothing and retain the car park in its entirety and continue to generate revenue income from car parking charges. There is significant evidence of oversupply of car parking spaces in the town. The option to dispose of part of the car park will enable a capital receipt to be raised, whilst retaining sufficient car parking provision to meet projected demand.

## Reasons for recommendations

- 2 To ensure the council is able to take an informed decision regarding the future of the site following a speculative approach from a developer.
- 3 The sale of part of the Broad Street car park would realise a significant capital receipt for the council which would support the objectives of the medium term financial strategy.
- 4 Subject to the sale it would be necessary to secure alternative long stay car parking provision to meet demand for long stay parking and to protect parking revenues.

## Key considerations

- 5 The council has been approached by a developer acting for clients who wish to locate retail businesses in the county. A specific expression of interest has been received with regard to purchasing part of Broad Street car park, Leominster for retail use, subject to planning.
- 6 The council's corporate property strategy in its disposal policy recommends that assets surplus to the councils operational needs should be considered for disposal. Evidence from records supplied by the councils parking service indicates that there is significant oversupply of provision and that consideration should be given to potential disposal of surplus spaces in order to demonstrate best use of the capital asset.
- 7 The sale of all or part of Broad Street car park would realise a capital receipt. However, any such disposal would not only impact on the provision of car parking within Leominster but also revenue generation.
- 8 Currently the council has four pay and display car parks in Leominster; Broad Street, Dishley Street, Central Area and Etnam Street. These car parks are made up of two short stay and two long stay car parks providing a total of 575 car park spaces, 14 of which are disabled parking bays. Charges are applicable between 8am and 6pm seven days a week.
- 9 The Broad Street car park is long stay with 269 spaces and is Leominster's largest car park providing the majority of the town's long stay parking provision (Dishley Street providing 64 spaces). In addition to four disabled parking bays the car park has four coach spaces, free of charge, and supports lorry parking between 6pm and 8am. Coach and lorry parking are not currently supported in any other Leominster car parks although this would not preclude a review of such provision. The car park also houses the annual Leominster May Fair, Thursday through to Saturday at the end of April beginning of May. Alternative arrangements may need to be considered depending on the nature of any proposal brought forward and its implications on accommodating this event and further consultation will be undertaken with relevant stakeholders on this point.
- 10 There are currently two long stay and two short stay car parks in the town which in total provide 575 car park spaces. This does not include public car parks provided through third parties such as other stores or Halo. The total spare capacity at peak

use is estimated between 262 and 200 spaces per hour. On this basis there appears significant opportunity for rationalisation of the total supply and investigating the opportunity for the disposal of surplus spaces to produce a capital receipt.

- 11 It should be noted that the figures are based on average use per day. There can be significant fluctuation in use throughout the day, this is particularly prevalent in short stay car parks where use can be near capacity at peak times.
- 12 From initial approaches to the council there is interest in developing approximately 1.6 acres (40%) of the current car park to provide a single retail unit which would have its own customer car park while leaving the remainder of the site approx. 1 acre as a public car park of some 100-110 spaces. This split may change following further negotiations.
- 13 The introduction of long stay parking and associated charges at Etnam Street car park would be sufficient to offset the estimated reduction in long stay spaces at Broad Street due to development. When combined with the introduction of short-stay parking charges at Broad Street Car Park the charging regime better supports short-stay shopping.
- 14 An alternative option would be to seek development of the whole site with a mixed use retail and residential scheme. Initial appraisals on this basis indicate that it will not be financially attractive to the council as the capital value generated from the residential element is not sufficient to cover the loss of car parking revenue. It will also result in additional pressure to provide alternative car parking.
- 15 It is likely that the council will appoint external agents to advise them in initial negotiations and that may lead to openly marketing the site to ensure that the council is satisfied it achieves the best overall consideration. The agent will be procured in accordance with the council's contract procedure rules.
- 16 In order to progress from an 'in principle' decision to consider disposal to a decision to confirm disposal to a specified body, the following activities apply:
  - a) A market valuation of the land concerned to reflect the likely value leased upon the intended use.
  - b) The appointment of an agent to manage the marketing of the land and to receive expressions of interest/bids from prospective purchasers/developers.
  - c) An evaluation of the impact on car parking based upon both current and future demand taking into account Core Strategy growth proposals.
  - d) Local consultation with stakeholders, including the current operators of the May Fair, and the business community regarding the impact of reducing car parking provision and retail development.

## **Community impact**

- 17 The disposal of the site would provide a capital receipt that could reduce the councils borrowing requirement and release revenue to be redirected to the council's priorities.
- 18 Any disposal proposals should be evaluated upon their contribution to the delivery of the council's corporate plan. These include supporting the growth of our economy by:
  - a) Making the best use of existing land and identifying new opportunities to enable existing businesses to stay and expand and for new businesses to locate the area;

- b) Having vibrant town centres with shops, restaurants and leisure facilities that keep people spending locally;
- c) Securing better value for money by reviewing the management of assets in order to generate on-going revenue savings, focussing on reducing the cost of ownership of the operational property estate by rationalising the estate and by improving the quality of the buildings that are retained.

## **Equality duty**

- 19 Section 149 of the Equality Act imposes a duty on 'public authorities' and other bodies when exercising public functions to have due regard to the need to:
- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act.
  - advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it.
  - foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 20 We do not envisage any adverse impact to those that share a protected characteristic and we will endeavour to maintain the number and availability of disabled parking places within the town.

## **Financial implications**

- 21 If the recommendations are accepted, then the cost of a market valuation and an agent will need to be found. Until the valuation is completed and the agent is appointed it is not possible to estimate these costs. The average cost of current valuations is in the region of £2k and agent's fees are between 1-1.5% of the sale price of the land. Both fees are initially funded from the revenue cost centre for disposals and are eligible to be recovered against an eventual capital receipt.
- 22 There may be an impact on the current revenue generation from the towns existing car parks. Evidence elsewhere has demonstrated that this may not necessarily be adverse if greater footfall is generated for the town by an attractive offer. Without firm proposals as to the nature of any development, this is unable to be quantified at this time but the financial implications of any proposed change will inform a further decision.

## **Legal implications**

- 23 A principal council cannot dispose of its land for a consideration less than the best that can be reasonably obtained in the market. (Sales at an undervalue are permitted with the express consent of the Secretary of State (Section 123(1) Local Government Act 1972) or if such a disposal is justified and falls within the criteria of the General Disposal Consent (England) 2003).
- 24 There are no legal implications at this stage. Should a sale be approved under a further report then the legal implications of closure of all or part of a public car park and the proposed sale contract will be detailed.

## **Risk management**

- 25 RISK: The current interested developer withdraws their interest. RESPONSE: By marketing the site through a national agent, the possibility of wider interest may be established.
- 26 RISK: That car parking revenue will be reduced creating pressures to the revenue budget. RESPONSE: Any proposals for the reduction in the supply of spaces will need to be evaluated on the basis of such an impact before proceeding with a disposal.
- 27 RISK: That the current structure of car parking fees and short/long stay arrangements may no longer be appropriate for future need of residents and visitors. RESPONSE: A wider review of total parking provision across local providers be undertaken to ensure that future supply is suitable for the pattern of demand requirements

## **Consultees**

- 28 The local members, cabinet member transport and roads, contracts and assets and the town council have been consulted and are supportive of the recommendation.

## **Appendices**

None.

## **Background papers**

- None identified.