

CABINET

Auction Mart Car Park, Thurnham Street, Lancaster 28th July 2009

Report of Corporate Director (Regeneration)

PURPOSE OF REPORT				
To update Members on the current position with the Auction Mart car park and seek direction on how to proceed with the site.				
Key Decision	X	Non-Key Decision		Referral from Cabinet Member
Date Included in Forward Plan	22 nd June 2009			
This report is public.				

RECOMMENDATIONS OF COUNCILLOR THOMAS

- (1) That Members consider the information outlined in this report and indicate how they wish to proceed with the site.

1.0 Introduction

- 1.1 The City Council owns the Auction Mart car park, Thurnham Street, Lancaster, which is located adjacent to Lancaster Canal at the southern end of the one way system as shown on the attached plan. The Auction Mart is a long stay pay and display car park which is unsurfaced and not formally marked out, with a nominal capacity for around 100 cars, but is generally based on 110 as a result of the lack of marked spaces.
- 1.2 Cabinet at its meeting on the 10th of October 2006 resolved that the Auction Mart car park be marketed as a development opportunity on the basis that the Council would enter into a development agreement with the proposed developer should a suitable proposal be submitted, this would allow the provision of a new car park as part of that scheme. The site was subsequently marketed by formal tender with a closing date of the 29th of August 2007, unfortunately no formal offers were received. However a few parties expressed an interest in the site and after discussions with officers they subsequently put outline proposals forward for three schemes which were detailed in a Cabinet report on the 22nd of April 2008 (a copy of that report is attached for information). In addition the Vision Board and the County Council considered the site as part of their long term and visionary improvements to the transport in Lancaster and jointly commissioned a report from transport consultants Faber Maunsell which

indicated a need for a southern interceptor car park which could require up to 750 – 800 spaces without causing increased queuing on the gyratory system.

- 1.3 Cabinet noted the expressions of interest and the parking requirement in the City Centre during the Centros scheme. They also recognised that preventing congestion in the City Centre is a significant priority and resolved that the car park is retained in its existing format and a further options report was requested once more information is available on the possible use of the site as an interceptor car park as suggested by the Vision Board.

2.0 Proposal Details

- 2.1 Consultation has taken place with the County Council Highways section on the provision of an interceptor car park which should ideally have around 750 – 800 car parking spaces. Unfortunately the County have informed us that their priority at the moment is the M6 Heysham link and the provision of an interceptor car park is not in their programme of work. However they have commented that they are relaxed about changing the access to the site to the northern end, closer to Aalborg Square.
- 2.2 Cabinet is reminded that should the Canal Corridor North scheme obtain planning permission a number of the city's long stay parking spaces would be lost during the development.
- 2.3 In the absence of a scheme being available from the Vision Board/County Council, to improve the parking facilities and protect the long stay provision it is suggested that the marketing brief used in 2007 be brought up to date requesting a development with the potential to see alternative parking provision on the Auction Mart Car Park, such as a modern decked facility which would maximise the provision of spaces. This would enable the facility to become a small southern interceptor car park for the City, along with a redevelopment proposal which would fit with the local development plan. It is suggested that a timescale of January 2011 is given for the completion of the development of the new car park.

3.0 Details of Consultation

- 3.1 Consultation has taken place with a number of interested parties including Property Services parking section and Lancashire county Council.

4.0 Options and Options Analysis (including risk assessment)

As a result of the County Council's comments the following options are proposed:

- 4.1 Option 1 – Remarket the Auction Mart car park on the same basis as the previous brief, i.e. as a development opportunity and new car park. The previous marketing of the site included using public consultation to determine the schemes submitted. Should Cabinet resolve that option 1 be implemented then Members are asked to consider whether public consultation will be required as part of the assessment of scheme or whether an assessment such as scoring the feasibility of the schemes is carried out by officers. Remarketing the site may bring forward new proposals and new options for the site.
- 4.2 Option 2 – Reconsider the previous bids and schemes and reopen negotiations with the parties involved to ascertain whether the site and the development opportunity is still of interest to them and try to secure a scheme which would produce a

development and maximise the number of car parking spaces on site. Previous interested parties have put a lot of work into their proposals including schematics and have shown interest in the site since. However this option may limit the Council's ability to achieve best value for the site, by excluding new developers who may be interested in the site at the current time.

- 4.3 Option 3 – Revisit an option put forward in the previous report which is for the Council to enter into discussions with North Lancashire Teaching Primary Care Trust (PCT) to identify a developer who could provide a health care facility which would meet the needs of both the PCT and the City Council. This would promote the use of partnership working to provide facilities for the community as well as maximising the number of car parking spaces for the City council in the future and possibly producing best value for both parties. The PCT have expressed concerns that whilst they are interested in a development in this location, an open bidding process by the Council allows developers to propose healthcare solutions that may not provide value for money for the PCT. The PCT have queried whether the Council can therefore work with them to overcome this situation.
- 4.4 Option 4 – The City Council to look at building a multi storey car park to provide a southern interceptor car park for the City. There are many disadvantages of this option including the large capital input required. An estimated build cost of £15,000 per car parking space has been obtained which would require capital input of around £11,250,000 on a 750 space car park, if no external funding was forthcoming then the City Council would have to borrow money to finance such a scheme. In addition it is uncertain whether planning permission could be obtained for a sizeable building which would be required to accommodate the 750 spaces. There would be increased revenue income with this scheme, however this would be greatly reduced due to the cost of borrowing to fund the project. Please refer to Financial Implications for more detail on the consequence of this option.
- 4.5 Option 5 – Not market the site for development and leave the car park as it is, but re-surface it to provide much needed improvements for customers. It should be noted however, that formal demarcation of the car park may cause a reduction in income as it is probable that there would be fewer spaces on the car park than are currently available with the informal parking layout that takes place.

5.0 Officer Preferred Option (and comments)

Option 1 is preferred for the reasons outlined above. Remarketing the site with an updated brief, this may bring forward new proposals and new options for the site including, maximising the number of car parking spaces on site, but will still allow previously interested parties to submit revised development proposals for the land. In addition Members are asked to consider whether public consultation will be required as part of the assessment of scheme.

RELATIONSHIP TO POLICY FRAMEWORK

The Corporate Property Strategy indicates the need to Challenge and review the use, provision and performance of property and is seen as a positive approach to ensuring that assets are fit for purpose and that retention, investment and utilisation is focused on the needs of the customer and the achievement of the Council's corporate objectives. The proposals also reflect the recently approved Disposal Strategy.

The provision of improved facilities at this car park is in line with the Parking Strategy aim of

providing Quality Parking Management. Although increasing long stay parking capacity is contrary to the strategy, improved facilities that also increased capacity at this location would allow the Council to review the future use of other car parks as part of the proposed review of long stay parking in the district.

CONCLUSION OF IMPACT ASSESSMENT (including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)

This report raises no implications but any development will need to reflect sustainability issues

FINANCIAL IMPLICATIONS

If the Council continues to hold the car park in the current condition there are no capital implications, the Council will continue to receive revenue income from the car park, which for the financial year 2008/09 was approximately £92K (approx. split £52K pay and display income and £40K parking permits). In the previous report the figure quoted was the 2007-8 out-turn of £127K The reduction is because pay and display income has reduced due to the completion of a large apartment development adjoining the car park and the introduction of a new 4 hour tariff on short stay car parks. Reduced permit sales have also had an effect although these figures are only estimated as income is not allocated to specific car parks.

No proper assessment of the financial implications of options 1, 2 & 3 can be made until more information is received from interested parties, should any of these options be chosen, however the income received for the car park is likely to alter.

If option 4 is chosen the effect on income is uncertain due to doubt on the actual number of spaces and the effect on other Council owned car parks. However based on 750 spaces, this should potentially produce an increase in the income to approximately £863K. It should be noted that under option 4 if external funding was not forthcoming to meet all or part of the construction costs it may be possible for the Council to use prudential borrowing to finance the scheme. However the cost of borrowing all the funding would have a revenue impact of approximately £500K in annual interest charges. This would leave approximately £360K per annum from the projected increase in revenue to repay the £11.25M loan. Using a simple payback period calculation, it may take over 30 years for the scheme to pay for itself and to start generating savings. The increased revenue would be reduced by the ongoing costs of running the car park so 30 years is a conservative estimate of the payback period. There is also uncertainty over key factors such as the level of car usage in 30 years time.

If Members decide to resurface the car park, this would have a capital implication of around £180,000 for which no funding is currently identified. Assuming the council would have to borrow to fund this, there would be an increase in annual revenue costs of £8K in relation to interest payable on the loan. Resurfacing the car park will also result in a loss of spaces due to the formal demarcation of the car park and a reduction in income to approximately £68,000

The above income figures are purely indicative based on the limited information available for the options and potential impact on parking provision generally within the City. This also assumes that the car park would remain long stay with a similar tariff for pay and display and permits.

SECTION 151 OFFICER'S COMMENTS

In terms of considering any potential capital investment, proposals that involve prudential borrowing (e.g. Option 4) would have to meet the requirements of the Prudential Code - affordability, sustainability, prudence - as well as meeting specific aspects of the Council's own Investment Strategy. With regard to prudential borrowing, given all the Council's existing commitments and potential funding needs (Iceland, Luneside, South Lancaster land sales, etc.) the Section 151 Officer advises that it would not be prudent to take on such a level of additional borrowing at this time. Circumstances are being kept under review as they may improve in the future - but they may not.

LEGAL IMPLICATIONS

There are no direct legal implications arising from this report.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments.

BACKGROUND PAPERS

Exempt

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