

# REPORT TO CABINET

REPORT OF: CORPORATE DIRECTOR (COMMUNITY SERVICES)

REPORT NO: DCS14

DATE: 11<sup>th</sup> April 2005

<b>TITLE:</b>	<b>GRANTHAM TOWN CENTRE – WATERGATE EAST STREET CAR PARKS</b>
<b>FORWARD PLAN ITEM:</b>	Yes
<b>DATE WHEN FIRST APPEARED IN FORWARD PLAN:</b>	1st December 2004
<b>KEY DECISION OR POLICY FRAMEWORK PROPOSAL:</b>	P.F.P

<b>COUNCIL AIMS/PORTFOLIO HOLDER NAME AND DESIGNATION:</b>	Councillor R Auger Environment Portfolio Councillor J Smith Economic Portfolio
<b>CORPORATE PRIORITY:</b>	Priority A: Town Centre Development and Grantham As A Sub-Regional Centre
<b>CRIME AND DISORDER IMPLICATIONS:</b>	Design to include A.C.P.O. Secure Car Park Design Standards
<b>FREEDOM OF INFORMATION ACT IMPLICATIONS:</b>	This report is publically available via the Council's website <a href="http://www.southkesteven.gov.uk">www.southkesteven.gov.uk</a> under "Council Meetings"

## 1.0 INTRODUCTION AND SUMMARY

- 1.1 The Council approved the acquisition of the Kwik-Save Supermarket on Castle gate/East Street, Grantham, at an Extraordinary Meeting of the Council held on 27<sup>th</sup> June 2002. Contracts were exchanged on 01/08/02 in the sum of £1,050,000.
- 1.2 The reasons for purchasing this building was set out in reports CEX 186 considered and approved by Cabinet on 20<sup>th</sup> June 2002 and CEX185 considered and approved by Cabinet on 10<sup>th</sup> June 2002. Funding for the purchase of the property was approved in report Fin. 125 approved at the Extraordinary Meeting of Council on 27<sup>th</sup> June 2002.
- 1.3 In summary the rationale for the purchase was to rearrange car parking provision in the Town. The concept promoted two larger locations on the western and eastern flanks of the town centre to replace three smaller centrally located sites identified as development locations. It was thought that this concept would deliver a more balanced town, with reduced vehicular traffic within the core where the pedestrian would gain priority.
- 1.4 At that time redevelopment proposals recommended that the basement of the Kwik Save premises would become a two storey car park comprising 350 spaces and the remaining sales floor would be converted into retail units.
- 1.5 Since acquisition, the car park has operated as a temporary public facility providing 180 spaces. It has also been used for car parking by Council Staff. Current usage demonstrates that fifty percent (50%) of available spaces are used by the public, however, this is understandable since the layout of the car park is poor. Many of the spaces are dysfunctional with poor provision for security. The Car Park, provided on a temporary basis, is not considered to be part of the car parking infrastructure of the Town.
- 1.6 Financial Summary Of Existing Facility

Table 1

<u>Expenditure/</u> <u>(Income)</u>	<u>02/03 (£)</u>	<u>03/04 (£)</u>	<u>04/05 (£)</u>	Total (£) Cost Since Acquisition
Acquisition	1,050,000			1,050,000
Property Related*	87,000	132,700	120,000	339,700
Wages	7,244	19,000	19,750	45,994
Income	(10,000)	(30,950)	(32,000)	(72,950)

- 1.7 The revenue budget for 2004-2005 includes annual expenditure of £139,750 and estimated annual income of £32,000 indicating a net estimated cost to the Council of £107,750 in the financial year 2004/2005.

*\*Includes maintenance of facilities, electricity and business rates.*

1.8 In relation to the other sites, identified in the Grantham Town Centre Masterplan for re-development, it had been anticipated that wider proposals for car parking would be pursued as follows-

- (i) Guildhall Street – to dispose of the existing lease in association with Wm Morrisons Plc in order to facilitate the delivery of a significant development in the Town Centre.
- (ii) Conduit Lane – freehold disposal of the car park.
- (iii) Watergate Car Park- freehold disposal of the site.
- (iv) Cattle Market- Obtain lease on the site for operation as a car park
- (v) Kwik Save - to acquire leasehold or freehold of the site for car park and retail development.

1.9 The current position with the above sites is as follows-

#### Guildhall Street

It has not been possible at this time to dispose of the Council's leasehold interest in this site.

#### Conduit Lane Car Park

A recent feasibility study has concluded that it will not be possible to secure a viable financial package for a Science Discovery Centre on this site in conjunction with another development. This site retains significant value for an alternative use with the potential to contribute to developing Grantham as a sub-regional centre.

#### Watergate Car park

Feasibility work undertaken in partnership with Henry Boot Developments identifies this site as suitable for residential development. Further details are set out in this report. The site was subject to a Planning Application in December 2002. The current position is that the Development Control and Licensing Committee (10<sup>th</sup> December 2002) approved the application subject to the completion of a Section 278 agreement with Lincolnshire County Council in respect of the provision of on-street parking bays on the east and west sides of Watergate near the site, subject to the completion of a satisfactory pre-determination archaeological evaluation and subject to a noise assessment required by Environmental Health Services. The application was delegated to the Head of Land Use Planning in consultation with the Chairman and Vice Chairman.

### Cattle Market

The owner is developing this site for retail use with some associated car parking provision. The Council was unable to secure a leasehold interest for car parking. A total of 115 spaces will be provided by the developer for customer parking.

### Kwik Save (East Street).

- 1.10 The property has been purchased and detailed proposals are outline in this report. Planning Permission has been granted (10 March 2003) for the conversion of the former Kwik Save Site East Street to a car park.
- 1.11 In December 2003 expressions of interest were sought via advertisement from development companies willing to work jointly with the Council on the development of the East Street and Watergate sites. Cabinet accepted preliminary scheme proposals submitted by Henry Boot Development Ltd as the basis for working with the company as Preferred Partner for the proposed redevelopment of the East Street and Watergate sites in Grantham.
- 1.12 This report sets out options relating to Watergate, East Street (Kwik Save) and brings into consideration opportunities that may exist at Welham Street to address the future car parking needs of the Town.

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## **2.0 RECOMMENDATIONS**

**Cabinet are requested to consider the following recommendations that relate specifically to each option and to decide the direction they wish to take.**

### **Option One**

- 2.1 To authorise the officers to negotiate with Henry Boot Development Ltd to enter into a Development Agreement for the development of Watergate and East Street sites.**
- 2.2 The decision to enter into a Development Agreement with Henry Boot Development Ltd, subject to appropriate terms being agreed, be delegated to the appropriate Portfolio Holder as a Non-Key Decision.**

## **Option Two**

- 2.3 To authorise the officers to undertake further work to establish the feasibility of constructing a multi-storey car park on the Welham Street site. This work will include commissioning a Traffic Impact Assessment site examination and if favourable submitting a planning application for the scheme.
- 2.4 To note that a further report would be submitted to a future meeting of Cabinet to consider the results of the feasibility study.
- 2.5 To note that if Option Two cannot be delivered Cabinet would need to reconsider Option One or an alternative project that may not deliver additional car parking for Grantham.
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## 3.0 **DETAILS OF REPORT**

- 3.1 A project team was established to negotiate with Henry Boot Development Ltd to produce detailed plans with the following outputs.
- Minimum of 300 space multi-storey car park to ACPO Secured Car Park design standards;
  - Optimum use of the District Council's capital resources;
  - High quality pedestrian link between the proposed new car park and Castlegate (This has not been investigated in detail because of the type of proposals brought forward by Henry Boot Developments);
  - Options for the site use to make maximum contribution to criteria defined for Grantham to achieve sub-regional status.
  - To advertise the Watergate site and seek competitive bids for it's potential sale on the open market.
- 3.2 The options for the sites are set out in following paragraphs of the report.

## **OPTION ONE - Redevelopment of Watergate and East Street Car Parks**

### **Watergate**

- 3.3 The marketing exercise has indicated that the site has an open market value of approximately £1,500,000.

#### East Street (Former Kwik Save)

- 3.4 Henry Boot Developments has considered a number of schemes for this site. These proposals have included providing a 300 space car park with alternative schemes being suggested for the remaining land. These included residential development, retail development office/commercial development including a cinema or a mix of the various elements.
- 3.5 Following further feasibility work and with evidence from the expressions of interest submitted by developers, the option that delivers the most new car parking spaces would be to construct a 300 space car park releasing the remaining land for residential development. On this basis the value of the land released for development has indicated that the land available for development has a value of £2,000,000. Based on Henry Boot's proposal ,which includes their developers profit the development costs to create the 300 space car park has been costed at £3,600,000. A capital financial contribution of £100,000 is required from the Council. The balance of £1,500,000 would be funded form the capital receipt obtained from the sale of Watergate Car Park. The capital receipt from the sale of Watergate Car Park would be used to fund the scheme leaving a contribution of £100,000 to be funded by the Council.
- 3.6 It can be seen that that original proposal to meet the costs of providing a new car park on East Street funded from the sale of land at Watergate and East Street is financially viable subject to the necessary planning approvals.
- 3.7 Henry Boot Developments has confirmed that they would be prepared to enter into a development agreement based on the above option if the necessary planning approvals are granted.

#### 4.0 ALTERNATIVE DEVELOPMENT OPTION

##### **OPTION TWO - Retain Watergate Car Park, Sale of East Street and Development of Welham Street Car Park**

- 4.1 As a result of discussions with Henry Boot Developments a further option may be open to the Council. The whole of the East Street could be released for development with additional capacity being provided at Welham Street car park. This would be achieved by converting Welham Street into a multi storey car park. Plans showing how a multi-storey car park could be located on the Welham Street Car Park are attached as appendices to the report.
- 4.2 It is estimated that East Street site with planning permission for residential development would have a net value of £2,300,000 taking into account the cost of demolishing the existing car park. The cost of converting Welham Street into a multi-storey car park is estimated to be approximately £2,150,000. **This figure needs to be treated with caution and further work is required to establish more accurate estimates of cost.** A number of other factors need to be considered such as the results of a Traffic Impact Study , potential planning conditions and proximity to other buildings. It will also be necessary to undertake an analysis of the prevailing ground conditions

to establish if there are any particular difficulties building a multi-storey car park on the Welham Street site.

## 5.0 APPRAISAL OF THE OPTIONS

5.1 Table 2 below sets out the relationship between the options comparing the number of additional car parking spaces with capital and revenue costs.

Table 2

Car Park	Current Spaces	Current Revenue £	<b><u>OPTION ONE</u></b> Develop East Street  Close Watergate  (£)	Revenue Forecast £	<b><u>OPTION TWO</u></b> Develop Welham Street Car Park.  Develop East Street (Residential).  Retain Watergate. (£)	Revenue Forecast £
Watergate	102	(125,000)	6 (Section 278)	0	102	(125,000)
East Street	0	0	300	(150,000)	0	0
Welham Street	151	(85,000)	151	(85,000)	360	(150,000)
<b>Total</b>	<b>253</b>	<b>(210,000)</b>	<b>457</b>	<b>(235,000)</b>	<b>462</b>	<b>(275,000)</b>
New spaces created			204		209	
Gross Revenue Gain				(25,000)		(65,000)
<u>Capital implications</u> Development Costs. Receipt from sale of Watergate. Receipt from sale of East Street			3,600,000 1,500,000 2,000,000		2,150,000  2,300,000 (This figure has not been formally market tested)	
Net Capital Outlay/					(150,000)	

(Receipt)			100,000			
<u>Summary</u>			204 additional spaces created  (£25,000) gross revenue gain per annum.  Capital requirement of £100,000		209 additional spaces created (£65,000) gross revenue gain per annum.  Capital receipt of (£150,000)	

5.2 The financial implications set out in Section 6 indicates that (Option One) Watergate/ East Street development will achieve a revenue gain for the Council of £25,000 per annum. The development of Watergate and East Street Car Parks will require a contribution of £100,000 towards capital build costs.

5.3 In relation to the early estimated costs of (Option Two) retaining Watergate Car Park, developing the whole of East Street as a residential development and building additional car parking spaces on Welham Street, it is anticipated that there will be a revenue gain of £65,000 per annum and a potential net capital receipt of £150,000.

**However there will be additional costs associated with the provision of new car park. These include business rates, utility costs and maintenance (whichever option is chosen). This additional cost is estimated at £50,000 per annum. This will be offset against savings in property related costs identified in paragraph 1.7**

### **Table 3 Income Projection**

The table below illustrates the differences in income per space that are currently being generated by our car parks. This information has been used to assist with the determination of future income streams for each of the options.

Car Park	Type	Annual Income	Number of spaces	Income per space (per annum)
Conduit Lane	Long Stay	£26,000	48	£542
Guildhall St	Short Stay	£130,000	93	£1400
Watergate	Short Stay	£125,000	102	£1225
Welham St	Long Stay	£85,000	151	£563
Wharf Road	Short Stay	£125,000	257	£490

The following assumptions have been made when assessing future income levels:-



**Option 1** - Watergate Car Park will cease operation as a car park when East Street is completed. The East Street Car Park will be short stay with the same tariffs/charges as the other short stay car parks in Grantham.

- 5.4 Based on this information an average income per space generated at the East St Car Park (Option One) has been calculated at £500 per space. This equates to an annual income of £150,000. This figure is based on an assumption of similar usage patterns as the Wharf Road multi-storey car park in Grantham.

**Option 2** - It has been assumed that there is a demand for additional spaces at Welham Street and that no conflict will be experienced between the demand for Watergate and Welham Street.

- 5.5 In the case of Welham Street (Option Two) the current income per space is £563. It is predicted that an additional 209 spaces will generate an average of £310 per space. Therefore the total income is  $(209 \times £310) + £85,000$  (Existing Income) = £150,000.

It is anticipated that charges will increase every two years and that income will rise as a consequence.

#### Contribution To The Development Of Grantham As A Sub-Regional Centre

- 5.6 Table 4 considers the potential contribution that each of the options could make to developing Grantham as a sub-regional centre.

Table 4

<b><u>OPTION ONE</u></b> <u>Close Watergate (residential Development)</u> <u>Develop East Street Car Park and Residential Development</u>		<b><u>OPTION TWO</u></b> <u>Develop East Street (Residential Development),</u> <u>Develop Welham Street (Multistorey Car Park),</u> <u>Retain Watergate Car park.</u>
1.	Closure of Watergate car park would improve the public realm by developing a major gateway into the town from the north.	The frontage to the Watergate car park could be improved by investing part of the Capital receipt in hard and soft landscaping.
2.	The development of East Street would deliver the original objective of reducing vehicular traffic within the core by providing car parking on the eastern flank of the Town	The development of Welham Street may also deliver this objective but a Traffic Impact Study is needed to identify strengths and weaknesses. Has potential to reduce traffic in the core by providing car parking on the south eastern flank of the town.

3.	Development of a car park at East Street would provide more central pedestrian links to the High Street via Finkin Street. This could help to improve the retail offer along these linkages.	
4.		Development of the Welham Street Car Park as a multi-storey car park could help to encourage the development of businesses along St Catherine's Road. It may have the added benefit of opening up opportunities to support the development of a midi-plex cinema on or close to the existing Cinema. May open up development opportunity on land owned by the District Council in this area.

## 6.0 TIMESCALE

- 6.1 If it is decided to pursue the development of the Watergate Car Park and East Street sites (Option One) it may be preferable to undertake this in conjunction with Henry Boot Developments. This approach would have the benefit of providing a clear separation between the planning application process and the decision. It would only be possible if agreement can be reached over a contract structure that meets the requirements of the Council and that a planning permission on East Street can be obtained.

**If it decided to pursue this option it is anticipated that it would take 40 weeks from the time of approval to work starting on site.**

- 6.2 In terms of project implementation the original objective of developing East Street first followed by the closure and subsequent development of Watergate Car Park is achievable. This would have the benefit of minimising the inconvenience to users of the current car parks.
- 6.3 The development proposals for East Street and Welham Street (Option Two) would also need to be synchronised. The estimated time scale from approval to work commencing on Welham Street is approximately 46 weeks. This timescale includes the demolition and layout of East Street as a temporary Car Park but this element will need further evaluation as an level car park on this site would only provide an additional 60 spaces over and above the temporary provision at East Street.
- 6.4 It is essential that a further investigation is undertaken into (Option Two) Welham Street. **If a business case can be made for demolishing East Street and levelling it for use as a temporary open car park, a contract could be let for the work whilst the Option Two is being investigated. This work would not be necessary if Option 1 is chosen.** The feasibility study on Welham Street would enable detailed design work to be undertaken,

the planning and traffic implications to be examined in full and detailed costs to be prepared.

#### 7.0 COMMENTS OF DIRECTOR OF FINANCE AND STRATEGIC RESOURCES

The report has been discussed with the Director of Community services and the financial implications have been addressed. It has been noted that there are no significant capital finance implications for the District Council however it is recognised that further evaluation is needed in relation to Option 2.

#### 8.0 COMMENTS OF CORPORATE MANAGER DEMOCRATIC AND LEGAL SERVICES (MONITORING OFFICER)

The report has been discussed with the Director of Community Services and the legal implications have been addressed.

#### 9.0 CONCLUSIONS

- 9.1 The proposals identified in this report are consistent with the original objectives of the council. The current revenue cost of providing a car park at Kwik-Save East Street is currently £107,750 per annum therefore a decision about the future of the site is needed as soon as possible.
- 9.2 The land at East Street, if released for residential development coupled with a proposed new car park, has a value of £2,000,000 (Jan.05) subject to planning permission and contract. This compares favourably with the purchase price paid by the Council of £1,050,000 (August 02).
- 9.3 If Watergate car Park were re-developed in conjunction with Kwik-save East Street the land has a value of approximately £1,500,000 (Jan.05) **subject to contract**. The combined sale of land at Watergate and Kwik-Save East Street (Option One) would enable the construction of a 300 space car park to be achieved on the East Street site. The need for a small investment of £100,000 is anticipated to meet an estimated funding shortfall.
- 9.4 This proposal could be taken forward in partnership with Henry Boot Developments subject to the necessary Development Agreement being negotiated and accepted by both parties. Planning permission would be needed to develop the East Street site and there are clear benefits for the associated planning applications to be submitted by Henry Boot Development rather than the Council to provide a clear separation between the application and decision making processes.
- 9.5 An alternative proposal (Option Two) has been highlighted in the report. It identifies a solution that retains Watergate Car Park. This option acknowledges that Watergate Car Park has the highest income per space of all the car parks operated by the Council in Grantham (See Table Three). The proposals also achieve the highest number of additional spaces for the Town (209) (See Table Two). In addition the phasing of work may permit a temporary level car park to be retained on the East Street site following

demolition of the buildings but this needs further evaluation. The car park could remain operational until a new multi-storey car park is completed on Welham Street.

- 9.6 **It has only been possible to undertake preliminary design work and to prepare initial cost estimates. In addition it needs to be recognised that Option Two is only possible if Traffic Impact Assessments are positive and that planning permission is granted for a multi-storey car park on Welham Street**

- 9.7 Option Two has the potential to deliver more outcomes that support Grantham as a sub-regional centre. This includes an opportunity to improve the public realm by using appropriate hard and soft landscaping treatment to Watergate Car Park.

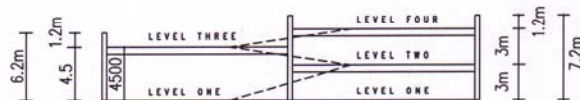
- 9.8 If it is decided to pursue Option Two then a considerable amount of further investigation will be needed to work up the details of the proposal. It would not be necessary to develop these proposals in association with Henry Boot developments.
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10.0 **CONTACT OFFICER**

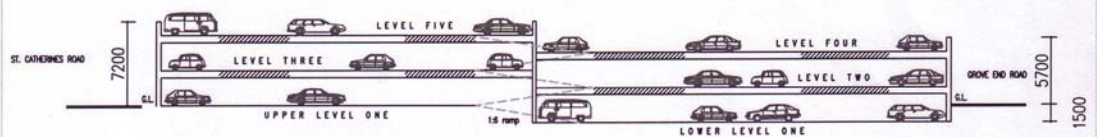
John Pell

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TYPICAL SECTION



S E C T I O N

SOUTH KESTEVEN  
DISTRICT COUNCIL



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Job

WELHAM STREET CAR PARK PROPOSED

Drawing Description

OPTION 2

MULTI DECK SECTIONS

Date MARCH 2005

Scale 1 ; 500

DWG. No.

Drawn by KR

Revision

