

REPORT TO CABINET

REPORT OF: CORPORATE DIRECTOR (COMMUNITY SERVICES)

REPORT NO: DCS24

DATE: 11TH JULY 2005

TITLE:	GRANTHAM TOWN CENTRE – EAST STREET AND WELHAM STREET CAR PARKS
FORWARD PLAN ITEM:	Yes
DATE WHEN FIRST APPEARED IN FORWARD PLAN:	16 th November 2004
KEY DECISION OR POLICY FRAMEWORK PROPOSAL:	Policy Framework Proposal

COUNCIL AIMS/PORTFOLIO HOLDER NAME AND DESIGNATION:	Councillor John Smith Economic Portfolio
CORPORATE PRIORITY:	Priority A: Town Centre Development and Grantham as a Sub-Regional Centre
CRIME AND DISORDER IMPLICATIONS:	Design to Include A.C.P.O. Secure Car Park Design Standards
FREEDOM OF INFORMATION ACT IMPLICATIONS:	
BACKGROUND PAPERS:	Report to Cabinet – 11 th April 2005 – DCS14 Grantham Town Centres – Watergate, East Street Car Parks

1.0 BACKGROUND

- 1.1 On the 11th April 2005 Cabinet considered a report regarding the development of two sites, Watergate Car Park and the former Kwik Save site located in East Street, Grantham. The report also identified a second option which proposed the retention of Watergate Car Park, the sale of the former Kwik Save site for development and the development of a multi-storey car park on Welham Street Car Park.
- 1.2 The report considered on the 11th April identified a high degree of uncertainty since it was based on preliminary designs and would need to be subject to planning permission involving a traffic impact assessment.

2.0 RECOMMENDATION

- 2.1 Cabinet are requested to approve the following recommendations:-
 - (1) To authorise officers to obtain competitive tenders for the construction of a multi-storey car park on the existing Welham Street Car Park.
 - (2) To approve expenditure of £37,000 outlined in paragraph 4.1 of this report to complete the survey work and the Traffic Impact Assessment.
 - (3) To submit an outline planning application for the construction of the multi-storey car park on the Welham Street site.
 - (4) To authorise officers to obtain competitive tenders for the immediate demolition of the buildings on the East Street site.
 - (5) To approve expenditure of £55,000 for the temporary surfacing and layout of an open car park on East Street once tenders have been accepted for the construction of the car park on Welham Street.
 - (6) To defer the sale of Watergate Car Park until further consideration can be given to this matter in the future.

3.0 CURRENT POSITION (Welham Street)

- 3.1 The approach to evaluating these proposals has been to try and establish more accurate information without incurring costly fees. In terms of developing the design and costings the Council has been working with a construction company. The company have developed an innovative construction method where much of the structure is fabricated off-site. This approach reduces the construction time on site to about 40 weeks. This work has identified £2,340,000 to £2,540,000 as the current estimate of cost for the scheme.
- 3.2 The design delivers 345 spaces, 15 spaces less than the original target of 360. If the project is tendered as a design and build contract it may be possible to achieve a higher number of car parking spaces.
- 3.3 A Traffic Impact Study was commissioned in consultation with Lincolnshire County Council. A traffic count has been undertaken. Rather than incur the full costs

associated with modelling the results through a computer model preliminary findings will be reported at the meeting. It is anticipated that this information will be sufficiently robust to inform a decision about whether or not to proceed to the next stage by inviting competitive tenders for the project. It is suggested that a provisional sum of £250,000 be included in the budget to allow for any minor alteration to the highway that may be required.

3.4 The design prepared by the construction company shows that the scheme will require the whole plot but retaining areas for landscaping adjacent to St. Catherine's Road and Welham Street. The height of the scheme does not exceed eaves level of the properties in Grove End Road, however the current close proximity of the car park to Grove End Road needs to be resolved. This will be an important issues in obtaining planning permission for the scheme. The site has been surveyed and soil samples obtained and analysed. Further and more detailed site surveys are required.

4.0 TAKING THE PROJECT FORWARD (Welham Street)

4.1 From the work undertaken since 11th April it is suggested that there is now sufficient confidence to apply for outline planning permission and proceed to tendering the project on a design and build basis. The cost of taking the project forward to this point is outlined in Table 1.

Table 1

Table	Financial Year 2005/2006
Fees Traffic Impact Study	£25,000
Further site surveys	£10,000
Outline Planning permission	£ 2,000
	£37,000

4.2 The figure of £37,000 is the upfront costs that the Council will be committed to spend at risk if the project does not progress beyond receipt of tenders.

5.0 CURRENT POSITION (East Street)

5.1 The net current/full year cost of operating East Street site is £109,000 (2005/2006). The value of the site has been estimated by the District Valuer at £2,700,000 based on advice provided by the council regarding residential density levels. This figure assumes that the site has been cleared of all existing buildings.

5.2 If East Street were treated in isolation to the Welham Street project then it would be recommended to sell the site for development immediately. However, since Welham Street currently provides 151 car parking spaces it is thought necessary to provide alternative provision on East Street during the construction of the multi-storey car park on Welham Street.

5.3 A cost benefit analysis has been undertaken into this proposal and this study shows that estimated income net of expenditure would be £35,000 in a full year. This will increase to an estimated £80,000-£100,000 once Welham Street is closed. The cost of demolishing the buildings is estimated at £400,000. This cost will be recovered

once the site is sold for development. A further £55,000 will be required to layout a low specification pay and display car park using temporary materials.

6.0 TAKING THE PROJECT FORWARD (East Street)

- 6.1 It is suggested that the Council obtain competitive tenders for the demolition of the East Street site and to convert it into a surface car park comprising approximately 200 car parking spaces.
- 6.2 The demolition of the existing buildings should be commissioned following receipt of competitive tenders. It is suggested that the additional cost involved in laying out the area as a car park should not take place until tenders have been obtained for the construction of a car park in Welham Street.
- 6.3 The East Street site would be marketed for development once the contract on Welham Street has been let.

7.0 FUNDING THE PROJECTS

- 7.1 Based on the current estimates for the projects the following costs are expected but will be firmed up as tenders are obtained.

Capital Costs

	2005-2006	2006-2007
<u>Welham Street</u>		
<u>Fees</u> – Traffic Impact Assessment)	000s (£)	000s (£)
Site surveys)		
Planning Permission (Outline))	37	
<u>Construction Costs</u>		
Adaptions to Highway (Provisional Sum)		2,500
		250
<u>East Street Site</u>		
Demolition Costs	400	
Set Up Costs	55	
	<u>Totals</u>	492
		2,750
<u>Sale of East Street</u>		
(Capital Receipt)		(2,700*)

* This figure is the best estimate following market testing and may be affected by the vagaries of the market and the ultimate planning permission given for the site.

8.0 OTHER OPTIONS CONSIDERED

- 8.1 To eliminate the risk of proceeding with Welham Street without knowing the level of capital receipt to be achieved from the sale of East Street it would be necessary to sell East Street first. Taking this approach it is unlikely that a developer would purchase the site then allow the Council to take the income from the site for 12

months whilst the Welham Street Car Park is being constructed. However a conditional sale could be pursued.

- 8.2 Alternatively the Council could decide not to provide temporary spaces on East Street and sell the site for development once contracts have been signed for the construction of the car park on Welham Street. Subject to a developer coming forward quickly, contracts for the sale of East Street would be timed to take place as close as possible to letting a contract for the construction of the new car park on Welham Street.
- 8.3 This approach would prevent the Council from providing temporary spaces at East Street whilst Welham Street multi-storey car park is being constructed.

9.0 TIMESCALE

- 9.1 A detailed project plan has been produced and this is attached as Appendix A.

10.0 COMMENTS OF THE CORPORATE MANAGER (DEMOCRATIC & LEGAL SERVICES)

- 10.1 The Corporate Manager (Democratic & Legal Services) supports the recommendations. It should be noted that a conditional sale will set the sale price at the time of exchange of contracts. With a build time at Welham Street of approximately 40 weeks, land prices could rise or fall. The Council are under a duty to achieve best price for the land sold. Any scheme for a conditional contract on the sale of East Street would have to be approved by the District Valuer.

11.0 COMMENTS OF THE CORPORATE DIRECTOR OF FINANCE AND STRATEGIC RESOURCES

- 11.1 The net Capital cost of the proposals contained within the report is £542,000. Provision exists within the Council's Capital Programme, as approved, for Town Centre Projects against which this expenditure can be applied.
- 11.2 A timing issue will exist between waiving expenditure on demolition (East Street) and construction costs (Welham Street) and the receipt from the sale of East Street. Investments held by the Council will be used to finance the expenditure.
- 11.3 The Capital receipt is based on best estimate. The assumption surrounding the receipt, as contained in paragraph 7.1 should be noted.
- 11.4 In revenue terms, the Council will save £109,000 per annum in running costs associated with East Street together with additional contribution being generated from the development of Welham Street.

12.0 CONCLUSIONS

- 12.1 The approach outlined in this report provides a way forward for developing car parking provision in Grantham. It will enable the Council to demolish the former Kwik Save car park on East Street and to use this site for temporary car parking whilst a multi-storey car park is constructed on the Welham Street site. In taking this

proposal forward the Council has a full back position if the Welham Street scheme proves too expensive. The reserve position is the previous development involving the sale of Watergate Car Park with the new multi-storey car park being developed on East Street. The feasibility work undertaken so far is positive for the multi-storey to be developed on the Welham Street site. If this outcome is achieved it is recommended that the sale of Watergate car park be deferred and that East Street site be placed on the market for sale later this year.

13.0 CONTACT OFFICER

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