

Part A

Report to: Cabinet
Date of meeting: 1st December 2014
Report of: Jane Custance (Head of Regeneration & Development)
Title: Multi Storey Car Parks

1.0 **SUMMARY**

- 1.1 The Council has recently invested significantly in improving the Town Centre via public realm improvements and the relocation of the market. Other projects, such as the redevelopment of Charter Place, will see the further improvement and upgrading of the town centre. However, a significant number of visitors to the town park in Gade, Sutton and Church car parks. Although, these car parks provide an important facility for the town centre, their appearance and the user experience they offer could be significantly upgraded. The Council has therefore been working on a project to secure improvements of this nature, together with necessary structural repairs.
- 1.2 In addition, engagement with residents, businesses and town centre retailers has questioned whether the current policy of operating these car parks predominantly as shopper car parks is the right model. The Council is currently consulting on the development of a Car Parking Strategy for the town. As part of this consultation, respondents are being asked whether the focus should be changed towards parking for other users, for example, commuters.
- 1.3 The report considers lease offers received for Sutton, Church and Gade car parks.
- 1.4 The car parks are currently managed by Intu Properties under a lease terminating in 2035. There is a break clause which provides that the lease can be broken by either party on 31st March 2015 by giving 3 months notice.
- 1.5 The new lease arrangements will provide an increase on the income received from Intu in recent years and secure investment in excess of £2m.

2.0 RECOMMENDATIONS

2.1 It is recommended that Cabinet

- Authorises the Property Section Head to give notice to Intu under the break clause to terminate the lease.
- Agrees to enter into three 15 year leases and associated legal documentation for each car park with Town Centre Car Parks;(TCCP)
- Delegates to the Managing Director authority to agree to final terms for the necessary leases.

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Report approved by: Jane Custance, Head of Regeneration and Development.

3.0 DETAILED PROPOSAL

3.1 Background

The Council's freehold car parks Sutton, Church and Gade are leased to Intu until 2035 with a break option either party may exercise no later than three months prior to March 2015.

Intu has stated that the three car parks are not part of their business plan from Spring 2015.

The existing lease provides the Council a guaranteed rent of £593,000 plus additional overage payment in the event revenue thresholds exceed deductible costs. To the year ending 31st March 2014 the overage payment received by the Council was £148,335 producing a total income for the last financial year of £741,335.

The Council is responsible for maintaining the car park structures and a recent structural survey by Pyle has identified the need for works to all three car parks at a cost estimate in excess of £2,000,000.

Lambert Smith Hampton (LSH) have been appointed to provide advice to the Council on the procurement strategy and the approach to secure the required investment as well as to optimise the income stream to the Council.

Their report dated 10th June 2014 recommended seeking offers for a lease from the

market as this would give the greatest flexibility for the Council.

Following interest from 5 parties, the Council received offers from two parties. Both accepted the Heads of Terms attached as Appendix 1. Both offers received secure a rent higher than that currently received as well as capital investment in excess of £2.1m. The detailed proposals of the parties are set out under Appendix 2 (Part B) of the report.

It is estimated that there will be legal and consultancy costs associated with the lease negotiations in the region of £43,500.

3.4 Recommendation

All parties were interviewed and put forward a strong customer focus. The winning bid (TCCP) however stood out due to their on-going commitment to new technology, more certainty of their offer in that there were fewer conditions and this is because their level of due diligence had been more thorough. Their website also reflects their strong customer focus. TCCP also demonstrated commitment to engage with the town centre partnership and the town centre users. They also put forward the most economical advantageous offer.

TCCP will set the car parking tariffs they see appropriate for the car parks. However, they will consult the Council on the tariffs at lease commencement and any changes thereafter. This is similar to the existing arrangement with Intu.

Officers are aware that members are concerned that some improvements to the car parks need to be made in the short term. TCCP have identified some works that can start within the first 6 weeks of lease commencement. These include decoration of entrance halls and stair cases and a deep clean of the lifts in the car parks. All works will be carried out within the first 18 months of the lease.

It is recommended that individual leases for each car park are being entered into to provide for the potential of redevelopment of Gade Car Park site should this be something that the Council wishes to do within the 15 year period.

On balance, although both offers received were strong, it is considered that the proposal by TCCP is overall the most economical advantageous offer. It is therefore recommended that WBC enter into a lease for each car park with them.

4.0 IMPLICATIONS

4.1 Financial

- 4.1.1 The Shared Director of Finance comments that the financial implications are contained in the body of the report. The additional costs in relation to the consultancy and legal fees relating to the lease negotiations can be contained within the current revenue budget.

4.2 Legal Issues (Monitoring Officer)

4.2.1 The Head of Democracy and Governance comments that the Council has procured external legal advisers Walker Morris to advise on and draft the leases.

4.3 Equalities

4.3.1 There are no equalities implications arising from this report

4.4 Potential Risks

Potential Risk	Likelihood	Impact	Overall score
Delay in completing the leases	2	4	8
Reduced rental offer during negotiations	1	3	3
Gap in management	2	4	8
Lessee defaulting on delivering works	1	4	4
<i>Lessee defaulting on paying rent</i>	1	4	4
<i>Lessee assigning lease to different operator</i>	3	1	6
<i>Those risks scoring 9 or above are considered significant and will need specific attention in project management. They will also be added to the service's Risk Register.</i>			

4.5 Staffing

4.5.1 TUPE may apply but both bidders have been made aware.

4.6 Accommodation

4.6.1 n/a

4.7 Community Safety

4.7.1 Improved CCTV is proposed plus higher levels of staff presence.

4.8 Sustainability

4.8.1 LED lighting is proposed to be increased as part of the lease offer.

Appendices

- Appendix 1 – Heads of Terms (Part B)
- Appendix 2 – Detailed Proposal (Part B)
- Appendix 3 – LSH Recommendation Report (Part B)