

Committee: Cabinet

Agenda Item

Date: 18 February 2014

20

Title: **Lower Street Car Park, Stansted – Heads of Terms of an Agreement**

Portfolio Holder: Cllr Susan Barker and Cllr Robert Chambers

Key decision: No

Summary

1. Planning Permission has been granted for redevelopment of the Castle Lotus site in Stansted to provide retail floorspace, a health centre and residential flats. The car parking generated by this new development is intended to be accommodated in the adjoining Lower Street Car Park. The Cabinet agreed in February 2013 that the developer would pay for remodelling the car park to provide additional spaces, and the provision of dedicated car parking for the health centre and residential flats. The development provides the community of Stansted with the fit for purpose primary health care facilities it needs, an objective that the council has been working to achieve with its NHS partners for many years.
2. Following Cabinet's agreement to Heads of Terms last year, the developer has been engaged in discussions with prospective tenants for the retail floorspace and the health centre. The cost of the dedicated parking for the health centre has become an issue as the £420 per space a year, which equates to the standard season ticket rate, exceeds the relevant NHS value for money benchmark.
3. The issue has been discussed between the council's officers and NHS England with a view to removing this hurdle to delivery of the health centre, and a potential way forward has been identified. This was reported at a recent board meeting of the CCG, at which both the CCG board and NHS England were supportive of the health centre scheme, subject to resolution of outstanding issues that need resolving to their satisfaction prior to full approval. One of these outstanding issues is the gap between District Valuer's assessment of the charges for car parking spaces and the previously agreed figure. The council's assistance and support has been well received by both organisations. NHS England is still in negotiation with the developer over terms for the health centre floor space.

Recommendations

4. Dedicated parking for health centre staff attracts a revised charge of £360 including VAT for each space a year, which would be index linked. The charges would apply from a point two years from first occupation. Charges would be subject to five yearly review.

Financial Implications

- The agreement with the relevant NHS partner would provide the council with a guaranteed minimum additional income of £7500 a year excluding VAT from a point two years after first occupation, subject to a 5 yearly review. Taking into account the 16 month construction period for the development and the two year rent free period from first occupation, the first financial year in which some additional income would be received would be 2016, with the first full year of additional income being 2017/18. Existing pay and display and season ticket income is not expected to reduce either during construction or on occupation of the development as the number of spaces available for general use would not decrease.

Background Papers

- The following papers were referred to by the author in the preparation of this report and are available for inspection from the author of the report.

None

Impact

-

Communication/Consultation	Ward members' views were taken into account by Cabinet in coming to the decision of February 2013.
Community Safety	
Equalities	
Health and Safety	
Human Rights/Legal Implications	
Sustainability	
Ward-specific impacts	Site lies in Stansted North
Workforce/Workplace	The car park is managed on behalf of the council by the North Essex Parking Partnership. The public parking would continue to be managed by the Partnership, but the management company would be expected to manage the spaces the health centre requires.

Situation

8. Cabinet considered this issue at its meeting on 17 February 2013. It agreed the following principal points of the Heads of Terms proposed by the Developer which are:
- The agreement would be for 20 year term to match the period of the head lease for the medical centre.
 - The costs of alterations to the car park are to be borne by the Developer, including the cost of altering or upgrading the lighting and CCTV and re-siting the pay and display machine and the installation of barriers or bollard controls;
 - A management company for the development would be established. The number of spaces required by the management company will lie within the range 64 to 85 at the option of the company. The number of spaces required can be altered by the company subject to the council being given 6 months notice, and the costs of any necessary associated changes to the car park layout would be borne by the management company;
 - The charge for the allocated spaces would be £420 a space a year, reviewed every 5 years from commencement of the agreement. £420 is the current annual season ticket rate for non businesses in this car park.
 - The agreement would commence on first occupation of the development. This is likely to be the opening of the health centre. There would be a charge free period for two years from commencement.
 - During construction, an area of the existing car park would be required for a construction compound. As a first phase of the project, the eastern end of the site would be laid out as additional car parking so that the number of spaces available for public use would not be reduced.
 - Spaces dedicated for health centre use would be made available as pay and display spaces for general public use at weekends and on bank holidays.
9. It is now proposed that there would be separate agreements between Hilton Developments and the council and between the relevant NHS partner and the council. The latter would relate solely to the leasing of spaces for staff, and public use of those spaces when not required by the health centre. It is no longer proposed to provide allocated spaces for patients, who would be expected to use pay and display spaces/ pay by phone.
10. Under current charging arrangements for the car park there is a discounted season ticket rate of £250 including VAT for those employed in Stansted Mountfitchet. This season ticket rate does not include a dedicated space, so allocated spaces should attract a premium. It is anticipated that the CCG Board would be agreeable to a rate of £360 a space including VAT for 25 spaces a year. This would be index linked with five yearly reviews. There would also be an income sharing arrangement to reflect the availability of

health centre staff spaces for the public on days when the health centre is closed. This would be based on the ratio of health centre spaces to public parking spaces and the number of days on which the health centre spaces were made available for public use in relevant income data periods.

11. The reduced number of allocated spaces for the health centre (25 rather than 33) gives more flexibility in meeting demand for public parking.

Risk Analysis

12.

Risk	Likelihood	Impact	Mitigating actions
The health centre is not agreed as representing value for money and new facilities are not provided on this site	2 £420 exceeds the NHS benchmark value as advised by the District Valuer	3 Primary health care services in Stansted continue to be provided from premises that fall short of guidelines	

1 = Little or no risk or impact

2 = Some risk or impact – action may be necessary.

3 = Significant risk or impact – action required

4 = Near certainty of risk occurring, catastrophic effect or failure of project.