

Wards Affected:

Central Milton Keynes

ITEM 19**CABINET****3 JANUARY 2017****CENTRAL MILTON KEYNES MULTI-STOREY CAR PARK OPTIONS**

Responsible Cabinet Member: Councillor Gifford - Cabinet Member for Place

Report Sponsor: Andrew Moss (Interim Head of Transport)

Author and contact: Rebecca Trowse (Programme Manager)

Tel: 01908 254782

Executive Summary:

The Council Plan 2016-20 includes a commitment, under the Transport objective to undertake a study to investigate options, to construct a new multi storey car park. An internal Project Team has undertaken a feasibility study for a site identified off Avebury Boulevard, close to Central Milton Keynes rail station (see plan in **Annex A**). This report considers the approach and options for the delivery of additional parking space following a commitment to do so in the 2015 Council Budget.

A multi-storey car park will provide further car parking spaces, to provide a commitment to meeting the demand, to support the local economy, as well as to ensure Central Milton Keynes remains a high quality and desirable destination.

The land is currently owned by Milton Keynes Development Partnership (MKDP).

A feasibility study has been completed and considers the preferred option is design and build, subject to the risk of future occupancy. Concept drawings can be seen in **Annex B**.

1. Recommendation(s)

- 1.1 The public and press may be excluded from the meeting by virtue of Paragraph 3 (Information Relating to the Financial or Business Affairs of the Authority) of Part 1 of Schedule 12A of the Local Government Act 1972, in order that the Committee may consider Annex C to the report.
- 1.2 That the findings of the Feasibility Report be approved and the Council lease land from MKDP to build and operate a multi-storey car park on land off Avebury Boulevard, close to Central Milton Keynes Rail Station, as Option 4 in this report to deliver the additional parking capacity committed to in the 2015 Council Budget.
- 1.3 That, decisions on the construction method, site acquisition and future management arrangements be delegated to the Corporate Director Place in consultation with the Cabinet Member for Place.
- 1.4 That resource allocation, and spend approval of £50k be approved from the Capital Programme 2016/17 with a further £10.118m resource allocation approved for 2017/18 to complete the project. The project will be financed through prudential borrowing.

2. **Issues**

Background

- 2.1 The Council Plan 2016-20 includes a commitment, under the Transport objective to 'undertake a study to investigate options to construct a new multi-storey car park, and these options will be considered by January 2017'.
- 2.2 The proposed site is currently a surfaced car park providing 120 spaces. The site is owned by Milton Keynes Development Partnership, who currently lease it to London Midland . A construction company have carried out an initial concept appraisal including a site assessment, concept design (see **Annex B**) and construction estimates to provide a unit of around 700 spaces.

Site Assessment

- 2.3 Initial contact has been made with the planning authority and the principle of a multi-storey car park is supported in this location. A formal application for pre-planning advice will be submitted to assist in preparing the formal planning approval process. An initial Transport Assessment has been carried out and concludes that some improvements need to be considered for the junction approaches to the car park. The full Transport Assessment will be completed prior to submission of the planning application if Cabinet approves the recommendation to proceed.

Stakeholder Engagement

- 2.4 Early consultations have been carried out by the form of a letter to key stakeholders. These include: Central Milton Keynes Town Council; Milton Keynes City Centre Management (MKCCM); Network Rail and neighbouring properties. A further meeting was held with Central Milton Keynes Town Council. The comments received to date are supportive of the car park. MKCCM believes it would be sensible to prohibit the use of surface parking spaces near both the proposed development and Station Square before 8.30am to ensure these spaces remain available to employees working in Central Milton Keynes. The Town Council have suggested that the ground level of the multi-storey could be used for short-term drop off parking for the station. Network Rail is supportive and considers that it is a very important step to achieving a continuous upgrade to the city and would, 'assist as a key employer in Milton Keynes to maintain and increase the attraction to Milton Keynes to live and work'. These will be considered.

Land Ownership and Delivery

- 2.5 MKC has discussed with MKDP, as land owner. MKDP are committed to the development and will be recommending to their Board a preference for MKDP to lease the site to MKC. The likely lease term will be for around 60 years.

Next Steps and Timetable

- 2.6 If this report is approved, the next steps are to agree the Heads of Terms for the lease with MKDP, then to procure the design and construction of the site considering value for money and speed of delivery. This could be by using the Scape Framework or a similar framework or to carry out a traditional open market procurement (which could add a further four months to the delivery of the project). Once appointed the Contractor will carry out to detailed design (including detailed costing, award of contract and continued stakeholder engagement). It is anticipated that the planning application would be submitted in the summer 2017, with construction commencing in Winter 2017/18 and completion and operation autumn 2018, if a framework is used. A traditional open market procurement could add a further nine months to this timeframe.

3. **Options**

- 3.1 There are four options:

(a) Option One - Do Nothing

This option will mean that there will be no additional car spaces provided by MKC for the expected increase demand from commuters with the opening of new train lines.

The impact of this option is that there will be increased pressure on current car parking spaces which may impact on businesses in the CMK area along with a potential loss of income and will not assist the expansion of Milton Keynes. Expected demand for commuter parking is likely to impact on single occupancy employee spaces, and potentially reduce the availability of employee parking.

We will also fail to have met the commitments made as part of previous budget setting.

(b) Option Two - Allow Others to Develop the Car Park

MKC has the option to encourage other providers to build a car park in the vicinity, either on the land identified in these options or some other land near the station. There is a current planning application for the construction of an eight storey office building including retail uses at ground floor adjacent the site next to Morrisons. This application includes a multi-storey car park to be used by the users of the development. This therefore will not be in competition for MKC's proposed car park. Morrison's have also started to offer both short stay and long stay car parking spaces in their current car park. The implication is that the car park could well be a viable option because they will charge for spaces, exactly as MKC is intending to with the new MSCP options.

The council could engage an external parking management company to design, build and operate the site. However this is not considered to provide the best value for money to the council. Although the financial risk will be passed to the operator, so would the usage and

designation of the car park which could hinder any strategic objectives that the council may have in the future regarding car parking and transportation in and around CMK.

(c) Option Three

Another option is that MKDP take on the building of the car park and that an arrangement regarding the income is confirmed with the council.

Whilst this is a feasible option, any or all part of the cost of the provision and maintenance by the local authority of off-street parking is an eligible use of the parking surplus account in accordance with s.55 (a) (b) of the Road Traffic Regulation Act 1984; so this is not a preferred option.

(d) Option Four

Option 4 is that MKC builds and operates the car park whilst leasing the land from MKDP.

In light of the Council's existing commitment to more spaces this is the preferred option. Any or all part of the costs of the provision and maintenance by the local authority of off-street parking is an eligible use of the parking surplus account in accordance with s.55 of the Road Traffic Regulation Act 1984.

4. **Implications**

4.1 Policy

The challenge for the CMK Transport and Parking Strategy is the need to accommodate the significant planned growth in CMK.

The Council Plan 2016 – 2026 has a commitment 'to ensure a transport system fit for the challenges of the future so that our economy can continue to grow and people can move about with ease'.

The Council's Core Strategy, CMK Business Neighbourhood Alliance Plan, Local Transport Plan (LTP3) set out the challenges faced by CMK over the next 20 years. The Central Milton Keynes Transport and Parking Statement of Intent January 2016 plans for this growth. The objective is to support parking demand in the short term, particularly while a shift to alternative transport modes takes place, and to enhance parking offer to ensure CMK remains a high quality and desirable destination.

4.2 Resources and Risk

The capital cost of the design and build of the car park will be financed through prudential borrowing, with repayments charged to the parking surplus account in accordance with S.55 (4) (b) of the Road Traffic Regulation Act 1984, which allows for all or any part of the costs of the provision and maintenance by the local authority of off-street parking. The resource allocation and spend approval in the programme is subject to the recommendation of this report.

A financial feasibility has been prepared to consider the cost to build and manage against the consideration of future occupancies. The assumptions regarding the costs can be seen in **Annex C** (exempt paper). The cost of the borrowing, management, maintenance and operational arrangements in the region of £0.900m each year would be funded through an existing budget provision of £0.331m and receipts from the new car park users.

It is anticipated that the current users of the surface car park will continue to use the new car park resulting in income in the region of £0.250m leaving a shortfall of around £0.319m per annum which will need to be offset by user income.

The table below shows the number of spaces required to be occupied above the existing 120 spaces to break even.

Additional occupied spaces required to break even

Cost of parking	Year 1	Year 2	Year 10
£10 per day	126	194	151
£8 per day	186	276	217

Whilst there is no clear data to support the future demand for spaces, the growth of Milton Keynes with around 1,700 new houses per annum and the rail expansion with the East West Rail link providing new services from 2019 will provide increased need. In the short term however there is a significant risk that the additional occupancy will not be achieved. This would result in a budget shortfall in the funding required to finance the borrowing repayments. In order to mitigate the risk on the revenue position, a reserve of £0.250m is to be set aside by utilising an element of the New Homes Bonus funding.

Risk: The risk assessment is available if requested or directly via Members access to Grace. In summary the key threats to this project are:

Risk	Likelihood/ Impact	Mitigation	Likelihood/ Impact after mitigation
Finance - Future occupancy levels – lack of certainty regarding users could impact on the pay back.	High/High	Attempt to sell block places and have a flexible pricing strategy to provide a competitive offer. Strategy for temporary relocation of current users of the car park. Consider option to use ground floor for chargeable drop off point for rail users.	Medium/High
Finance - The capital cost included in the scenario is insufficient	Medium/ Medium	Clear specification and robust surveys pre construction. Concept price has built in risk which will be reduced as detailed surveys and design completed.	Low/Low
Delay - Legal issues with the land. Land transfer, Railway Act 1993 interpretation of 'railway asset' and whether a licence is required (*)	Medium/High	Work closely with MKDP and the legal team at an early stage.	Medium/Medium
Finance - The maintenance and operational costs are higher than included in the scenario	Low/Medium	Figures based on an existing car park.	Low/Low
Delay - Construction risks with surveys to complete and building next to the railway and the Railways Act.	Medium/High	Surveys commence at an early stage. Liaison with Network Rail at an early stage.	Medium/ Medium

*The proposed site for the multi storey car park is in very close proximity to the train station and may be considered a railway asset. Section 83 of the Railway Act 1993 (the 1993 Act) defines a "station", which falls under the definition of "railway asset", as any land or property which is used for the purpose or in connection with a railway station, whether or not the land or

property are also used for other purposes. As a result a licence may be required to operate the site.

Resources: Subject to the decision of this report, the Council's Capital Development Team will lead on the scheme and employ consultants where appropriate, including engage internally with the Client Officer to ensure the brief and scope is correct. They will see the procurement through along with award and contract documents with the Design and build Contractor. This Contractor will submit planning once the design has been signed off by stakeholders. A project leader will deliver the project in accordance with the brief.

Asset Management: The multi-storey car park would be managed by a Service contractor for the Council.

Y	Capital	Y	Revenue	N	Accommodation
Y	IT	Y	Medium Term Plan	Y	Asset Management

4.3 Carbon and Energy Management

The design and the construction of the multi-storey would comply with the Council's sustainable construction policies D4 and D5. The parameters of the Council's Low Carbon Living Strategy will be part of the specification of any construction.

4.4 Legal

The Council has the necessary statutory authority under Section 120 Local Government Act 1972 to lease land for the purposes of its functions.

The Council's Acquisition and Disposal of Land and Buildings Procedural Rules require that a valuation is undertaken to support the decision to lease the car park land and that no contract shall be entered into unless in a form approved by the Head of Legal Services.

Section 55 (4) of the Road Traffic Regulation Act 1984 sets out the statutory purposes for which the parking surplus account may be used; namely for any or all the purposes set out within that sub-section. Section 55 (4) (b) specifically states that a local authority may use the surplus for meeting any or all part of the cost of the provision and maintenance by the local authority of off-street parking accommodation, whether in the open or under cover.

4.5 Other Implications

(a) Stakeholders

Stakeholders will be engaged throughout the project, from design to planning, through construction to completion.

(b) Sustainability: Crime and Disorder

Sustainability and designing out crime will be considered through detailed design.

Y	Equalities/Diversity	Y	Sustainability	N	Human Rights
N	E-Government	Y	Stakeholders	Y	Crime and Disorder

Background Papers: None

Annexes:

- Annex A Location Plan
- Annex B Concept drawings
- Annex C Financial Appraisal (exempt paper)