

To: City Executive Board**Date:** 20th May 2009**Item No:****Report of:** Interim Head of Property & Facilities Management**Title of Report:** St Clements Car Park**Summary and Recommendations**

Purpose of report: To seek approval to the disposal of a 150 years leasehold interest of the site currently comprising the St Clements Car Park, St Clements to facilitate the development of student accommodation. Also to give approval to the Council taking a lease back for a term of 150 years (less one day) of those parts of the site comprising replacement car parking and public conveniences, as necessary. The total site amounts to approximately 0.38 hectares (0.94 acres) as shown edged black on the plan attached as Appendix 1.

Key decision? Yes

Executive lead member: Councillor Bob Price, Leader of the Council, Corporate Governance and Strategic Partnership Board
Councillor Colin Cook, City Development

Report approved by: Mel Barrett, Executive Director, City Regeneration

Finance: Penny Gardner/Sarah Fogden
Legal: Jeremy Thomas/Jeremy King

Policy Framework: Transforming Oxford City Council by improving value for money and service performance.

More housing better housing for all.

Recommendation(s): City Executive Board is recommended to:

1. To approve the granting of a 150 year lease of approximately 0.38 hectares (0.94 acres) of land currently comprising the St Clements Car Park to the Watkin Jones Group at a premium payment as detailed in the exempt from publication Appendix 3 to this report.
2. Approve the Council leasing back for a term of 150 years (less one day), on the basis of a peppercorn rental, those parts of the site required to facilitate replacement car parking and public conveniences as necessary.
3. Note that the purchaser will be responsible for the payment of the Council's proper legal and surveyors costs incurred.

Background

1. At its meeting held on 6th September 2004 the Executive Board gave approval to disposal of the site for student accommodation. The site was marketed through local agents Kemp and Kemp in June 2008 requesting offers for the grant of a long leasehold interest at a premium for the development of student accommodation, with the developer being required to replace existing Council facilities namely car parking, public conveniences and recycling.
2. Offers were received from six parties. Three of those parties were shortlisted for interview, and interviews took place on Monday 1st December 2008 and Tuesday 9th December 2008.
3. Following detailed consideration of the offers submitted, your officers believed that it was necessary to provide the prospective bidders with more detailed information, principally in relation to a development brief providing advice on, amongst other things, massing and building height. Also to set out in more detail requirements and specifications in relation to the required replacement facilities.
4. Best and final offers were requested from the three previous bidders with a return by date of 27th February 2009. Details of those further bids received are as set out on the Not for Publication appendix to this report. Bidders who responded were again interviewed on 24th March 2009.
5. The Executive Director - City Regeneration, the Head of City Works and Head of City Development have been fully involved in this developer selection process and in the preparation of this report, as have been our retained agents Kemp and Kemp.

6. The basis of the bid now submitted is that there will be a provision of 76 car parking spaces (currently the provision is 100), and like for like provision of public conveniences, save that they will be built to modern day standards and in accordance with the specification provided. The Head of City Works has confirmed that there will be no requirement for replacement recycling facilities. Members will be aware that a review of existing public convenience provision by the Council is currently being undertaken and the proposed replacement of facilities at this location will have regard to that.
7. During the construction period, which is anticipated to be in the order of 9/12 months no car parking provision on site will be available. Officers are currently exploring what opportunities may exist for the provision of temporary car parking, and a verbal update in that respect can be given. In the worst scenario Members should be aware that there will potentially be a complete lack of parking capacity during the development period if temporary provision cannot be identified and/or at reasonable cost.
8. The structure of the transaction is still the subject of detailed discussions with the prospective developer/purchaser. This is trying to achieve a balance, such that any capital receipt by the Council is received as early in the process as possible, but that there are required developer obligations not the least of which are in relation to the replacement facilities. Whether this is best achieved through some form of Development Agreement, or Bond or similar is currently the subject of ongoing detailed discussions.
9. The current timetable is such that it can be anticipated that the new facilities will be ready for use and occupation for the 2011/12 academic year.
10. Purpose built student accommodation should assist in freeing up general needs housing in private rented sector.

Environmental Implications

11. There are no direct environmental implications arising out of this report. New development on the site will be constructed in accordance with Planning and Building Regulation requirements. Flood and sustainable draining issues are referred to below.

Planning Implications

12. The site is designated in the Oxford Local Plan for the development of student accommodation. Policy DS.82 states:

“Planning permission will be granted on part of St Clements Car Park for the development of purpose built student accommodation. The development of this site will be subject to the provision of satisfactory

replacement parking. Planning permission will not be granted for any other uses. Part of the site is low lying land so development proposals must be subject to appropriate flood protection and sustainable drainage measures”.

13. Planning offers have been fully engaged in the developer selection process, and in the preparation of this report.

Financial Implications

14. The grant of the lease will result in a premium payment to the Council as set out in the Not for Publication appendix to this report. In the event that the developer is able to obtain a planning consent for in excess of 128 units, then an overage sum will be paid by the developer for each additional unit achieved. The amount of this payment is again set out in the Not for Publication appendix.
15. The replacement facilities, ie car parking and public conveniences will be provided at no cost to the Council. In the event that public conveniences are not required, or required in a reduced amount, then the cost saving would be added to the premium payable to the Council.
16. The developer will be responsible for the payment of the Council's proper legal and surveyors costs incurred. The developers offer is subject to planning and contract only.
17. The budgeted net income for St Clements Car Park for 2009/10 is circa £275K, comprising gross income of £303K and expenditure of circa £28K. The loss of 24 spaces would proportionately reduce income by circa £66K, although the Council's Parking Manager considers that to be a worst case scenario, on the basis that the car park is not completely full all of the time.
18. The effect of short term loss of income is more difficult to predict at the present time and will be influenced by such issues as the length of time the car park is out of commission, the number of temporary spaces available elsewhere (if any) etc. The agreed terms of disposal provide for the developer to compensate the Council up to a figure of £100K for loss of car parking income during the construction period and to forward fund (out of the agreed premium sum) the costs of any temporary car parking enabling works.
19. The site is also subject to a number of licence agreements that will require to be terminated resulting in a loss of income of circa £3,200 pa.
20. The Council's agents Kemp and Kemp have confirmed that in their opinion the financial offer is the best consideration reasonably obtainable and is in accordance with the requirements of Section 123 of the Local Government Act 1972.

Legal Implications

19. The Council's powers to dispose of land comprised within the General Fund are contained within Section 123 of the Local Government Act 1972 for best consideration.
20. In order to facilitate the proposed reduction in car parking spaces at St Clements and to provide any temporary provision will require the Council to promote a variation to the existing Parking Place Order.

Equality Implications

21. Student accommodation developed on the site will be constructed in accordance with current building regulation requirements. Replacement car parking will provide required numbers of disabled parking spaces. Public convenience replacement will also contain required disabled provision.

Risk Implications

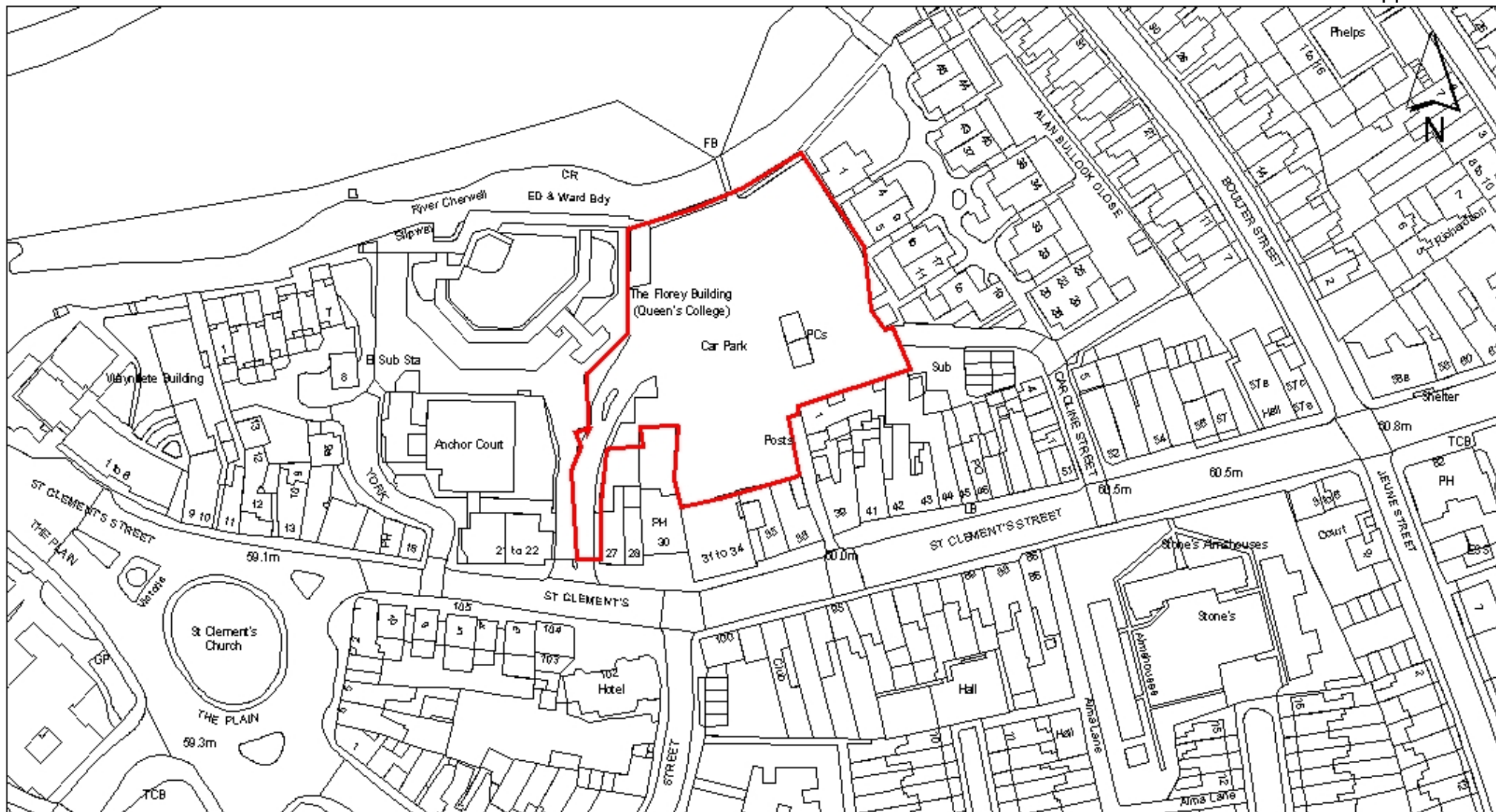
22. A risk assessment has been undertaken and the risk register is attached at Appendix 2. Alls risks have been mitigated to an acceptable level with the exception of Risk No 4, the need to identify adequate short-term temporary car parking solutions.

Recommendations

23. To approve the granting of a 150 year lease of approximately 0.38 hectares (0.94 acres) of land currently comprising the St Clements Car Park to the Watkin Jones Group at a premium payment as detailed in the exempt from publication Appendix 3 to this report..
24. Approve the Council leasing back for a term of 150 years (less one day), on the basis of a peppercorn rental, those parts of the site required to facilitate replacement car parking and public conveniences as necessary.
25. Note that the purchaser will be responsible for the payment of the Council's proper legal and surveyors costs incurred.

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List of background papers: None
Version number: 1.1



Title; St Clements Car Park land-3832 m2 approx

Scale: 1:1,250

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Property & Facilities Management



CEB Report Risk Register

Risk Score **Impact Score:** 1 =Insignificant; 2 = Minor; 3 = Moderate; 4 = Major; 5 = Catastrophic **Probability Score:** 1 = Rare; 2 = Unlikely; 3 = Possible; 4 = Likely; 5 = Almost Certain

No.	Risk Description Link to Corporate Objectives	Gross Risk		Cause of Risk	Mitigation	Net Risk		Further Management of Risk: Transfer/Accept/Reduce/Avoid		Monitoring Effectiveness				Current Risk	
		I	P			I	P	Q	Q	Q	Q	I	P		
1	Developer does not proceed to enter into a conditional contract/ complete within acceptable timescales.	2	3	Worsening economic climate. Deterioration in purchasers financial health/appetite to purchase.	Mitigating Control: Level of Effectiveness: (HML) Tight control of completion of legal process/timescales for completion (H). Financial checks undertaken on purchasers status (M).	2	2	Action: Encourage regular dialogue. Action Owner: Steve Sprason Mitigating Control: Regular monitoring of progress of legal process in conjunction with legal colleagues. Control Owner: Steve Sprason	Outcome required: Milestone Date: Exchange as soon as possible, completion Summer 2010.	Q 1 ⊗ ⊗ ⊗ ⊗ ⊗	Q 2 ⊗ ⊗ ⊗ ⊗ ⊗	Q 3 ⊗ ⊗ ⊗ ⊗ ⊗	Q 4 ⊗ ⊗ ⊗ ⊗ ⊗	I	P
2	Developer does not proceed with the submission of a detailed planning application expeditiously.	2	3	Worsening economic climate. Deterioration in purchasers financial health/appetite to purchase. Inability to agree scheme in accordance with planning requirements/policy.	Mitigating Control: Level of Effectiveness: (HML) Development brief prepared with full involvement of Planning colleagues. In principle compliance to Planning requirement assessed at developer selection stage. Undertake pre-application discussions (already commenced) (M).	2	2	Action: Encourage ongoing dialogue with Council as landowner/planning authority. Set timescales within legal process/ documentation. Action Owner: Steve Sprason Mitigating Control: Regulation monitoring in conjunction with planning colleagues. Control Owner: Steve Sprason	Outcome required: Milestone Date: Early submission of detailed planning application/ granting of consent as soon as possible.						

No.	Risk Description Link to Corporate Objectives	Gross Risk		Cause of Risk	Mitigation	Net Risk		Further Management of Risk: Transfer/Accept/Reduce/Avoid		Monitoring Effectiveness				Current Risk	
3	Developer does not have the financial wherewithal to proceed and/or defaults.	2	3	Lack of available funding/end user demand.	Mitigating Control: Level of Effectiveness: (HML) Financial status checks have been undertaken in respect of the developers financial health (L).	2	2	Action: Monitoring of developers financial health/ letting arrangements. Action Owner: Steve Sprason Mitigating Control: Regular monitoring. Control Owner: Steve Sprason	Outcome required: Milestone Date: Exchange of condition contracts/ completion as soon as possible.						
4	Failure to provide temporary car parking solution either in whole or part.	3	4	Inability to fund suitable alternative sites and/or obtain required highways/planning approval. Loss of revenue income to the Council.	Mitigating Control: Level of Effectiveness: (HML) Two sites identified, detailed discussion in place with County Council landowners and planning colleagues. Agreed terms and conditions for disposal provide for partial reimbursement of lost revenue income/and forward funding of works to facilitate temporary parking if suitable site identified (L).	2	3	Action: Continue discussions/site search. Action Owner: Steve Sprason Mitigating Control: Regular review/reports to key stakeholders. Control Owner: Steve Sprason	Outcome required: Milestone Date: Suitable alternative temporary car parking identified within required timescales.						

