

## **Economy & Growth Committee**

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<b>Date of Meeting:</b>	13 <sup>th</sup> September 2022
<b>Report Title:</b>	Broadway Meadows Car Park
<b>Report of:</b>	Peter Skates
<b>Report Reference No:</b>	EG/04/21-22
<b>Ward(s) Affected:</b>	Wilmslow wards

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### **1. Purpose of Report**

- 1.1. The purpose of this report is to inform Committee as to the appraisal of the current surface car park at Broadway Meadows, Wilmslow, for development as a Multi Storey Car Park and ancillary residential development, to support additional provision of car parking spaces.

### **2. Executive Summary**

- 2.1. The Corporate Plan identifies under the section for 'Thriving and Sustainable Place', an action & project for ;  
To increase parking provision close to local transport hubs
- Broadway Meadow multi-storey car park (MSCP)
  - Complete Local Transport Plan parking reviews
  - Town by town parking needs identified and plans progressed to match identified need.
- 2.2. Cheshire East Council published the Wilmslow Parking Strategy (WPS) in February 2020. A key recommendation of the WPS was to examine the business case for creating a multi-decked car park at Broadway Meadows to provide additional long stay parking for Wilmslow; and therefore, support the delivery of the parking strategy.

### 3. Recommendations

- 3.1. To note that currently the financial viability of a new Multi Storey Car Park constructed on the existing surface car park has not been demonstrated.
- 3.2. To note that a further review of viability will be undertaken in 12 months, and alternative options of funding delivery and potential alternative locations will be explored.

### 4. Reasons for Recommendations

- 4.1. The report seeks to update on deliverability of an aim and objective in the Council's Corporate Plan 2021-25, which identifies an intention to increase park provision close to local transport hubs.
- 4.2. A review in 12 months is identified as alternative options around funding and income guarantee, potentially through the private sector, may come forward as the occupation of the car park increases post covid. In addition, alternative sites for a car park could come forward, which may enable an improved financial analysis.

### 5. Other Options Considered

- 5.1. This report sets out the analysis of the option to develop a new multi storey car park at Broadway Meadows Car Park in Wilmslow, and therefore inform next steps that could be undertaken.
- 5.2. To not provide the analysis of financial viability for development would not enable any decisions to be made with regard to proposal of new car park.

Option	Impact	Risk
<Do nothing – not to carry out a financial appraisal and feasibility review	No information would be available for assessment or decision by Committee	No basis to make any future decision.

### 6. Background

- 6.1. Cheshire East Council published the Wilmslow Parking Strategy (WPS) in February 2020. A key recommendation of the WPS was to examine the business case for creating a multi-decked car park at Broadway Meadows to provide additional long stay parking for Wilmslow; and therefore, support the delivery of the parking strategy.
- 6.2. Wilmslow is a town in the north of the Borough with a resident population of 24,497 (2011 Census). It is approximately 18km south of Manchester city centre, and approximately 4km south of the Greater

Manchester boundary. Subsequently, the town has significant economic ties with Greater Manchester and is subject to substantial commuter inflows and outflows to and from Greater Manchester, contributing to Wilmslow's economy to the benefit of both businesses and residents. Accordingly, Wilmslow's Gross Value Added (GVA) Index is higher than the UK's national average. Car ownership and use are high in Wilmslow, with 47% of households owning over two cars/vans which is 15% higher than the average for England (per 2011 Census). This contributes to a high reliance on car parking provision within the town.

- 6.3.** Wilmslow is a key service centre for the Cheshire East Borough and as such attracts in commuting and visitors from a wider area. Most of the employment is located within the centre, whilst key employer, Waters, is located to the west of Wilmslow. Royal London was until very recently another key employer based in Wilmslow but has since relocated to new premises at Alderley Park.
- 6.4.** Wilmslow Station is a railway station on the West Coast Mainline (Crewe to Manchester line) and is served by national rail services provided by Avanti West Coast, Cross Country, Arriva Northern and Transport for Wales. The capacity of station parking at Wilmslow rail station is constrained resulting in parking demand by rail users in areas outside of the station curtilage.
- 6.5.** Broadway Meadows Car Park is a Council owned long stay car park located in the centre of Wilmslow. It is one of seven Council owned car parks within Wilmslow; and one of only two car parks that are long stay. The car park currently provides 272 parking spaces.
- 6.6.** Car Parking in Wilmslow - overview
- 6.7.** In 2019, the Council completed a comprehensive review of parking in Wilmslow, informed by census data, correspondence received by the Council, engagement with key employers and on-street parking surveys. Public consultation took place between January and March 2019, with over 500 formal responses received by the Council.
- 6.8.** A set of proposals were developed to address parking issues in Wilmslow town centre and over-spill impacts in residential streets. Short term actions proposed in the report included developing an assessment for a multi-storey car park at Broadway Meadow and new parking restrictions on Alderley Road (Coach & Four to King's Arms Roundabout) which have since been completed.

- 6.9.** Overall, the parking strategy for Wilmslow proposes 47 management measures, with a clear delivery sequence to avoid merely shifting parking pressures from one part of Wilmslow to another.
- 6.10.** Parking demands in Wilmslow were affected quite markedly by the pandemic, especially the adoption of measures such as working-from-home. Activity levels have recovered more recently. Our most recent monitoring information (July 2022) indicates that current usage of town centre car parks is at 106% of pre-pandemic levels, with parking charging income at 98% of pre-pandemic levels. However, as a result of accommodating a high proportion of long-stay parking, Broadway Meadow continues to operate significantly below pre-pandemic levels. In June 2022, Broadway Meadows recorded occupancy at 40% compared to March 2020.
- 6.11.** Like many towns in the borough, there has been a decline in the average duration of stay in car parks with long-stay parking reduced whilst short stay parking has returned to levels greater than pre-pandemic. These trends are now quite stable and are considered to represent changes in lifestyles and behaviours that may be considered long-term.
- 6.12.** Provision of a new Multi Storey Car Park (MSCP)
- 6.13.** The Highways Department commissioned Ringway Jacobs to undertake a benchmarking study to use in consideration of a high level business case to develop a MSCP at Broadway Meadow. Ringway Jacobs considered the following options within this exercise: Report was received in February 2021.

Option 1	180 Space, two storey car park with a target Gross Internal Floor Area (GIFA) of 4,296m <sup>2</sup>
Option 2	280 Space, two storey car park with a target Gross Internal Floor Area of 6,720m <sup>2</sup>
Option 3	400 Space, three storey car park with a target Gross Internal Floor Area of 9,600m <sup>2</sup>

- 6.14.** It was agreed that the optimum solution supported by demand at that time was a circa 400 space car park. (Note: this was pre-covid demand but represented an appraisal based on the maximum usage for the car park)
- 6.15.** The 'Project' passed then from the Highways Teams to the Capital Projects Team. This team administers Capital Projects for the Council

– Schools , Leisure Centres, and as a comparison project, Royal Arcade MSCP in Crewe.

- 6.16.** Other development options on part of site :
- 6.17.** In addition, there was the potential available for releasing some of the site for Residential development (a potentially strong property location), thereby receiving a capital receipt to offset some of the MSCP development costs. To this end, the project delivery team instructed the architects to produce a massing exercise for both the MSCP and the proposed residential development element.
- 6.18.** The most suitable option for massing on the site for a car park and residential developments is illustrated in appendix A.
- 6.19.** Financial Appraisal
- 6.20.** In order to build a strong and robust business case, The Council requires financial modelling to assess the four primary areas of a development project;
- Annual Revenue
  - Management Cost
  - Total Construction Cost
  - Finance Cost – the cost of borrowing the money to fund the Car park.
- 6.21.** Annual Revenue –Highways Parking team reviewed all the key issues and assumptions including a price per space, occupancy, and potential for inflation growth in this price per space. Confirmation of the revenue was assessed against current charging levels but noting that a future Car Parking Review would consider car parking charges which would be considered through Transport & Highways Committee.
- 6.22.** Finally, any assessment on revenue must consider, and have regard to, the challenges in forecasting post covid occupancy, particularly in a town centre like Wilmslow that has a high level of office provision within its core centre.
- 6.23.** Appendix B identifies transactions and forecast revenue since 2019/2020 to 2023/24.
- 6.24.** Total Construction Cost – In order to provide improved cost analysis, and to engage in early discussions with a Contractor to build the MSCP, it was determined that the SCAPE Framework (a single source pre-procured construction framework) could provide the Council with a viable way to advance the principle of delivery.

- 6.25.** Under the Framework the single source contractor at the time was Wilmott Dixon, who also had a track record in the design and delivery of new multi storey car parks.
- 6.26.** With the SCAPE Framework, the Council had the ability to enter into a Pre Contract Services Agreement (PCSA), which enables the pre development aspects of a project to be advanced.
- 6.27.** Wilmott Dixon produced an appraisal in August 2021, which confirmed physical deliverability and some design aspects, but highlighted a cost and design/development fees. The total cost was assessed at this early design stage as circa £8.33M.
- 6.28.** Since that original cost plan was presented in August 2021, there has been considerable cost inflation and a fair assumption is that this cost would have increased by circa 9%, and therefore a new estimated figure of £9.08M
- 6.29.** Finance Costs – In order to fund the capital cost of constructing the new Multi storey Car park, the Council would have to borrow money to finance the construction, using Public Works Loan Board (PWLB), but would have the benefit of a subsidy from any premium from the residential site.
- 6.30.** The cost of borrowing on the capital outlay of £9.08m would require an annual repayment of £330,712 over the next 50 years. This includes borrowing the funds from the PWLB at the current rate of 3.22% then repaying the minimum revenue requirement for the principal amount. The total sum repayable would be £16.6m.
- 6.31.** Importance of Revenue to the Council's Budget
- 6.32.** To provide the best opportunity to achieve the Corporate Plan, and manage the ambitions of the Borough, the Council has created a Medium-Term Financial Strategy that continues to balance spending on services against resources across each of the next four years.
- 6.33.** Revenue is therefore key to delivering services across all the Council. Loss of revenue would therefore impact on services and the MTFS
- 6.34.** The key financial principal for this project should be that the Council is maintaining or improving a level of net revenue received.

**6.35. The Financial Analysis:**

**6.36. Current Car Park**

**6.37.** 272 spaces produced a gross revenue of circa £14,683 in June 2022 from 3,673 transactions. The equivalent month in 2019 produced revenue of £27,742 from 5496 transactions.

**6.38.** Pre Covid, the annual income (net of VAT) for financial year 2019/2020 was circa £274,525 (averaged to £22,877 per month) from 64,810 transactions (averaged to 5,401 per month).

**6.39.** The current financial year (2022/2023) based on receipts and forecasts on future months is estimated to be £161,945 (net of VAT) from circa 48,831 transactions.

**6.40.** Therefore, the car park is currently operating at a forecasted level for 2022/23 which is 59% on income revenue, and 75% on transactions, below that pre Covid.

**6.41. A Future MSCP**

**6.42.** Projecting assessments of income to a total of 403 spaces would see a potential annual revenue of circa £437,255 and applying this to a financial sensitivity analysis with assumptions at 75% occupancy across a week, and 'per space' pricing that had a 2% per annum growth. Set against a cost of £9.08M, payback is likely to be in circa 40 years.

**6.43.** A blended actual/forecast income level of £161,945 (2022/23) (net of VAT) is predicted for the current car park of 272 spaces and those spaces are not being fully occupied. This net income alone would not be sufficient to cover annual finance costs of a new MSCP. This figure if projected pro rata for 403 spaces would see a net rent of circa £239,941 with a projected payback of circa 73 years.

**6.44.** However, in financial analysis, any cost benefit cannot be assessed against a total of 403 new carpark spaces, but should be assessed against the actual additional new spaces on top of the existing 272. Therefore, it is the additional 131 spaces that would need to cover the cost of the new car park in additional income.

**6.45.** The Council would be investing £9.08M to deliver an additional 131 spaces, with an estimated additional income maximum (based on current full day price) of circa £142,135 (net of VAT) assessed.



**6.46.** The cost of borrowing on the capital outlay of £9.08m would require an annual finance repayment of £330,712 over the next 50 years

**6.47.** The net income from 131 spaces would not be sufficient to recover the borrowing and finance costs of a capital sum of circa £9.08M, and consequently demonstrates a financial deficit.

**6.48. Conclusion:**

**6.49.** At this time, the viability of a new Multi Storey Car Park has not been demonstrated, but will be subject to further review to explore any opportunities that would change the financial profile, and alternative development approaches including partnering with the private sector. Furthermore, other development opportunities may come forward on the site to enable additional capital receipts to offset costs.

**6.50.** The outcome of any future analysis and review will be reported back to this Committee.

## **7. Consultation and Engagement**

**7.1.** As part of the preparation of the internal assessment, conversations with a number of ward councillors have been undertaken to understand local requirements and usage of the car park.

## **8. Implications**

### **8.1. Legal**

**8.1.1.** As this is an appraisal report for noting, and there are no legal transactions proposed at this time, and therefore no legal implications have been considered in this report.

### **8.2. Finance**

**8.2.1.** The financial appraisal is identified in this report and in the appendices, demonstrating that the business case to construct a new multi storey car park is demonstrated not to be viable at this time, but will be subject to further review.

### **8.3. Policy**

**8.3.1.** The Corporate Plan identifies under the section for 'Thriving and Sustainable Place', an action & project for to increase parking provision close to local transport hubs including Broadway Meadow multi-storey car park (MSCP)

**8.3.2.** The Council published the Wilmslow Parking Strategy (WPS) in February 2020. A key recommendation of the WPS was to examine the business case for creating a multi-decked car park at Broadway Meadows to provide additional long stay parking for Wilmslow.



**8.4. Equality**

8.4.1. As this is an appraisal report for noting, and there are there are no equality issues or impact assessments to be considered at this time.

**8.4.2. Human Resources**

8.4.3. There are no human resources implications resulting from this report.

**8.5. Risk Management**

8.5.1. This is an appraisal report for noting by committee and therefore no ongoing risk management.

**8.6. Rural Communities**

8.6.1. None relating to this report

**8.7. Children and Young People/Cared for Children**

8.7.1. None relating to this report

**8.8. Public Health**

8.8.1. None relating to this report

**8.9. Climate Change**

8.9.1. This report is to note the feasibility appraisal of a MSCP to address parking provision within the town of Wilmslow.

<b>Access to Information</b>	
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Appendices:	Appendices A&B
Background Papers:	None