

RENEWAL OF LEASE FOR REAR OF CASTLE STREET CAR PARK
REPORT OF DEPUTY CHIEF EXECUTIVE (COMMUNITY DIRECTION)



WARDS AFFECTED: CASTLE / ALL

1. PURPOSE OF REPORT

- 1.1 To seek approval for the renewal of the lease for the Castle Street Car Park, Hinckley for a further five years.

2. RECOMMENDATION

- 2.1 That Council approves the renewal of the lease for the Castle Street Car Park from 1 May 2016 for five years for £15,500 p.a (increased by 1.5% p.a.) and delegates authority to the Chief Officer (Environmental Health) and the Estates and Asset Manager to approve the terms on which the lease is to be granted.

3. BACKGROUND TO THE REPORT

- 3.1 The Council's lease for the land to the rear of 46-54 Castle Street expires on 30 April 2016. This land has operated as the Rear of Castle Street Car Park for a number of years. The configuration of the parking bays was reviewed last year and the car park now provides 30 standard bays and 4 reserved bays.

- 3.2 The site provides popular short term car parking in the middle of the prime retail area in Hinckley and has high usage. It is of importance for businesses at the top of Castle Street, particularly with the closure of the COOP.

- 3.3 The car park is currently on a 1 year lease at £16,578 which expires 30/4/16. The lease was valued by an independent surveyor in March 2015 as £14,250pa. The Estates and Asset Management team have negotiated a 5 year lease with 1.5% annual increase. The lease is £15,500 for the period 1st May 2016 to 30th April 2017. This lease will end 30 April 2021.

- 3.4 The annual expenditure associated with operating and maintaining this car park is £5893 which is contained within the maintenance budgets for the Councils car parks. The surface has been re-laid and repainted within the last two years and no significant expenditure is envisaged.

- 3.5 Income for the period 1/3/15 – 28/2/16 is £30,816.29 (excluding VAT).

- 3.6 Assuming income and expenditure levels remain the same as 3.4 and 3.5 then the estimated operating surplus per year is:-

2016/17	£9422
2017/18	£9190
2018/19	£8954
2019/20	£8714
2020/21	£8471

4. FINANCIAL IMPLICATIONS [IB]

- 4.1 The lease will be classed as an operational lease. Therefore lease payments will be charged to the General Fund Revenue Account. If approved, the estimated lease

cost for 2016/17 of £15,590 can be met from existing budgets. Future years budgets will be updated as part of the annual budget setting process.

4.2 Income for 2014/15 was £26,332. Estimated income for the current financial year is £30,816. The increase is due to the reduction in reserved parking bays from 10 to 4. For 2016/17 the income should be comparable to the current year.

4.3 If the lease is not approved there will be an additional estimated budget pressure of £9,422 in 2016/17.

5. LEGAL IMPLICATIONS [JB]

5.1 The current lease is excluded from the provisions of ss24-28 of the Landlord and Tenant Act 1954 and therefore the Council does not have the protection afforded by these sections as regards negotiating a new lease on the same terms as the current lease,

The Council will be required to negotiate and agree new Heads of Terms for a new lease. The terms agreed will be incorporated in a formal lease which will be approved by the Legal Services Manager.

6. CORPORATE PLAN IMPLICATIONS

6.1 The provision of adequate car parking contributes to the aim of creating a vibrant place to work and live and sustaining economic growth.

7. CONSULTATION

7.1 The Council, Hinckley BID and Chamber of Trade have a joint working group reviewing car parking provision. This group has reviewed this car park and recommended that the lease be renewed for another 5 years.

7.2 The Chair of the Asset Management Strategy Group has been consulted and is supportive of this lease being renewed.

8. RISK IMPLICATIONS

8.1 It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.

8.2 It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively.

8.3 The following significant risks associated with this report / decisions were identified from this assessment:

Management of significant (Net Red) Risks		
Risk Description	Mitigating actions	Owner
Income from the short stay car park may decrease following the opening of the Crescent Development	Review the impact of the Crescent on opening and mitigate any impact through re-designation or other appropriate action to maintain income in excess of lease costs.	Caroline Roffey

9. KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS

9.1 The car park allows suitable access to the centre of the Town shopping area for the benefit of all shoppers. At present there are no disabled spaces within this car park as access is limited and adequate provision is made at Church Walk Car Park.

10. CORPORATE IMPLICATIONS

10.1 By submitting this report, the report author has taken the following into account:

- Community Safety implications- There is CCTV camera coverage of the car park providing reassurance to parkers.
- Environmental implications
- ICT implications
- Asset Management implications- The Estates and Asset Manager has supported approval of the renewal
- Human Resources implications
- Planning Implications
- Voluntary Sector

Background papers:

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