

## **Lendal Sub-Station Secure Cycle Park Report - Potential Alternative Recommendation for Consideration**

- E1 Below is a potential alternative recommendation together with revised options, their analysis and associated alterations to the original risk management for the Executive to consider in parallel with those in the existing report.

### **Summary**

- E2 In order to enable the council to make as informed a decision as possible about the future use of Lendal Sub-Station it is proposed to defer the decision relating to the future of the building for six months to enable interested parties to investigate grant funding and to prepare a fully worked-up business case for the operation of the Cycle Park. A report would be brought back to the Executive at this point detailing any proposals received from external organisations with an analysis of their relative business plans.

### **Revised Options**

- E3 The number of options available to Members would be reduced to three, namely:
- A. Sell the building
  - B. Providing that full grant funding is available to enable the scheme to proceed, retain the building and lease it to a cycling organisation on condition that they convert the ground floor to a Cycle Park together with other ancillary cycle-related activities.
  - C. Option B plus further investigation of the integrity of the roof and options to enable the roof to be accessed from the café.

### **Analysis of Revised Options**

- E4 *Option A – Sell the building*

Advantages – The council has earmarked the sale of this building as part of its funding for the capital programme, as approved by Council on 1<sup>st</sup> March 2006. The budgeted receipt figure and implications of not progressing with the sale is included in Confidential Annex B. Failure to sell the building, will require either

- additional capital receipts to be identified,
- a compensating reduction in the approved capital programme spend, or
- a revenue cost equivalent to the cost of borrowing the lost capital receipt income (currently 4% statutory charge for the minimum revenue provision (MRP) plus the cost of interest, currently 4.65%).

A private sale may be more likely to result in a more innovative use of the building to the benefit of residents and visitors but would be dependant on them satisfying external agencies with an interest in the building such as the Environment Agency and English Heritage. The

Council would continue to have some influence on the use of the building, with any development of the building being subject to planning.

Disadvantages – The council will lose a building, which has the potential to be used to contribute to several of its corporate objectives. With a general lack of other suitable (council-owned) buildings in the vicinity of the city centre this would severely reduce the potential for the provision of a secure cycle park in the near future. York's residents and visitors will lose the chance to benefit from the many potential cycle-related uses which could be provided from this well-located building.

- E5 *Option B - Retain the building and lease to a cycling organisation on condition that they convert the ground floor to a Cycle Park with other ancillary cycle-related activities*

Advantages – York's cyclists will benefit from improved cycle parking facilities and the potential opportunity for a cycle repair or refurbishment service close to the city centre. Tourists will benefit from another potential cycle hire location and the potential for a left luggage facility for cycle tourists from elsewhere visiting the city. The costs of conversion will be grant funded and will not impact on other LTP schemes. If the venture proves to be unsuccessful the building will be more valuable due to it having utility connections.

Disadvantages – Failure to sell the building will result in a shortfall in the capital programme for the 2007/08 financial year, the implications of which are included in Annex B

- E6 *Option C – Option B plus further investigation of use of the roof*

Advantages – Same as for Option B plus potentially more income for the council from rent / rates. An additional café option for visitors to York with potentially excellent riverside views.

Disadvantages – There may be significant costs related to the conversion of the roof and loss of available space on the ground floor if additional toilets and a means of moving between the two floors is required. This would impact on the ground floor operator's turnover and commercial viability. Works which may be needed to strengthen the roof and other roof-related infrastructure may delay the opening of the cycle park or interfere with its operation. The means of joining the tollhouse to the roof and negotiations required may significantly delay the use of the building. The costs to convert the building for use of both floors could easily be double that of Option B. The advantages of this option could still be achieved by sale to a private operator, who may develop a more innovative solution to increase the level of rates and enhance the café space and facilities.

### **Revised Risk Management**

- E7 There would be a financial risk should the recommendation to dispose of the building not be approved due to the receipts from the sale currently forming part of the approved capital programme for 2006-2009. The disposal is currently budgeted to be received in the 2007/08 financial

year. Failure to realise this sale by this date would therefore leave a shortfall in the funding of the capital programme.

- E8 If Members accept the revised recommendation below to defer the sale of the building by six months (to enable external bodies to prepare fully worked-up business plans) the financial risk to the council would be proportionally reduced by the operator being required to secure full external funding for the conversion of the building or even for the purchase of the building.

### **Revised Recommendations**

- E9 The Executive is recommended that:

- A decision on the sale of the building is deferred for 6 months.  
Reason: To enable sources of funding to be investigated to facilitate a secure cycle store on this side of the city which will contribute to the corporate strategy improvement statement to increase the use of public and environmentally friendly modes of transport and also meet the objectives identified in the Local Transport Plan.
- Interested parties be invited individually, or in partnership, to explore opportunities for grant funding to finance the capital investment required for use of this property as a cycle park (including associated and compatible uses).  
Reason: Funding is not available from within Council budgets. No money had been allocated in the 2006/07 LTP Capital Programme to undertake these works and to accommodate them in 2007/08 would require at least half the annual budget which would result in a loss of other LTP schemes.
- Interested parties be asked to investigate all planning, building and environmental constraints and to incorporate these within a fully developed business plan to satisfy the potential funding bodies and City Council of the scheme's viability and longevity.  
Reason: To ensure that all aspects of the scheme have been considered and that it will succeed.
- That consideration is then given to leasing the building to a cycling organisation for the period needed to release the investment funding.  
Reason: To control the use of the building and satisfy the funding bodies.
- That progress is regularly monitored during the 6 month period to ensure that a full and comprehensive report can be brought back to the Executive for a final decision.  
Reason: To ensure that there is no slippage and the programme is kept on time.