

**Executive**

**24th October 2006**

Report of the Director of City Strategy and the Corporate Landlord

**Lendal Bridge Sub-Station Secure Cycle Park Feasibility Study Outcome**

**Summary**

1. This report presents Members with the outcome of the study into whether the former Lendal Bridge Sub-Station is suitable to be converted into a secure cycle parking facility and details the options available to Members in relation to the building.
2. The report recommends that although the building may have been useful in terms of its potential to help increase cycling levels in York, the spatial and financial constraints are such that any operator would struggle to make the enterprise viable. Bearing this in mind the recommendation is to sell the building but continue to investigate any other alternative locations for a city centre secure cycle park.

**Background**

3. A report was brought before the Executive on the 25th July 2006 detailing the options available in relation to the former sub-station namely, its sale or the investigation of its potential use as a secure cycle park.
4. The owner of the adjacent café on Lendal Bridge made a presentation to the Executive at the same meeting expressing his interest in potentially using the roof of the sub-station as a seated terrace area for his customers. The Executive approved a recommendation that a feasibility study be undertaken to assess the suitability of the building as a cycle park and also the potential for a roof-top terrace and that the results be reported back to them.
5. Halcrow Group Limited were commissioned to undertake the feasibility study which assessed several aspects of the conversion, namely:
  - i Whether there was any private sector interest in operating the cycle park;
  - ii What other ancillary cycle-related services they would propose to operate from the building;
  - iii A desk-top review of similar facilities elsewhere;

- iv The building's location and its capacity;
- v The potential demand and from whom;
- vi The costs of conversion and subsequent mechanisms to reclaim these costs from the operator over time, and;
- vii Whether the roof was suitable for use a terrace area for the adjacent café.

Details of the findings of this study are included in Annex A

### ***Costs of Conversion***

11. An estimate of costs has been calculated to include the provision of cycle parking infrastructure, connections to the utilities, refurbishment of the building, marketing, design, supervision and project management with an appropriate contingency. These are broken down in Table 6.1 below.

Table 6.1

<b>Item</b>	<b>£</b>
Cycle Parking (100 cycle parking units at approximately £220 each)	22,000
Connections to utilities (water, electric, sewerage, telecommunications)	26,000
Internal installation costs (electrics, fire detection, heating, extraction, WC facilities, hot / cold water)	15,310
Refurbishment of building (interior and exterior)	13,190
Marketing/publicity	2,000
<b>Subtotal</b>	<b>78,500</b>
Design/Supervision (~10%)	7,850
Project management (~10%)	7,850
Contingencies (~15%)	11,775
<b>Grand Total</b>	<b>105,975</b>

12. It is proposed that these costs would be recovered from the operator over a period of 15 years as part of the rental agreement, the operator would also be expected to pay business rates and the utility bills. The business rates would potentially be set at approximately 15% of the gross receipts of the activities undertaken within the building.

### ***Financial Viability of the Building***

8. In order to calculate the potential income of the cycle park a generous estimate of the potential usage has been made at 80% of capacity i.e. 80 spaces. Working on a 6 days per week operation this would only generate approximately £25K per annum based on a daily charge of £1. This would indicate that in order for an operator to achieve the amount of revenue to pay

the rent, business rates, staff and utility bills they would have to make a significant amount of money from their other activities. This may prove difficult due to the remaining floorspace available for ancillary purposes.

9. In order to realise the full potential of the building's uses the following floorspace requirements have been estimated based on similar uses elsewhere such as existing bike shops, cycle hire facilities etc. shown in Table 9.1 below.

Table 9.1

Cycle Parking (raised plinth area)	55m <sup>2</sup>
Cycle Hire	12m <sup>2</sup>
Cycle Sales	40m <sup>2</sup>
Cycle Repairs	20m <sup>2</sup>
Left luggage facility	5m <sup>2</sup>
Toilet / rest area	10m <sup>2</sup>
Circulatory space (inc. foyer, counter)	20m <sup>2</sup>
Total Requirements	162m <sup>2</sup>
Available floorspace	105m <sup>2</sup>

10. With innovative use of the walls it may be possible to slightly reduce the floorspace requirements, however, the available space will not be sufficient to be able to achieve anywhere near the maximum potential income to cover the outgoings. For this reason the operation of the facility is unlikely to be profitable unless the amount of space allotted to cycle parking is reduced. As the whole point of the scheme is to maximise the numbers of cycles parked this would not be advisable.

### ***Use of the Roof***

11. The feasibility study has indicated that it may be possible to convert the roof to a seating area for the adjacent café, however, there are many issues to be overcome, the most serious being the difference in levels between the two buildings and how this will be overcome to satisfy the Disability Discrimination Act. There would also need to be additional fire escapes installed and toilets on the ground floor with lift-access to these. This would have an adverse impact on the viability of the ground floor operations due to the reduction of available floorspace. The costs associated with these additional works could easily double the conversion costs and would be very difficult to implement given the associated conservation issues.

### **Consultation**

12. Both internal and external consultation has taken place relating to the conversion of the sub-station to a cycle park and the possibility of a roof-top café. The internal consultees and a summary of their responses are in Table 12.1 below.

Table 12.1

Area Team Leader, City Centre & West Development Control Team	Thought the Cycle Park would be a good use of the building. Had some concerns re. the roof top terrace due to the parapet height, the potential visual impact of any rooftop furniture and potential alterations to the tollhouse to link the two buildings.
Conservation Architect, Planning & Sustainable Development	No comments re. the Cycle Park but similar concerns to those above re. parapet height / balustrading, changes to tollhouse and visual impact of rooftop furniture.
Highways Development Control, Network Management	Cycle Park may be better located nearer the city centre, however, well located near to off road riverside cyclepaths and for passing tourist trade. CCTV coverage should be considered if facility is ever operated unstaffed. If café extends onto roof a connecting staircase is needed to better link the two facilities with mutual benefits to both.
Micklegate Ward Members	As the original proposers of the scheme they provide in-principle support for the Cycle Park.

External consultees and a summary of their responses are shown below in table 12.2.

Table 12.2

Environment Agency	The building forms part of the city's flood defences including the mass concrete floor slab, the rear wall, stop logs on the rear windows, steel internal door and external flood defence wall. The agency require access for routine inspections, maintenance, repair and during any flood events.
York Cycle Campaign	Feel York's cyclists would not be willing to pay much to park their cycles, but cycle repairs, cycle hire could make scheme cost effective if there is sufficient space. Rent and rates levels should be set to enable reasonable income levels to be achieved
English Heritage	Proposals sound acceptable in principle but will need to be consulted further when designs / detailed drawings available as this is a listed building owned by the council. Issues which may arise include; any external ramps, alterations at roof level, the means of access from the tollhouse.
Adjacent Café Owner	May want to have access to ground floor for male/female toilets, would possibly consider operating both facilities, would consider extending opening hours of café and possibly licensing café, proposes rooftop table space for 48 people at 12 tables plus a service station, an additional fire exit probably reqd.

The York Civic Trust and the Cyclists' Touring Club were also consulted but no comments had been received back at the time of publication of the study.

## Options

13. There are three main options available to Members:
  - A. Sell the building.
  - B. Retain the building and convert the ground floor to a Cycle Park with other ancillary cycle-related activities.
  - C. The above option plus further investigation of the integrity of the roof and options to enable the roof to be accessed from the café.

## Analysis

14. *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 is more likely to result in a more innovative use of the building to the benefit of residents and visitors. The Council can continue to have 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 deliver some of its corporate objectives.

This option is recommended.

15. *Option B - Retain the building and 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 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. If the venture proves to be unsuccessful the building will be more valuable due to it having utility connections.

Disadvantages – The cost of conversion is high and will take up a large part of the Cycle Scheme block in the LTP capital programme. The conversion costs to the council will be approximately £106K which will only be recouped over a 15 year period. The operator could struggle to create enough turnover to cover their costs given the space restrictions. By not disposing of the asset, the

Council would effectively be subsidising a commercially unviable cycle store through artificially reduced rental levels.

This option is not recommended.

16. *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 are required, this would impact on the 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.

This option is not recommended.

## **Corporate Objectives**

17. The Cycle Park proposal will contribute to the “Increase the use of public and other environmentally friendly modes of transport” and “Improve the health and lifestyles of the people who live in York, in particular among groups whose levels of health are the poorest” corporate priorities for 2006-2009 by potentially increasing the levels of cycling. It would also contribute, to a lesser extent, to the “Improve the actual and perceived condition and appearance of the city's streets, housing estates and publicly accessible spaces” and “Reduce the actual and perceived impact of violent, aggressive and nuisance behaviour on people in York” priorities by re-using a currently empty building, this may deter anti-social behaviour in or around the building and providing a hub for cycle-related activities near the city centre. It will help “Improve our focus on the needs of customers and residents in designing and providing services” by offering more secure cycle parking which was one of the recommendations of the former Planning & Transport Scrutiny Panel following their city-wide consultation. The cycle park would also contribute to several of the objectives of the recently-published second Local Transport Plan, namely:

- i To encourage people to make an informed choice for all their journeys and to travel in a sustainable manner;
- ii To support well located and designed development that reduces the need to travel and facilitates trips by more sustainable modes;
- iii To promote healthy living through increased levels of physical activity and wider access to health and social care;

- iv To maximise the overall benefits of transport schemes, infrastructure or related developments, to the local community, and;
  - v To maintain high levels of employment through enhancing and supporting the needs of the local economy in a sustainable manner.
18. The roof-top café would contribute to the “Improve the actual and perceived condition and appearance of the city’s streets, housing estates and publicly accessible spaces” priority by the innovative use of a currently empty space and has the potential to enhance the city’s economy thus contributing towards the LTP objective of “To maintain high levels of employment through enhancing and supporting the needs of the local economy in a sustainable manner”.

## Implications

19. The implications of this report are as follows:
- **Financial** - The existing allocation for cycling schemes within the Local Transport Plan does not include a secure cycle park scheme. The 2006/07 LTP budget for cycling schemes is £285k reducing to an indicative level of £200k in 2007/08. Whilst it would be possible to reprioritise the schemes in the programme, funding of the cycle store would mean a significant reduction in the length of cycle route constructed. As summarised in paragraph 14, if the scheme progressed an anticipated capital receipt would no longer be available to the Council for funding the Capital Programme. Confidential Annex B provides the full financial implications.
  - **Human Resources (HR)** - There are no HR implications
  - **Equalities** – Ground Floor Use - Any accesses to the ground floor of the building would need to be suitably ramped to cater for potential users or people employed within the building with a disability, this would have the benefit of making the building more accessible to all users who otherwise would have to negotiate the steps immediately inside the front entrance.  
Rooftop Use - There will be access issues associated with the proposal for a roof top terrace as detailed in paragraph A12 of Annex A.
  - **Legal** – There are no legal implications other than under the Disability Discrimination Act as discussed above.
  - **Crime and Disorder** – The secure cycle park has the potential to reduce the number of cycles stolen from the city centre in line with the Safer York Partnership’s target. The re-use of a currently empty building also has the potential to reduce the incidence of anti-social behaviour in and around the building. If the building is converted I would recommend speaking to the North Yorkshire Police Architectural Liaison Officer about relevant security measures which may be needed.
  - **Information Technology (IT)** – There are no IT implications
  - **Property** - In order to repay the estimated capital costs for converting the building of £105,975 over 15 years would require a rent of £10,000 p.a. To

support this the tenant operating the business would need to generate a gross income of £80,000 - £100,000 per annum. Further investigation would be needed, after a more detailed specification is produced, to see if interested parties could produce a business plan which indicated that the necessary income would be generated. This level of income is fairly high given the available space for ancillary commercial activity after the area to be used for cycle parking is subtracted and given the uncertainty about the take-up of those cycle parking spaces. If a suitable tenant were to be found a pre-letting agreement would need to be entered into prior to works commencing on the building's conversion. As it is unlikely that there will be funding available from the LTP Capital Programme the works could possibly be funded by Prudential borrowing, however, there is some concern that a tenant would require break clauses in the lease, as a safeguard in case the business did not prove to be profitable, this could create a significant financial risk to the council because it may be extremely difficult to find another operator for the cycle park if the previous operator hadn't been successful.

Significant receipts from the roof top terrace cannot be relied upon due to the planning and engineering issues raised in relation to this use.

- **Others** - None

## **Risk Management**

20. In compliance with the Council's Risk Management Strategy the main risk which has been identified in this report could lead to the inability to meet business objectives (Strategic), there would also 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.
21. Measured in terms of impact and likelihood, the risk score for the recommendation is less than 16 and thus at this point the risks need only to be monitored as they do not provide a real threat to the achievement of the objectives of this report. (There is a slight strategic risk associated with the achievement of the target for Indicator 8A in the Local Transport Plan : City-wide cycle usage, this monitored on an annual basis).

## **Recommendations**

22. The Executive is recommended that:
  - The building is not used for purposes of a cycle store

Reason: Given the spatial and financial constraints it would be difficult for any private-sector operator to make this facility commercially viable without losing cycle parking capacity which is unacceptable. 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. Given the risks associated with the success of the venture this funding would probably be better spent elsewhere.

- The property be sold for the best sum available in the open market providing that as a minimum the lower figure of the range indicated in the Confidential Annex B is achieved.

Reason: In order to obtain a capital receipt to contribute towards the 2006-09 capital programme

- The contents of the feasibility study are noted for possible use in future projects and officers are instructed to investigate alternative locations on the periphery of the city centre for the cycle store as and when any suitable buildings become available.

Reason: To work towards improved cycling facilities within the city.

## Contact Details

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**Wards Affected: Micklegate**

All

**Background Papers:**

Lendal Cycle Store Feasibility Study, Halcrow, 2006 (a copy of this report and its annexes has been placed in the Members' Library)

**Annexes**

Annex A – Brief History of Lendal Sub-Station plus the Outcome of the Feasibility Study

Annex B – Confidential Financial Implications