

Cabinet

4th August 2011

Report of the Cabinet Member for Corporate Services

Union Terrace Car and Coach Park - Disposal

Summary

1. This report considers the potential sale of the Union Terrace Car and Coach park site (the Site) to the York St John University (YSJU) in order to enable development of the site to deliver new facilities and additional space as part of the implementation of YSJU's business expansion strategy.

Background

2. York St John University first approached the Council (which included both officers and senior members) in November 2010. A follow up meeting took place in January 2011 at which York St John explained their wider plans for the University and how Union Terrace fitted into these plans. As a result of this officers progressed proposals after consultation with senior politicians. A number of pieces of work were then commissioned including the Halcrow Union Terrace coach park study and work on economic impact, urban design and valuation issues. Work continued up to the local elections in May 2011. The elections delayed bringing this proposal forward for a decision and since then further detailed work on coach parking issues was requested. The aim of the project was for a decision in the financial year of York St John of up to 31st July which left little time for consultation following the new administration taking control on 26th May.
3. The economic future of the city is inherently tied to its ability to support existing businesses and attract new investment to York. The strategy for developing the local economy is outlined in both the Sustainable Community Strategy and the Council Plan; this highlights the importance of developing the knowledge economy in York. As knowledge becomes an increasingly important part of

innovation and development processes, the role of Universities has come to the fore. Universities are widely acknowledged as one of the important drivers of knowledge-based city development, through the direct contribution they make to the local economy, through raising levels of higher skills in the workforce, and through wider processes of innovation and wealth creation.

4. York St. John University is embarking on an important period of its strategic development, which will bring significant benefits to students, the local economy and the wider community in the City. It is already a major asset to the City of York, The University directly employs 640 staff and generates 1142 jobs leading to a £47 million local income gain associated with those jobs. The 1142 jobs generated by York St John University in 2009/10 within the York area covers those employed by the University, those employed by local firms supplying goods and services to the University, those employed by local enterprises selling goods and services to University students and conference delegates, and those employed through the multiplier effect of the income generated from these sources. Demand for its provision is expanding. Currently there are around 6,000 students from a wide catchment who spend £16.7 million in the local economy each year. The University is strongly rooted in the heart of the City and has developed a vision based on delivering exceptional teaching and learning. It has a strong reputation for partnership working regionally and emerging strengths in developing both national and international networks. Its reputation is being built upon a successful and fast growing Business School founded in 2008 and actively engaged with hundreds of local businesses; health and well-being provision from entry level to meeting the continuing professional needs of health providers; teacher training courses with long established relationships with around 1,200 schools; and a broad arts portfolio supporting business incubation and the cultural vitality of York and the surrounding region.
5. York St John University have been keen to take forward their expansion plans which would see student numbers increase to 8,000 within the next four years from a diverse range of backgrounds, including 1,000 additional international students. In order to facilitate this expansion, the University now wishes to develop its high quality portfolio of activities which will lead to the addition of around 1,000 to 1,500 students; the generation of up to 200 new jobs within the region; a £31 million annual boost to the

economy and a further capital investment of approximately £80 million over the next five years. In order to deliver this strategy YSJU will need additional space to expand its existing campus and deliver new facilities. The location of this Site of 0.96 hectares (2.38 acres) is shown verged black on the attached plan as **Annex 1**. It is of high strategic importance and is pivotal to the implementation of YSJU's strategy and will include the following potential uses

- Faculty of Health and Life Sciences – recreational, sport, fitness & conditioning, research and clinical facilities
 - Faculty of Business – business school office, seminar and business support facilities
 - Faculty of Arts – exhibition and specialist spaces
 - Academic and administrative offices
 - High quality residential facilities linked to the business school and new conferencing space
6. An initial approach was made to the Council in November 2010. Since then discussions have been ongoing (as outlined in paragraph 2) and as a result, the University have made an offer to buy the freehold of the Union Terrace site. Examination of the areas surrounding the University's site at Lord Mayor's Walk has concluded that there are very limited alternatives to enable this expansion to take place. Details of the offer are contained in **Confidential Annex 2**. The disposal of the site now will assist YSJU in delivering their business expansion strategy. The next key stages are currently scheduled as follows:
- Planning application submitted – February 2013
 - Planning approval given – May 2013
 - Start work on site – October 2013
 - Completion of development – March 2015
 - New site is opened – June 2015

There will be an opportunity for the Council to leaseback the car and coach park for a period up to September 2013 which will give

a period of time to enable the alternative proposals for coach and car parking to be developed and implemented.

7. If a sale to YSJU was approved this would be categorised as an off-market sale and to comply with the statutory 'best consideration' rules a valuation report was commissioned from DTZ to in order provide a current market value of the site. This is in accordance with the approved Corporate Asset Management Plan which aims that all land and property assets owned and used by the Council should support the delivery of corporate priorities, service objectives, community needs and joint working with partners. Details of the valuation are included as **Confidential Annex 2**. The offer is above the current valuation of the site on the Council's Asset Register. The offered purchase price will be subject to any deductions for abnormal costs.

Consultation

8. There have been extensive consultations with Council Officers in Planning, Transport and Economic Development and their responses are contained in this report and the annexes. Following publicity of the proposal in the local media, a number of letters of objection have been received regarding the loss of car and coach parking at Union Terrace and the potential impact of this on the City centre, particularly Gillygate. These issues are considered within this report and the annexes to it. Meetings to discuss these objections have been held local businesses, the Save Union Terrace campaign group and the Confederation of Passenger Transport (representing the coach industry). Any additional letters of support or objection to the proposal will be reported verbally at the meeting. This matter is also the subject of a special Council meeting to be held on 4th August.

Options

9. The options available to the Cabinet are:
 - a. Consult with the City's residents, business and organisations on selling the site subject to alternative provision being made for coach parking.
 - b. Do nothing.

Analysis of Options

10. Option a) –

The Site is currently used as a car and coach park. Therefore any sale would need to consider the impact of the need to deal with the current demand for this site. The assessment of the transport implications is based on both the independent Halcrow Union Terrace Coach Park Study and further investigation and analysis undertaken by Council Officers. **Annex 3** sets out the combined findings of this. The Halcrow study is attached at **Annex 4**. The key points from all of this work are set out below.

- Analysis of the current **car parking** usage in the area suggests that demand can be met by the remaining existing local car parks (Marygate, Monk Bar, Bootham and Foss Bank) at all but the most exceptional times in the year. At these infrequent peak times when demand nears capacity alternative spaces would be available at Monks Cross and Rawcliffe Bar Park & Ride sites.
- The current dedicated **disabled parking** spaces Union Terrace Car park could be re-provided at Monk Bar and Bootham Row Car Parks depending on the outcome of a review of the demand for these spaces
- The existing provision for council **coach parking** in the city currently consists of 33 coach and 3 mini-bus spaces at Union Terrace, 27 Coach spaces at St. Georges Field and 3 Rendezvous points located at Foss Bank Leeman Road and Fishergate.
- Coaches parking at City Centre coach parks have risen by 20% since 2008 to 8,500 per year. However on more than 330 days per year less than half of the city's coach capacity is used.
- The removal of the Union Terrace coach park has a risk of reducing the capacity, attractiveness, quality, resilience and flexibility of the coach offer in the city. A programme of capital and revenue investment will be required to reduce and manage the impact of the changes. It is anticipated that for the majority of times of the year the demand for city coach parking can be

accommodated in the remaining coach park at St. George's Field.

- To address peak periods **it is proposed to increase the capacity and improve the facilities at St. George's Field and increase the number of coach rendezvous points and provide complementary out of centre coach parking where required.** Following consultation and detailed design the new pick up points will be provided at locations in the city centre including Piccadilly, Monkgate, Lord Mayors Walk, Foss Islands Road, Leeman Road, Foss Bank, Hungate. For out of centre parking there are 10 coach spaces at the Monks Cross Park and Ride site.
- **Improved marketing, management and enforcement** of the new coach facilities will support the additional provision of spaces and rendezvous points.

Option b) –

If the decision was made not to sell the site to YSJU then there is a lack of alternative sites available within the vicinity of the existing campus to be found to meet the University's expansion strategy. This approach would retain the current level and location of car and coach park.

Council Plan Priorities

11. The sale of the site assists in the delivery of a number of these priorities
 - Create jobs and grow the economy – Expansion of YSJU will create new job opportunities – both academic and non-academic – and also raise the profile of the City.
 - Get York Moving – Provision of alternative coach spaces at St. George's Field and new rendezvous points will retain provision for coach parking in York and improved management arrangements will complete this.

- Build Strong Communities – An expanded University would provide additional facilities for local business and residents and provide more student accommodation.
- Protect Vulnerable People – Dedicated disable parking spaces at Union Terrace Car Park could be re-provided at Monk Bar and Bootham Row Car Park.
- Protect the Environment – Reinvestment of some of the capital receipt in the City Centre will improve public realm and quality of place.

Implications

Finance

12. The sale of the Union Terrace car and coach park site will realise the value of the capital receipt as set out in **confidential Annex 2**. It exceeds the current market valuation for the site provided by DTZ.
13. Part of the realised capital receipt will need to be used to contribute to the provision of facilities to compensate for the loss of the coach and car park. Appropriate alternative arrangements are estimated to cost around £250k including additional coach spaces at St. George's Field and new rendezvous points in the city centre and improved out of town coach parking. Additional revenue costs of £20k per year are anticipated for improved marketing, management and enforcement of the new coach arrangements.
14. Further to part of the receipt being used for alternative coach parking, there are 2 options for the remaining receipt:
 - (a) The receipt is not currently included in the capital receipt forecast. Therefore, this additional funding can be used to support the whole capital programme, which will result in reduced borrowing and an estimated revenue finance cost saving of circa £145k.
 - (b) The receipt can be invested into alternative capital schemes. This could include significant investment in the City Centre public realm (including Gillygate) and in payment on car park exit. No revenue saving will be made and there will be no reduction in borrowing, the capital programme will continue to be funded as previously.

15. From a revenue perspective, in a full year the closure of the coach and car park will result in a loss in the region of £150k. This however will be off set by no longer paying rates of £60k and the closure of the toilets would save around £40k. The net loss therefore, to be considered in the budget for 2012/13 would be around £50k.

Legal

16. Legal implications are as set out in this report.

Property

17. Property implications are as set out in the report and **confidential Annex 2**. The Corporate Landlord considers the sale price represents best value for this site in order to meet the Council's objectives as set out in its Asset Management Plan.

Human Resources

18. There are no Human Resources, Crime and Disorder, or Information Technology implications.

Risk Management

19. The risks associated with the development of this site, including obtaining planning approval for the scheme, will transfer to YSJU on completion of the sale. The sale document will ensure that the site is developed for the purpose it is sold for. YSJU are established as a charity and therefore are also required to meet Charity Commission requirements in their dealings. There are therefore no risks in connection with the sale which cannot be contained in the sale contract.

Equalities

20. An Equalities Impact Assessment has been carried out regarding this project. The most significant equalities issue relates to the loss of disabled car parking spaces at Union Terrace; there are 13 designated within this car park. Disabled drivers are able to park for free in all Council car parks. The availability of car parking spaces for disabled drivers will be monitored to determine whether alternative provision needs to be made.

Next Steps

21. If the recommendation is approved the next step is to exchange contracts. Cabinet is asked to delegate authority to the Director of City Strategy in consultation with Head of Legal Service to conclude the contract.

Recommendation

22. Members are asked to consider the following:

Approve Option a), that the freehold interest in the Union Terrace car and coach park site be sold to the York St John University based on the terms and conditions that are contained in the report, and to delegate authority to the Director of City Strategy in consultation with Head of Legal Service to conclude the sale.

Reason: To ensure the development potential of the site is utilised and that a satisfactory capital receipt is obtained to support the capital programme and to assist another local public authority to achieve its service objectives.

Approve: the sale of UTCP capital receipt is used to fund the overall capital programme less the £250k in paragraph 11 to provide alternative coach parking

Approve: the reduction in borrowing of the overall capital programme and the recurring revenue saving of £145k

Approve: budget required of £50k in the 2012/13 budget round to cover the revenue loss from the sale of the car park.

OR Approve: the sale of UTCP capital receipt is used to fund alternative capital programme schemes less the £250k in paragraph 11 to provide alternative coach parking.

Contact Details

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**Chief Officer Responsible for the
report:**

Roger Ranson
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Report **Date:**
Approved:

Specialist Implications Officer(s)

Philip Callow – Head of Asset and Property Management
Louise Branford-White – Technical Finance Manager
Tony Clarke – Acting Head of Transport Sustainable Service
Derek Gauld – Head of Major Development Project and Initiatives

Wards Affected:

Guildhall

All

For further information please contact the author of the report.

Background Papers: None

Annexes:

- Annex 1) A plan showing the location of the site.
- Annex 2) Confidential - A summary of the Heads of Terms agreement with YSJU and the market valuation of the Site provided by DTZ.
- Annex 3) Transport Implications of Possible Closure of Union Terrace Coach & Car Park
- Annex 4) Halcrow Study
- Annex 5) Urban Design Site Appraisal

Annex 6) Economic Impact including GVA Study