

Millers Garage Car Park Project, East Street, Crewkerne

Executive Portfolio Holder: Cllr John Clark, Economic Development
Ward Member(s) Cllr Mike Best, Cllr Ben Hodgson, Cllr Robin Pailthorpe
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Purpose of the Report

1. This report is to re-present options for the delivery of a new car park using land owned by the council, responding to the decision of SSDC Scrutiny Committee that District Executive (DX) reconsiders this matter with reference to value for money.

Forward Plan

2. This matter appeared on the District Executive Forward Plan for consideration in November 2022.

Public Interest

3. The delivery of this car park has been reported to DX previously when the increased cost of construction was considered. The matter was then called in by Scrutiny who resolved to refer the decision back to the District Executive committee meeting.

Recommendations

4. That the District Executive consider the options set out in this report.

Note: If Option A is preferred, the District Executive should confirm its agreement that the Chief Executive fund £203,000 from the Corporate Capital Contingency Fund towards the Project as an addition to the budget approved by Full Council in February 2022.

Background

5. SSDC purchased a parcel of land known as Millers Garage, Crewkerne in late 2014 for £225,000 with the aim of delivering additional long-stay car parking near the town centre, responding to a study of parking needs.

6. The car park has been designed to the stage required to apply for planning permission. The proposal was granted planning permission in August 2019 (18/00754/FUL). The car park provides 60 car spaces. Enough of the implementation work has already been carried out for the development to be considered as having commenced for planning purposes, which means that no time limit now applies to the permission. This has been confirmed by the planning officer.
7. Following purchase, time was spent exploring the potential to amend the design approach so that the land acquired by SSDC might be capable of unlocking access to other land, but agreement could not be concluded.
8. The approved capital budget for 2022-23 includes £210,000 for this project. The project is ready to proceed through tender and contractor selection to construction.
9. The budget cost had been assessed a number of years ago and capital budget allocated to that amount. While possibilities were being explored, the capital budget was carried forward to successive years. The same amount was approved in the capital budget for 2022-23 and is not sufficient to complete the project (see report to District Executive on 4 August 2022 requesting additional funds).
10. The Council has also been asked by a neighbouring landowner to consider a land swap to unlock their land for development, should they obtain planning permission in the future.
11. The following three Options are therefore set out for consideration by DX in response to the value for money referral from Scrutiny Committee, with their respective benefits, risks and financial considerations:

Option A – build and deliver the car park as originally planned;

Option B – agree to the proposed land swap and delivery of a car park on adjoining land at no cost to the Council; or

Option C – do nothing and leave the decision in the hands of the new Somerset Council.

Option A

12. Option A is the direct delivery by SSDC of the consented car park project using the land it acquired. The consent continues to be valid as works already carried out constitute commencement for planning purposes.
13. The implementation could proceed following DX decision with technical design, specification, tender and then the construction phase. The programme from decision to completion should be around 9 months.
14. The budget for this project has been reviewed and updated by officers. The officer team does not have the detailed data to achieve a high level of reliability. However, actual construction costs for a directly equivalent project, which was subject to competitive tendering in September 2020, have been taken as the basis. Using this base cost, 35% increase has been allowed for inflation to update the costs with additional provisions for

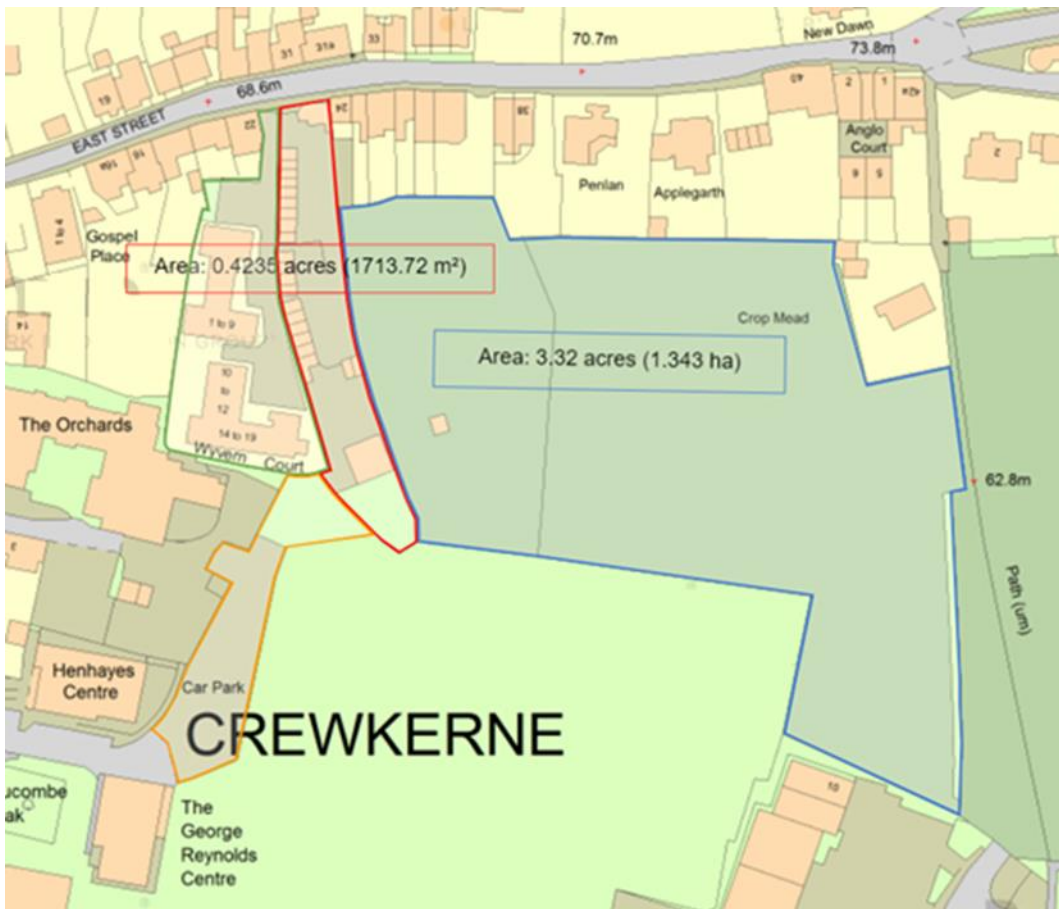
various elements which were not included in the other project. Allowance has been made for 7.5% contingency and 12.5% professional fees.

15. The updated costs assessment produces a total revised budget of £413,000. This is £203,000 above the amount allocated in the capital budget for 2022-23. This requires additional funds over and above the approved budget from the corporate capital contingency. Without the additional funds, the project cannot be delivered.
16. As the design is only developed to the stage for planning application at present, there is no opportunity for omissions while still meeting the overall objectives.
17. The costing has been updated to the best ability of the officer team. As is typical of the evolution of construction projects, there remain two identifiable steps before a definitive cost would be known. The first is the production of detailed technical design and specification, with any necessary site investigations that may be required. The second is the tendering process with the aim of producing a fixed price at which a contractor will commit to a construction contract to deliver the project. There are normally still variables at that stage. These may be in the form of provisional sums for items that cannot be fully quantified or other areas where the client retain the risk, such as unforeseen ground conditions, pockets of contamination or exceptional weather events. The contingency will remain in place and is expected to be sufficient to cover those.
18. The project scale is relatively small and should require an actual construction period of around three months. It is considered reasonable to expect fixed price tenders for these works.
19. Option A Benefits
 - a. Early commencement of works to construct the new car park, and early completion.
 - b. Progression of a fully consented project.
20. Option A Risks
 - a. Actual costs may be higher than budget due to the very challenging market for construction materials and works.
 - b. The approved scheme introduces a risk that the SSDC car park scheme could produce a rat-run as the access of East Street has only capacity to be used for the entrance, so traffic must be allowed to enter off East Street and exit on to Bryants Row through the Henhayes car park.
 - c. Leaves the future Somerset Council exposed to financial revenue risks linked to this matter where the costs of financing the project are not covered by the net revenue contribution.

Option B

21. Option B is for SSDC to enter into a property transaction agreement (the Transaction) under which the parties involved with an adjoining property would deliver the car park at

no cost to the council. The Transaction would be with owners of the adjoining site to the east (shown edged blue on the plan below, with the SSDC owned site edged red).



22. The Transaction would also involve the owners of Wyvern Court (edged green). As with Option A it would be necessary to also conclude an access easement with Crewkerne Town Council over their land (edged orange).
23. The Transaction would legally secure agreement with the owners of the land edged blue (freehold title is registered to several individuals – Christine Smart, Frances Wyatt, Delia Kinnear and Martin Denman) in respect of the land currently owned by Wyvern Court and SSDC in the event that they and their development partner (Blue Spruce Properties Ltd) were to obtain planning permission based upon access over that land. If that were to happen, a car park providing 75 car spaces would be built mainly on the land shown edged blue with that land being swapped for the SSDC land and the car park built at the cost of the development project, saving SSDC meeting any costs.
24. The Transaction contract would be conditional on the development partner and the owners achieving planning permission. If planning permission were to be granted, this would trigger the arrangements to construct the new SSDC car park with acceptable collateral warranties for design and construction of the works, the access and access road, all to be completed before any transfer of access rights or land. Once the developer had achieved practical completion of the car park and the road was useable with

acceptable easements until adoption, SSDC would exchange freehold land areas to achieve the position where it owns the freehold of the new car park.

25. Where proposed development is contingent on access over land owned by third parties, it is often the practice for those seeking to develop to aim to secure contractual agreement over such land before proceeding further as it gives them a greater degree of certainty before they incur detailed design costs and because otherwise they leave themselves open to potentially greater future demands if planning consent is obtained.

26. Option B Benefits

- a. SSDC would receive the car park project completed to acceptable standards without using the allocated capital, and at nil cost beyond transaction fee costs.
- b. SSDC officer resource demands would be reduced assisting with focus on other capital projects.
- c. The proposal is for a larger number of car parking spaces, with the car park laid out across the land slope
- d. The scope for rat-run via the car park could be avoided.
- e. Risk of project cost overrun avoided.

27. Option B Risks

- a. Start on site will be later than if we proceed with Option A.
- b. Delivery depends on grant of planning permission. If this does not occur, the car park project would need to revert to Option A.
- c. A future decision to deliver Option A would need to be decided and funded by Somerset Council.

Option C

28. Do nothing at this stage option.

29. The intention to develop this car park was established in was identified in around 2013 following a South Somerset Car Parking Strategy Review. A considerable amount has changed since then. This includes a general reduction in car park usage during COVID-19, with levels not fully returning to pre-COVID levels, and also growing awareness of all climate change impacts which may call into question increasing the amounts of car parking.

30. The breadth of capital project has been increased substantially and the cost of borrowing has most recently increased sharply causing serious pressure.

31. The matter could be paused at this point so that a more strategic review could be completed by Somerset Council before any further commitment is made.

32. Option C Benefits

- a. Enable the overall position to be reconsidered strategically after a number of years.

- b. Reduces the total capital committed of SSDC.
- c. Does not close down any delivery approach.

33. Option C Risks

- a. Delays progress with any aspect of this matter.
- b. Causes greater doubt as to any future car park provision being made.

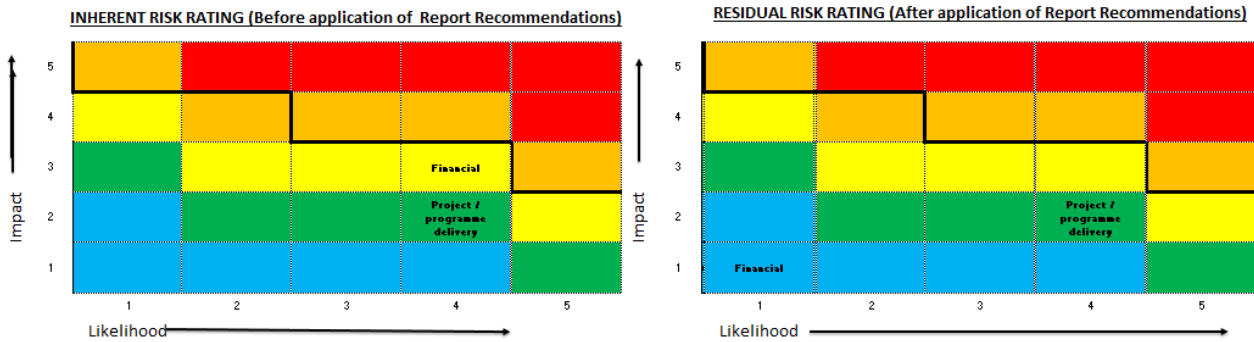
Financial Implications

- 34. The review of the budget for this project to be delivered via Option A continues to be by the SSDC officer project team. It is therefore a lower degree of certainty than would exist at tender stage in the project.
- 35. Expectations are that cost inflation will continue to be relatively high for the foreseeable future. Accordingly, if there are material project delays those are likely to lead to further cost increases.
- 36. The increase in total budget is nearly doubling the amount approved in the Capital Programme in February 2022. This does involve a significant share of the total Corporate Capital Contingency Fund.
- 37. The alternative Option B would result in £210,000 budgeted capital expenditure, and the additional cost creating a total estimated to be £413,000, not being required.
- 38. There will be revenue implications in terms of car parking income, operating costs and longer term maintenance. The expectation is that the revenue will meet the average operating costs over the medium term. This would include a partial contribution to depreciation but there will be no surplus to contribute to interest and MRP costs if Option A is approved.

Legal implications (if any) and details of Statutory Powers

- 39. This project is identified as requiring sign-off by Somerset County Council within the Section 24 Directive and General Consents protocol, otherwise this report is a change of scope and budget which forms part of the standard budget management processes of the council.

Risk Matrix



Risk Re	Risk Category	Inherent Risk Rating	Residual Risk Rating
1	Project / programme delivery	10	10
2	Financial	15	1
3	Delivery of Services	0	0
4	Staffing & Capacity	0	0
5	Reputation	0	0
6	Health & Safety	0	0
7	Governance & Legal	0	0

Risk Description	Mediation / Controls
Design, tendering and construction of new car park - programme and project risks including delays, unforeseen work and construction quality	Under the Alternative Development Proposal, the construction project delivery and risk associated with that will be the responsibility of a third party. However, the non-financial risks remain essentially the same
Cost increase risk around Podge of construction delivery	Under the Alternative Development Proposal, the construction project delivery and risk associated with that will be the responsibility of a third party. SSDC will be fully sheltered from the cost risks
0	0
0	0
0	0
0	0
0	0
0	0

Council Plan Implications

40. This project contributes positively across the Council Plan themes – Protecting Core Services, Economy, Environment, Self-reliant communities.

Carbon Emissions and Climate Change Implications

41. There will be no impact on Carbon Emissions and Climate Change Implications if the recommendation is approved.

Equality and Diversity Implications

42. An equality relevance check has been undertaken on both options and there are no adverse implications.

Privacy Impact Assessment

43. There are no adverse personal data implications to this report.

Background Papers

January 2015 – District Executive	Notification of an Urgent Executive Decision - Acquisition of the Former Millers Garage Site, Crewkerne
9 June 2022 – District Executive (withdrawn from Agenda on 9 June 2022)	Millers Garage Car Park, Crewkerne
4 August 2022 – District Executive	Millers Garage Car Park Project, East Street, Crewkerne Request for Additional Funding from the Corporate Capital Contingency Budget
4 October 2022 - Scrutiny Committee	Scrutiny Call-in Request: Millers Garage Car Park Project, Crewkerne - Request for Additional Funding from the Corporate Capital Contingency Budget