

Cheltenham Borough Council

Cabinet - 27th March 2007

Chelt Walk Car Park

Joint Report of the Strategic Director Environment and Head of Property & Asset Management

1. Executive Summary and recommendation

1.1 The issue

1.1.1 The early release of the Chelt Walk car park site is an important milestone in delivering the Council's Civic Pride initiative. It demonstrates that the Council is keen to move its agenda forward and is serious about its stated aspirations of enhancing public realm through the development of sites within its ownership.

1.2 I therefore recommend that the Cabinet:

1.2.1 Agree in principle to the development of the Chelt Walk site and the closure of the public car park on the site

1.2.2 Agree in principle to securing the relocation of a major office occupier in the completed development of the Chelt Walk site

1.2.3 Instruct the Strategic Director Environment and the Head of Property and Asset Management in consultation with the Leader to:

- **Negotiate with the major office occupier on their requirements of the site**
- **Investigate options for the development of the site**
- **Negotiate with the County Council on securing the best form, and design of development for the Chelt Walk and Shopfitters sites**

1.2.4 Require a further report to be made to the Cabinet for approval of the proposed terms and the best option for the development of the Chelt Walk site.

1.3 Summary of implications

1.3.1 Financial

The Chelt Walk site is one of 3 sites which will be developed as part of the civic pride proposals. The development of Chelt Walk car park could result in a loss of car parking income of around £100,000. It is, however, anticipated that the current parking on Chelt Walk will be displaced to other Council owned car parks where there is surplus capacity; hence the overall net reduction in car parking income may be minimal. Whilst there is still a debate around the level and potential loss of car parking spaces and income as part of the overall Civic Pride scheme, the development of the Chelt Walk site is not likely to have a significant impact.

Contact officer: Mark Sheldon

E-mail: mark.sheldon@cheltenham.gov.uk

Tel no: 01242 264123

1.3.2 Legal

If the council engages agents to assist with the options appraisal then this appointment must follow the procedure contained in the council's Contract Rules.

There are no other specific legal implications arising directly from this report although there will be legal issues arising throughout the progress of this project. Specific legal implications will be apparent once the investigation of options for the development of the site has been completed and these will be included in the next report to Cabinet.

Contact officer: Donna McFarlane

E-mail: donna.mcfarlane@cheltenham.gov.uk

Tel no: 01242 775116

1.4 Implications on corporate and community plan priorities

- 1.5 Retention of a major employer in the town and the development of the Chelt Walk site with modern buildings will contribute significantly to the priority areas in the emerging business plan, including:

Sustainable living

- 1.5.1 We will implement our sustainable construction action plan to reduce our impact on the environment
- 1.5.2 We will save energy and have encouraged the use of renewable sources of energy both in our own activities/premises and in the community to help us achieve our ambitions set out in our climate change strategy

Economic development and regeneration

- 1.5.3 We will use our grant funding, land resources and influence to support growth and investment into key business sectors and emerging sectors which have high productivity and turnover and which will contribute the most towards Cheltenham's economy

Environmental Quality

1.5.4 We will have implemented the civic pride project and introduced improved traffic layout to enhance the town's built environment

1.6 Statement on Risk (see Appendix A)

1.6.1 Risk: Failure to reach agreement on the terms with the major office occupier.

Impact: The occupier would be likely to move out of Cheltenham and the development of the site could be delayed.

Mitigation: Early negotiations with the occupier on lease terms

1.6.2 Risk Other office occupiers wanting the site challenge the decision to restrict negotiations to a single occupier.

Impact: If the challenge were successful the transaction could be overturned by the Courts resulting in costs to the Council and the possibility that the major office occupier would relocate away from the town

Mitigation: Availability of other sites in Council ownership and possibility of competition between prospective occupiers (see 3.3)

2. Introduction

2.1 The Chelt Walk car park is one of three Council owned sites which are being considered for development as part of the Civic Pride initiative. The other two sites are Royal Well/Municipal Offices and North Place/Portland Street car parks.

2.2 The Chelt Walk site is not significantly affected by the wider strategic proposals for transport within the town centre. It can, therefore, be brought forward for development earlier than the other sites and will demonstrate that the Council is committed to delivering the civic pride improvements.

3. Background

3.1 The Council has been approached by a major office occupier who wants to relocate from their current building which does not meet their needs and cannot easily be brought up to the required modern day standard, particularly in respect of DDA legislation. The occupier's lease expires in 2008 and they need to make an early decision as to whether they stay in Cheltenham or move to an alternative location out of the town. The occupier has previously been in negotiation on a site in Cheltenham but the owners of that site secured a residential planning consent and it has been developed with flats. The agent acting for occupier has not been able to identify any other suitable sites for offices in Cheltenham apart from those owned by the Council at Chelt Walk and North Place/Portland Street. It would be premature for the Council to release part of North Place/Portland Street until the proposals for Civic Pride are further advanced, and formal consultation completed.

3.2 There is a need to decide whether the Council should assist the major office occupier

to remain in Cheltenham by making the Chelt Walk site available to them and securing the continued employment of approximately 200 people within the town. The retention of employment within the town is a significant issue for Civic Pride, the economy of the town and the wider sustainability agenda. It is unlikely that the jobs lost to the town if the occupier moves elsewhere could be easily replaced.

- 3.3** One point which needs to be considered is what happens if other office occupiers come forward who want space in Cheltenham prior to the exchange of contracts on any arrangement involving the major office occupier, who require approximately 30,000 sq ft of office space. We have potential alternative sites including the residual land at Chelt Walk as identified occupier will not need the whole site. Other sites in the town centre are also available as part of the Civic Pride proposals. If despite this it comes down to a choice between occupiers for the Chelt Walk site then we will have to consider introducing a competition between those occupiers, with details of this process being agreed by Cabinet.

4. Development of the site

- 4.1** There are a number of potential options for securing the development of the site (e.g. outright sale, retention of the freehold, a stake in the completed development etc.). These need to be investigated prior to a decision being made on how the development will proceed.

5. Shopfitters Site, St. George's Place

- 5.1** The County Council own the former Shopfitters premises in St. George's Place which adjoins the Council's site. The County Council is proposing to develop a new building for the Registrars service on the Shopfitters site. There is a need to co-ordinate with the County Council on proposals for development of the sites and there may also be the need to transfer land or grant rights between the authorities to enable the best use of the two sites.

Background Papers

Report Author

Grahame Lewis, Strategic Director Environment,
01242 264312. Grahame.Lewis@cheltenham.gov.uk

Tim Byng, Head of Property and Asset Management

01242 264151. tim.byng@cheltenham.gov.uk

Accountability

Duncan Smith

Scrutiny Function

Economy and Business Improvement