

The following issues were raised at the Resources Overview Committee.

	Issue	Clarification / Response
1	<p>In para 4.4 the estimated construction cost of £8.8m includes the additional deck on the Multi storey car park.</p> <p>However in para 4.8 (costing table) the cost seems to show the cost of the additional deck being added again to the construction cost.</p>	<p>Para 4.4 is correct.</p> <p>Para 4.8 requires slight amendment to now read;  <i>"4.8 The report to Councillors on 21<sup>st</sup> November 2016 indicated the estimated build cost of £8.8 million which <b>did not</b> include the preconstruction cost of £591,000. Therefore at that time the anticipated build cost was <b>£8.8 million including an additional deck.</b></i>  <i>Construction stage costs are currently now estimated to be £10.2 million with cost certainty following the works packages tendering and any further variations would be at the contractors risk apart from any changes the Council requested. The preconstruction costs have increased to £617,000. The build-up of cost changes and the details are as follows;"</i></p>
2	<p>Is the loan rate fixed?</p>	<p>The PWLB loan rate is fixed when the loan is taken out. It works like a 40 year fixed rate mortgage.</p>
3	<p>The financial model assumes an inflationary increase in car park charges every year. What would be the impact if car park charges were not increased in line with inflation?</p>	<p>It is very unlikely that car park charges would be increased exactly by inflation every year. However over time we would expect the charges to rise as has historically been the case:</p> <ul style="list-style-type: none"> <li>£4 Prior to Mar 09</li> <li>£5 From Mar 09</li> <li>£6 From later on this year</li> </ul> <p>A 3% rise equate to approximately a £1 rise every 5 years.</p> <p>The repayment of the investment come solely from the income earned. So the financial model is very sensitive to changes in the income assumption.</p> <p>The sensitivity analysis in appendix D models car park charges rising by rpi minus 0.5% and rpi plus 0.5%.</p>

The following questions were raised by Councillor Nick Rose, Chairman of Resources Overview Committee.

	Question	Clarification / Response
1	<p><b>Additional Floor</b>  The report indicated at 4.4 that Balfour Beatty had included all the costs to provide 502 parking spaces over 4 floors in the total cost of £8.8m. The officers were going away to</p>	<p>The clarification is provided in item 1 above. Officers have checked to reconfirm the cost of the additional deck at £579,000 has not been duplicated.</p>

	investigate the reason for adding £579k for the 126 parking spaces on the fourth floor.							
2	<p><b>Relaying surface on top floor of existing Car Park</b></p> <p>While this can be considered a capital expenditure (30 year life), it is <b>NOT</b> part of the capital cost of the new Car Park. Thus £313k should be removed from the cost.</p>	<p>It is at the discretion of Members whether to remove the cost of relaying the top deck of the existing car park at £313,000 from the project cost.</p> <p>Some Members had previously requested it be included as part of the project cost.</p> <p>Members to note that if this cost is removed it is not covered elsewhere on the Capital Programme and would need a separate approval.</p>						
3	<p><b>Cash Flow Forecast</b></p> <p>The assumption here is that Parking Fees could be increased by inflation (assumed to be 3%). CDC has not previously increased its fees every year. Prior to the recent increase, the previous one is thought to be 5 years ago. As the Government is already pressurising councils not to rely on increasing parking charges to augment their income, it would seem prudent to consider stepped increases. 3% inflation would equate to approximately 50p increase every 3 years. This would appear to be reasonable, and the cash flow should be adjusted to reflect this.</p>	<p>An amended AMSCP Cash Flow Forecast to change the Car Park Charge Income Assumption from an increase of 3% a year to a 9% increase every 3 years is provided.</p> <p>The comparison of estimated income from the car park is;</p> <table border="1"> <thead> <tr> <th></th> <th>Current Business Case</th> <th>Amended Business Case</th> </tr> </thead> <tbody> <tr> <td>Estimated additional Income from Car Parking over 40 years</td> <td>£36,684,175</td> <td>£35,639,870</td> </tr> </tbody> </table>		Current Business Case	Amended Business Case	Estimated additional Income from Car Parking over 40 years	£36,684,175	£35,639,870
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Estimated additional Income from Car Parking over 40 years	£36,684,175	£35,639,870						
4	<p><b>Staff Parking</b></p> <p>The report indicated that 135 spaces were used by staff. The changes to Sycamore Road and KGVH parking will provide 87 additional spaces, which will be allocated to staff. Freeing up the spaces used by the staff would indicate that utilisation would drop substantially. One might even ask whether the additional capital expenditure was needed? The discussion was also illuminating in that changes in working practices, with hot desks and home</p>	<p>The future demand for extra parking in AMSCP is 339 to 520 space. The new AMSCP is predicted to provide 366 spaces plus 29 spaces at Sycamore Road Car Park.</p> <p>The extra spaces created at KGVH plus reduction in staff due to remote working should account for parking for BCC and extra SBDC staff at KGVH. Over time the intention is to have as many as possible of the staff at KGVH. However any excess will be in AMSCP.</p>						

	<p>working will free up more parking at KGVH. However my understanding is that BCC when they finally make use of their offices are entitled to 48 spaces at KGVH.</p>	
5	<p><b>It seems that the overall parking situation needs to be clarified before committing to £10m of debt.</b></p> <p>One further thought is that the Balfour Beatty Report should be reviewed again and the additional costs set out in the report checked to ensure that there is no duplication.</p>	<p>Parking studies have highlighted considerable increased requirement of additional spaces over the 20 years.</p> <p>The updated capacity survey for AMSCP shows the car park operating at above efficient operating levels of 85%.</p> <p>Officers have checked to reconfirm there are no duplication cost items.</p>

