

Financial Comments – Broadmarsh Car Park Development (Future Transport Zone)

1. Introduction

This report seeks approval for an additional £0.607m capital budget to enable the instalment of an enhanced parking management system. This is to be funded by secured grant of £0.607m from FTZ. There are no additional revenue costs associated with this enhancement.

This decision is part of the Broadmarsh Car Park capital scheme and following approval of this decision the Broadmarsh Car Park costs as approved at Executive Board December 2018 will be amended as follows:

	Executive Board Approval £m	This Decision £m	Total Approval £m
Phase 1 – Removal of Old Car Park and Associated Costs	5.319	-	5.319
Phase 2 – Base Scheme (Car Park and Bus Station with Library Shell & Core)	54.050	0.607	54.657
Total	59.369	0.607	59.976

The Broadmarsh Car Park model was approved subject to the affordability criteria set out at Executive Board December 2018:

- An overall surplus NPV within a financial model that has undergone due diligence
- An assessment of the financial impact on the Angel Row site and the Broadmarsh Library. The current model assumes:
 - No revenue support is provided from the Angel Row site, any receipt obtained in excess of the Library's requirements is allocated to the car park to reduce Council's debt.
- Assumptions being collectively signed off by the Corporate Leadership Team
- Intu agreeing to the Car Park being able to be used for non-shoppers subject to availability of spaces and restrictions in the CDA
- Intu formal consent is obtained regarding the change of use for the Car Park

The Executive Board report recognised a number of risks contained within the risk register that have the potential for material financial implications that could yet affect the affordability of the project.

However, the financial model for the Car Park will be significantly impacted by the issues in relation to Covid-19 and there are interdependencies with other capital schemes within the Southern Gateway.

The current approval was based on:

- High quality redevelopments within the wider Southside Regeneration project, and
- Digital Screen financial viability and impact of any loss of income.

In light of recent events the model is currently being refreshed to ensure that the scheme meets the affordability criteria set out above. Should this not be the case an alternative funding package will be required to be identified to enable it to meet the financial parameters as set out in the Capital Strategy.

2. Capital Implications

Table 2 sets out the costs and funding of the project.

Table 2: Project Budget and associated funding			
	Executive Board 18 £m	This Decision £m	Total £m
Capital Expenditure			
Phase 1			
Capital Budget	5.035	-	5.035
Revenue Budget	0.284	-	0.284
Phase 2			
Capital Budget	51.947	0.607	52.554
Revenue Budget (inc. revenue SRB Topslice / Abortive Costs)	2.103	-	2.103
Total Budget	59.369	0.607	59.976
Capital Funding			
Prudential Borrowing	(33.534)	-	(33.534)
Grant – LEP	(15.000)	-	(15.000)
Grant – Local Transport Plan	(2.600)	-	(2.600)
Grant – Better Bus Area	(1.700)	-	(1.700)
Development Reserve	(0.400)	-	(0.400)
Corporate Resources (Capital Receipts / Reserves)	(6.135)	-	(6.135)
Grant – Future Transport Zone	-	(0.607)	(0.607)
Total Capital Funding	(59.369)	(0.607)	(59.976)

3. Revenue Implications

There are no revenue implications for this decision however the current assumptions in the financial model are being refreshed. The outcome of this review will be reported separately.

4. Taxation Advice

The Broadmarsh site has been opted to tax, this protects the Council's partial exemption position and means that any lettings are subject to VAT.

Advice provided by:

Theresa Channell – Head of Strategic Finance & Deputy Section 151 Officer

Tom Straw – Senior Accountant (Capital Programmes)

29th May 2020