



Barbican Residential Committee - Car Park Charging Working Party

Date: THURSDAY, 20 JULY 2017
Time: 9.00 am
Venue: COMMITTEE ROOM 1 - 2ND FLOOR WEST WING, GUILDHALL

Members: Ann Holmes (Chairman) Susan Pearson
Randall Anderson Deputy John Tomlinson
Paul Murtagh Michael Bennett

Officers in attendance

Ann Mason – Community and Children's Services
Michael Bradley – City Surveyor
Julie Mayer – Town Clerk's

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**John Barradell
Town Clerk and Chief Executive**

AGENDA

1. **APOLOGIES**
2. **MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA**
3. **TERMS OF REFERENCE**
Members are asked to consider the draft Terms of Reference:

'To proceed in the reference of the Grand Committee to review the charging policy of the present and potential uses of the car parking areas of the Barbican and to report back thereon, with recommendations'.

An extract from the draft Minutes of the Barbican Residential Committee on 5th June 2017, in respect of the decision on Barbican Car Park Charging, is attached.

For Decision
(Pages 1 - 4)

4. **METHODOLOGY AND TIMETABLE**
A briefing note from the Chairman of the Barbican Residential Committee.

For Discussion
(Pages 5 - 8)

5. **VALUATION BRIEF AND CHOICE OF VALUERS**

For Discussion

6. **UPDATE ON PLANNING APPLICATIONS**

For Information

9. **BARBICAN CHARGING POLICY FOR CAR PARKING**

Members considered a report of the Director of Community and Children's Services in respect of the Barbican Charging Policy for Car Parking. The Chairman reminded Members of the previous report, presented to Members of the Barbican Residential Committee in December 2016, which had resulted in the report before them today and made the following statement:

'In the light of the many objections raised by residents to these proposals, I want to make a few comments. I rarely speak to a script but, on this occasion, I shall, as I shall be asking for my comments to be minuted.

The role of this committee is to oversee the management of the estate and its ancillary properties on behalf of the City of London Corporation.

It's important to be clear that the Barbican Estate has no social housing. Its flats are let and its leases sold at market rates.

Those who have purchased leases for car parking have a right to a parking space. Otherwise, land currently used for car parking is a city asset and, subject to planning permission, can be used for such purposes as the city sees fit. It can't be used for commercial car parking, however, since current city planning policies prohibit the creation of any further such spaces.

And, under planning law, of course, residents must, be consulted about any proposed change of use to what are currently car parking spaces. Residents do not, however, have any rights in deciding the charging basis for those spaces.

Many have mentioned the need to review how the service charge element of payments for car parking are apportioned. They are right and work on this is underway. As many of you know, preparation for consultation regarding the planning application for storage units is also underway. At this stage a working party would be inappropriate and, in any event, a comprehensive plan for the car parking area is not within the gift of this committee.

All that said, however, the proposals before us aren't contingent on those matters being decided. The proposals are based on decisions, already taken by this committee:

1 - that car park rental charges should ensure a fair return to the City

2 - to arrive at this, an independent valuation was required

3- that if increases were to be significant, they would be phased in.

There have been two key objections from residents, which are relevant to these proposals - that the basis of the valuation is unreasonable, and that the increases proposed are unaffordable to significant numbers of users.

Following comments at the RCC, I asked for further valuations to be sought. It has not been possible to secure these in time for today's meetings, but the Surveyors' department have canvassed estate agents and I shall ask Michael Bradley to update us, as soon as I've finished speaking.

At this meeting today, I suggest we first, discuss and then vote as to whether we accept the valuation and the surveyor's update. If we vote against this, I suggest two further valuations be sought and the proposals deferred to our September meeting.

If we accept the valuation, I suggest we move to discuss and vote on

1 - the point on the valuation scale at which increases should be set

2 - the number of years over which the increase should be phased in

Having had that discussion, we will move to any amendments needed and then vote on the proposals before us.

If those are defeated, then I will need a proposal as to a different basis of charging and, if this is accepted, officers will need to bring forward new proposals.'

Members noted the request from the Barbican Estate Residents Consultation Committee for additional valuation reports, as they felt that those provided in this report were inadequate; i.e. the comparison to the Dolphin Estate. Although owned by the City of London, which is a Local Authority, the City Surveyor had worked on the basis that the Barbican was more akin to a private development rather than a council estate or social housing and had never been within the Housing Revenue Account. The City Surveyor therefore instructed Kinney and Green to obtain evidence of comparable parking charges for private developments. Members noted that the report from Kinney and Green advised that a value of between £1,750 - £2,250 could be applied to each car space, instead of the current charge of £1,225 pa. The City Surveyor advised that, since Kinney and Green issued their report they had provided the following additional comparables for resident only car spaces (inclusive of service charge) at the following developments:

- **Imperial Wharf**, Townmead Road, Fulham SW6 (600 apartments): Standard cars. £2,200 pa. Car spaces are only offered to residents. There are 600 resident car spaces of which approximately 25% are vacant.
- **St George's Wharf**, Vauxhall SW8 (1,100 apartments): £2,485 pa. Non-residents may lease spaces but at a higher tariff
- **Chelsea Bridge Wharf**, 372 Queenstown Rd, London SW8 (number of apartments not known. Possibly 500+): £2,020 pa. Non-residents may lease spaces but at a higher tariff.

Members felt that these new evaluations were not particularly helpful as the sites were new developments in affluent areas, which also fell outside of the congestion zone area.

During the discussion, in which all Members were invited to comment, the following points were made:

1. The report should be considered alongside other storage charging policy reports. Members noted that they had been scheduled for consideration at this meeting but the planning application was withdrawn for further consultation.

2. Given that substantial capital funds had been generated by the car parks; i.e. the Heron Development, should they have been credited to the car park account?
3. If 25% were to give up their car park spaces, then would this negate the benefit of the higher charges? Some Members felt that the 25% decrease should be taken into consideration as part of the valuations.
4. If charges were below the market rate, then all spaces would be full but this was not the case.
5. There had been a deficit on the car park account for the past 2 years and many spaces were empty and in poor condition. However, the car parks were costing the City of London Corporation £400,000 pa and therefore it was unsustainable.
6. A breakdown of management and supervision charges, including concierge duties had been requested by the RCC.
7. Concern was expressed about the process and not just market options; i.e. the cost of the Consultant.
8. The views of residents had not been taken into consideration and responses to Ward Members had been unprecedented. There were particular concerns about vulnerable and/or disabled residents.
9. Whilst the outcome of the information provided by the valuations was beyond the control of officers, some Members challenged whether the brief to officers had been fully captured in the report. Some Members felt that it had not provided an explanation of the elasticity of demand but it was accepted that this could be difficult to calculate.
10. The decision in December had sought fair value, not to maximise the asset.
11. The possibility of involving other Committees in the decision, which should be wider than just the price; i.e. it should consider alternative uses and 'balancing the books'.
12. If Members could not reach a decision today, then officers could revert to the default position of an RPI linked increase, which would cover the notice period for a price increase and avoid any unnecessary loss of revenue. The Chamberlain advised that the Committee had used RPI in the past but many other Committees now used CPI and therefore recommended CPI going forward.

It was proposed by Randall Anderson, Seconded by Mark Bostock and RESOLVED, that:

1. The car park charges for 2016/17 be increased, in line with CPI, in time for the statutory notice period.

It was proposed by Randall Anderson, Seconded by Jeremy Mayhew and RESOLVED, that:

1. Members receive a further report, in the context of the City's Car parking policy; to include a range of valuations from more comparable developments, a survey of users and study of usage, alternative uses (including storage) and cost allocation (including car park attendants).

2. **Members note the earliest stage for the report to come back to the Committee be December 2017 or possibly March 2018; i.e. when storage charges would be due for Review.**
3. **A Member/Officer working party be established to consider this matter further.**

Briefing Note to the first meeting of the Barbican Residential Committee – Car Park Charges Working Party

20 July 2017

Context

As well as overseeing the management of the Estate, the remit of the BRC includes overseeing ancilliary buildings and services, such as shops and car parks.

The terms of residential leases or tenancies make clear what is included and this is covered by rents or, for the vast majority, service charges. Service charges may make neither a profit nor a loss, and any expenditure above a certain amount has to be consulted on, and leaseholders' views on tenders taken. In the Barbican, consultation goes much further than this, with house groups and a consultative committee given the opportunity to comment on all non-confidential matters coming to the BRC.

By contrast, ancilliary services are not available, as of right, and are situated on land, which is a corporate asset. The land is in the gift of the Corporate Assets sub, not the BRC. In practice Corporate Assets sub tends to look favourably on use by city service committees. It is known that other such committees may seek use of some of the land, currently used for ancilliary services for Barbican residents. Under Standing Order 55, if land is proving surplus to a committee's requirements, it should be passed back to Corporate Assets sub. The land in question was made available for car parking when the estate was built, and such use has been in decline for many years. Whilst Corporate Assets sub has accepted conversion to storage, as this is primarily for the use of residents, it is unlikely that uses such as a consolidation centre would be approved as falling within the remit of the BRC, and the land would need to revert to Corporate Assets. Income from BRC activities on this land goes into the car park account and can only be used for running and reinvestment of services in the car park areas.

To date, the majority of this land has been used for car parking. Car parking has been made available to Barbican residents, residents of Golden Lane Estate, and friends and contractors of residents (free for up to 5 hours per day and £10 for 24 hours thereafter). Parking at £10 per 24 hours is also available for residents who hire cars from time to time. Currently, 288 residents own leases for car parking spaces and 672 rent them. The demand for car parking has lessened every year for some time, and the car parking account has run at a loss for many years. Use cannot be extended to the public, as this runs counter to City planning policy. A lesser proportion of this land has been used for storage for residents.

The BRC is charged with eliminating its deficit on the car park account. To date, the main way of doing so has been considered to be by increasing the number of storage units in the car parks. Doing so has coincided with a review of car parking charges.

Data required

Service charge

This is the cost of servicing the total space in the car park, designated for car parking or storage, and includes admin, concierge, repair and maintenance and insurance. It should be spread over spaces used for both parking and storage, as the associated costs will be the same. The cost to each user will then be dependent on the size of the space.

This will require a detailed study as to the spread of concierge duties as between:

- 1 - individual users leasing or renting spaces
- 2 - casual use by residents hiring cars
- 3 - use by visitors/contractors
- 4 - use by non-car park or storage using leaseholders (i.e. residential tenants and leaseholders benefitting from non-car park activities of concierge - e.g. taking in parcels etc.)

Uses 1 and 2 should be allocated to the car park account and uses 3 and 4 to the general service charge. If the latter exceeds the proportion contained in the residential lease, an additional general lease category will be needed to cover it.

The cost of the parking/storage service should be the charge made to those who have purchased a lease on a space. Whilst it will constitute a cost to the car park account for renters.

Other costs

other costs will include

Car parking

- estimated voids

Storage

- estimated voids
- amortisation cost of unit and installation

Outcome sought

The car park account should not only seek to eliminate the deficit, but to build up reserves for major works, which may become necessary, and to make the account robust in terms of unforeseen voids, changes of use etc.

Suggested Methodology

- 1 - To complete the calculations of costs outlined above
- 2 - To determine the brief and seek two more valuations for both car parking and storage spaces

3 - To obtain planning permission

4 - To consider the possible income and expenditure streams for each group of users, including casual users, visitors and contractors

5 - In the light of the above findings and in order to achieve the desired outcome, to make recommendations to BRC re use and charges

Timetable

- Meet 30 July to finalise remit, agree methodology and timetable, determine brief for valuations, receive an update on planning application for storage units, and decide a meeting date for September and a provisional date in the week beginning 5 November

- Meet late September to consider findings on costs and possible charges and to draft recommendations

- Meet asap after planning decision to finalise recommendations

Ann Holmes

13 July 2017

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