

14 APRIL 2026

PART 1 – PUBLIC DOCUMENT

TITLE OF REPORT: LEASE ON LETCHWORTH MULTI STOREY CAR PARK

REPORT OF: STEVE CROWLEY, DIRECTOR - ENTERPRISE

EXECUTIVE MEMBER: CLLR TAMSIN THOMAS, EXECUTIVE MEMBER FOR ENTERPRISE

COUNCIL PRIORITY: ACCESSIBLE SERVICES & SUSTAINABILITY

1. EXECUTIVE SUMMARY

This report sets out negotiations that have taken place between the Martin Group and the Council with regards to the potential surrender of the Letchworth Multi Storey Car Park.

2. RECOMMENDATIONS

- 2.1. That Cabinet approve the surrender of the lease for the Letchworth Multi Storey Car Park.
- 2.2. That, subject to recommendation 2.1, delegated authority is granted to the Director of Enterprise in consultation with the Executive Member for Enterprise to negotiate and approve the details of any surrender in line with the broad principles in this report.

3. REASONS FOR RECOMMENDATIONS

- 3.1. After undertaking a review of the current operation and long-term needs of this car park, the surrender of this lease provides a positive outcome to the Council and the conditions that have been negotiated ensures there will be improvements to the car park which will benefit the public and economic vitality of the town centre.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1. Not to surrender the lease and to continue to operate the car park under the current lease agreement until April 2037. This would require investment for repair and maintenance by the Council of approximately £3.4m.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1. The Executive Members for Enterprise, Resources and Place have been kept regularly updated on this item and are supportive of the surrender of the lease.
- 5.2. Officers provided a report to Political Liaison Board (PLB) at its December 2025 meeting setting out the initial proposal from the Martin Group and the impacts of this.

- 5.3. All Letchworth Councillors were invited to a briefing that took place on 19 February 2026. Following the briefing an overview document was sent out to all. From those that attended, there was support of the surrender of the lease and no follow up questions were received from those that did not attend but received the overview document.

6. FORWARD PLAN

- 6.1 This report contains a recommendation on a key Executive decision that was first notified to the public in the Forward Plan on the 19 December 2025.

7. BACKGROUND

- 7.1. The Martin Group hold the long lease of the Garden Square Shopping Centre and multi-storey car park from Letchworth Garden City Heritage Foundation. They acquired the long lease in 2021 and this has 161 years until expiry. The Martin Group underlet the car park to the Council under a lease expiring in April 2037.
- 7.2. The Martin Group are looking to undertake a regeneration of the Shopping Centre and are currently at the pre-application stage. As part of this they have contacted the Council and have asked if we would consider the surrender of the car park lease. If we were to surrender the lease, they would not impose dilapidation repairs that they have estimated to be approximately £750k and they would permit the Council to continue to have parking spaces (exact numbers and costs to be agreed). If we decide to continue with the leasehold, the Status Quo will remain and they would expect us to undertake the dilapidation repairs.
- 7.3. Officers have had a dilapidations survey undertaken and the estimated capital cost for immediate works is approximately £460k. However, if we retained the car park until the end of the lease, there would be further repair and maintenance (lifecycle refurbishment) work required which is estimated to be £3.4m, as set out in the finance section 10 below.

8. RELEVANT CONSIDERATIONS

- 8.1. Overview of car park:
- 8.2. The car park was built in (approximately) 1975, it contains 367 spaces, currently distributed as follows: 114 short stay (levels 1-3), 244 long stay (levels 4-9) disabled parking spaces, 1 motorcycle bay and 2 electric vehicle charging bays.
- 8.3. The Council holds a lease of the car park dated 4 January 1979 for a term ending in April 2037. It is a full repairing lease, therefore, the landlord can instruct for work to be undertaken if the leaseholder is not maintaining it to the correct standard. At the end of the lease the leaseholder must ensure the building is handed back in good condition. However, it is required to remove 'trade fixtures' would include the parking machines and electric charging points.
- 8.4. The cost of operating the car park based on the current level of repair and maintenance is a neutral position. This takes into account the income from car park users against the costs of running the car park (e.g. rent, rates, electricity, property compliance). It doesn't include any income from season tickets, as they aren't linked to a specific car park. Whilst some people may buy a season ticket specifically to use Letchworth Multi-storey, we don't think this will be significant.

- 8.5. Repair and Maintenance - significant works have been undertaken on the structure over the years, including deck repairs in 1999, 2012, and 2016, as well as a lift replacement in 2012 and full lighting replacement in 2013. These activities align with expected life cycle renewal and refurbishment standards. Ongoing maintenance and compliance costs are currently budgeted at £5k but often exceed that amount so the budget has been increased to £12k.
- 8.6. In 2023, a decision was made not to proceed with major refurbishment works due to uncertainty regarding the council's lease arrangements. Nevertheless, essential health and safety measures have been implemented, including the installation of fire doors, some lighting renewal, and localised brickwork repairs.
- 8.7. Public, commercial utilisation of the multi-storey is low. The number of paid transactions and the rate of parking turnover are – adjusted for their relative sizes – well below that achieved in other Council-managed car parks in and around the town centre including Hillshott and the Town Hall. Usage data shows an average of around 150 paid transactions per day, compared to more than double this number of spaces. Parking regulations are generally well complied with and Penalty Charge Notice (PCN) activity is also relatively low.
- 8.8. The car park is well used by staff and tenants of the District Council Officers, with free parking made available as a benefit, though use is mitigated by the Council's approach to hybrid working. A manual survey of usage over a fortnight period suggested, on average, around 65-70 staff and tenant permits are utilised on weekdays, peaking at around 85-90 permits. It is recognised that occasional events or meetings may see usage peak beyond these levels.
- 8.9. Negotiations
- 8.10. Officers presented a report to PLB at its December meeting setting out the Martin Group's initial proposals and the potential implications of the options. As an overview, the key issues are:
- Protection of parking for the public, staff and tenants of the 2nd and 3rd floor.
 - Economic impact on the town if parking tariffs aren't in keeping with the rest of the town
 - The cost of repair and maintenance if the landlord proceeded with the interim dilapidations claim
 - Ongoing repair and maintenance
 - General operating costs and parking enforcement of the car park.
- 8.11. PLB approved the recommendation, which was for officers to explore a conditional surrender of the leases with an aim to negotiate the conditions that deal with the issues that are set out above in 8.10.
- 8.12. Officers have had several meetings with the Martin Group to discuss the Council's concerns, and the following provides an overview of their proposal and officers observations: -
- a. Tariffs - the Martin Group recognise the need to ensure these are competitive with other local car parks.

- b. Car Park Enforcement - they will be introducing an automatic number plate recognition system. Therefore, all enforcement will be undertaken via this system. Based on this, the Council will deploy our Civil Enforcement Officers to other locations.
- c. Free staff and tenant parking until April 2028, for up to 100 spaces daily - If this exceeds 100 then the Council will be charged the daily rate. From April 2028 – March 2030 the Martin's Group have offered a 20% discount for tickets purchased and after that date it will be at the normal rate. The Council has the use of Hillshot car park and could introduce on-street parking if required to ensure we have sufficient capacity. Details of all finances are set out in section 10.
- d. Use of the 'rest room' (used by Civil Enforcement Officers at the start and end of their shifts and when on their breaks) - free of charge until April 2028, after that date there will be a charge, however this cost has not yet been agreed, but it is likely to be a nominal sum. Officers are confident there will be alternative locations if a cost can't be agreed.
- e. Storerooms – to be able to use these free of charge until April 2028. After 2028, the Council will hand these rooms back to the Martin Group.
- f. In terms of long-term proposed use of the car park the Martin Group have suggested the following breakdown (Numbers are approximates). Council and subtenants - 100 / Residential 150 / Shopping centre users 150. We (the Council) will utilise our spaces Monday to Friday which is the quieter times for the retail in the town. The gives full availability at the weekends. It should be noted that any residential use would not be in place until 2030 at the earliest. It is also expected that our requirement for parking might also reduce after April 2028, therefore, more parking could be available for public use.
- g. Opening Hours – The Martin Group would like to open discussions with key stakeholders around the potential to open 24 hours per day. They would be keen to understand how this would affect the use of the town centre, shopping centre, as they feel this would benefit it.
- h. Anti-social Behaviour - As part of any surrender the Martin Group propose to implement security in the shopping centre to ensure that the property is patrolled, and the car park feels safe and anti-social behaviour is kept to a minimum. As part of this overhaul, they also propose to increase the levels of cleanliness and lighting provision.

8.13. Based on the above officers would recommend the Council surrender this lease as the Martin Group will be improving the operation of this car park and ensure there is good access for the public and council users.

9. LEGAL IMPLICATIONS

- 9.1. By virtue of section 111 of the Local Government Act 1972, a local authority shall have power to do anything (whether or not involving the expenditure, borrowing or lending of money or the acquisition or disposal of any property or rights) which is calculated to facilitate, or is conducive or incidental to, the discharge of any of their functions. Therefore, the Council is acting within its powers by agreeing to the surrender of the existing lease.
- 9.2. Local authorities are given powers under section 123 of The Government Act 1972 to dispose of land in any manner they wish, including the sale of their freehold interest, granting a lease or assigning any unexpired term on a lease, and the granting of easements.

- 9.3. In accordance with the constitution at 14.6.7 the Director for Enterprise holds the following delegated powers: The Director shall exercise the following functions powers and duties except those reserved to Council, Cabinet or a Committee in relation to: agreeing terms for and accepting the surrender of leases.

10. FINANCIAL IMPLICATIONS

- 10.1. The Council's budget for property costs for the car park (for 2025/26) is now £92k. That includes rent, rates, energy, BID levy, security and regular maintenance (£10k). Property compliance costs are met from a separate budget and these totals another £6k. Overall costs are therefore around £98k per year.
- 10.2. Income from car park ticket sales is forecast this year (2025/26) at £105k, net of VAT. There are also costs associated with the collection of that income, which are cash collection (around £5k), bank Charges (£1k) and pay by phone fees (£5k). Net income is therefore around £94k.
- 10.3. The cleaning of the car park is undertaken by a contractor, officers are currently agreeing the cost saving for this. Overall (with this included) there would a net revenue saving from surrendering the lease (amount TBC).
- 10.4. Property Services have estimated the additional revenue and capital costs associated with retaining the car park. These are irregular costs, and include costs identified in the latest dilapidations report, likely dilapidations costs at the end of the lease (2037), deck surface repairs, lift refurbishment and replacement lighting, Over the period (up to 2037) these could total £3.4 million, including provisions for inflation.
- 10.5. The negotiations with Martin Group mean that the Council will not incur any costs for use of parking provision or storage until April 2028. The use of the District Council Offices (DCO) from April 2028 onwards could be affected by the Local Government Reorganisation (LGR) process. Some of the savings from LGR are assumed to be as a result of property rationalisation. That could mean a reduced need for the DCO building, or the building is used closer to capacity, and it could mean that users of the building are more reliant on driving to get there. The Martin Group have offered a discount of 20% for the 2 years after April 2028. Based on current season ticket prices, the cost of 100 spaces (with estimated inflation and a 20% discount) would be around £63k in 2028/29 and £64k in 2029/30. The costs from 2030/31 onwards (without a 20% discount) would be estimated to start at £82k and increase to £92k by 2036/37. On that basis the total over the 9-year period would be £734k. These costs could be mitigated by use of alternative parking provision that the Council controls. They would also be netted off by the annual revenue saving detailed above. Therefore, the potential 9 year net cost would then reduce to around £TBCk (with inflation applied to the revenue savings).
- 10.6. There are potential one-off costs of removing existing parking machines and EV charging equipment. However, the requirement to do this (or not) will be dependent on the precise terms of any lease surrender and / or any associated transitional arrangements that might be agreed to allow Martin Group to make and install alternate arrangements. The pay machines are relatively new and there could be an opportunity to recoup costs by retaining these to replace or supplement any machines elsewhere in the District (i.e.

mitigating future acquisition, maintenance or replacement costs) or investigating their re-sale.

- 10.7. Some of the costs of the maintenance of the car park (if it is retained by the Council) could be capitalised. This would apply to costs that enhance or improve the car park (e.g. improved lighting or substantial deck works that extend the life). Capital costs can be spread over a longer period but do still form a cost to the taxpayer. The period that costs can be spread over may be limited to the remaining lease period as that is the period that the Council gets a benefit from owning the car park.

11. RISK IMPLICATIONS

- 11.1. Good Risk Management supports and enhances the decision-making process, increasing the likelihood of the Council meeting its objectives and enabling it to respond quickly and effectively to change. When taking decisions, risks and opportunities must be considered.
- 11.2. The financial risk to the Council depends on the required use of car parking spaces beyond 2028, either by the Council (or subsequent Unitary Authority) or a future tenant/user of the building. The value of the building (either capital or revenue) could be affected by whether it has access to parking.
- 11.3. Initially there were concerns raised by councillors with regards the impact on the economic vitality of the town centre, however, these concerns have been addressed by the proposals put forward by the Martin Group. It should be noted though, that the success of proposed mitigating measures will be dependent on their ongoing implementation by the Martin Group.

12. EQUALITIES IMPLICATIONS

- 12.1. In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 12.2. There has not been an Equalities Impact Assessment carried out, as surrendering the lease has no equalities implications.

13. SOCIAL VALUE IMPLICATIONS

- 13.1. The Social Value Act and “go local” requirements do not apply to this report.

14. ENVIRONMENTAL IMPLICATIONS

- 14.1. There are no known Environmental impacts or requirements that apply to this report.

15. HUMAN RESOURCE IMPLICATIONS

- 15.1. There are no known Human Resource implications that apply to this report.

16. APPENDICES

16.1 None

17. CONTACT OFFICERS

17.1 Steve Crowley, Director – Enterprise steve.crowley@north-herts.gov.uk; ext 4211

17.2 Philip Doggett, Principal Estates Surveyor philip.doggett@north-herts.gov.uk; ext 4141

17.3 Ian Couper, Director – Resources ian.couper@north-herts.gov.uk; ext 4243

17.4 Nigel Smith, Director – Place nigel.smith@north-herts.gov.uk; ext 4847

17.5 Natasha Jindal, Legal Team Manager Natasha.Jindal@north-herts.gov.uk; ext 4430

17.6 Tim Everitt, Performance and Risk Officer Tim.everitt@north-herts.gov.uk; ext 4646

17.7 Reuben Ayavoo, Policy & Community Manager Reuben.ayavoo@north-herts.gov.uk; ext 4212

18. BACKGROUND PAPERS

18.1 None