

**SURREY COUNTY COUNCIL****STRATEGIC INVESTMENT BOARD****DATE: 25 JUNE 2019****REPORT OF: MR TIM OLIVER, LEADER OF THE COUNCIL****LEAD OFFICER: LEIGH WHITEHOUSE, EXECUTIVE DIRECTOR OF RESOURCES****COMMUNITY COUNCIL****VISION****OUTCOME:****SUBJECT: RANGER HOUSE, STATION APPROACH, GUILDFORD****SUMMARY OF ISSUE:**

Guildford Station is set to be redeveloped by Network Rail (NRIL).

Ranger House currently has the benefit of 71 spaces in the Station Car Park. Under the terms of the lease if NRIL requires this area as part of the redevelopment, it is only obliged to provide 48 spaces in an alternate location.

Surrey County Council (SCC) would then need to source 23 parking spaces in the local vicinity, in order to meet its lease obligations to the tenants of Ranger House.

Separately, it has become apparent that the proposed NRIL development plans encroach on a protected Station Piazza area in front of Ranger House.

SCC have reached agreement whereby it will amend the Station Piazza covenant to allow this building encroachment, in favour of retaining the full allocation of 71 car parking spaces on the same terms as the current lease.

**RECOMMENDATIONS:**

It is recommended that:

1. Approval is given to the agreement with NRIL, under which SCC will vary the Station Piazza covenant and receive the benefit of 71 parking spaces on the same terms as the current lease.
2. Solicitors document the agreement, with SCC's legal costs being covered by NRIL.

**REASON FOR RECOMMENDATIONS:**

Taking into account the extent of the wider Station redevelopment, the additional effect to Ranger House of NRIL building on the encroached Station Piazza area is not deemed significant.

In the short term the agreement avoids SCC having to lease 23 spaces at an alternate location in order to satisfy tenant lease obligations. In the medium/long term SCC will benefit from the full allocation of 71 spaces within the Station Multi-Storey Car Park. This will have meaningful value to Ranger House.

## **DETAILS:**

### **Background**

1. Ranger House, Guildford is a multi-let office building located adjacent to Guildford Railway Station. It was purchased by SCC in 2013.
2. There is a Car Park Lease dated 1990 between SCC and Network Rail Infrastructure Limited (NRIL) under which 71 spaces in the wider Station Car Park are leased to SCC at a peppercorn rent for a term of term of 999 years.
3. All 71 spaces are let to the tenants of Ranger House under the terms of their occupational leases.

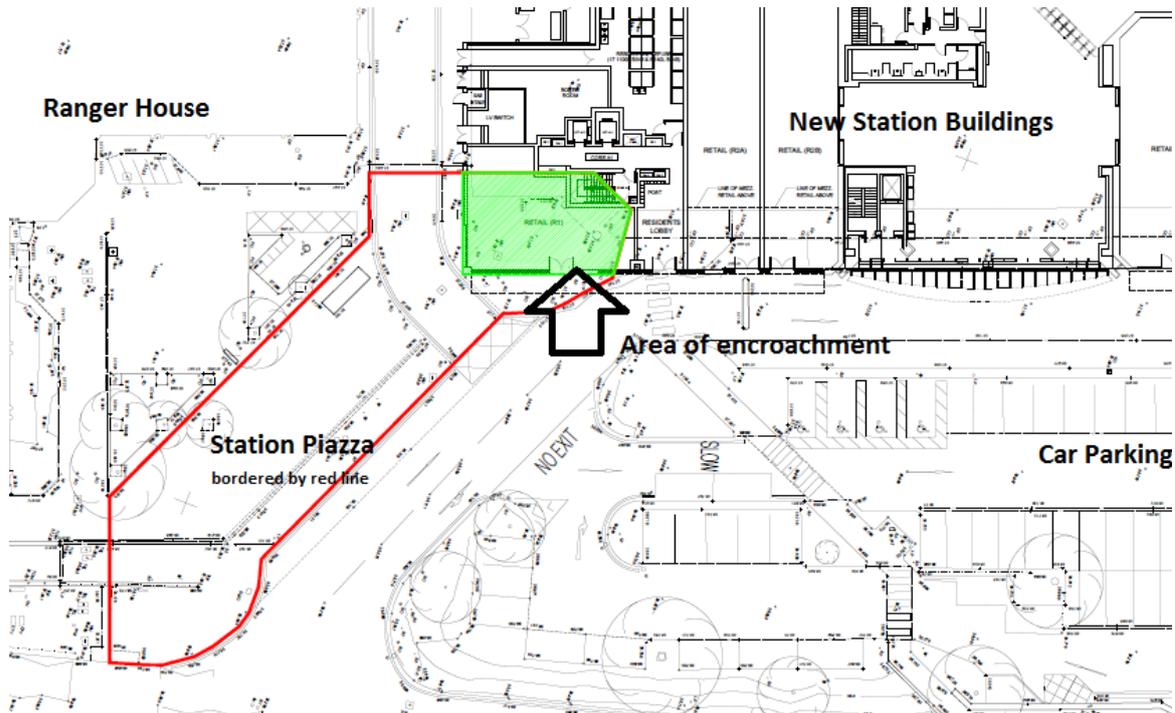
### **Guildford Station Redevelopment and Car Parking**

4. NRIL will commence the large scale redevelopment of Guildford Railway Station in the coming months. The scheme will deliver a new station building, 438 new homes, office space and a station plaza containing retail and public realm.
5. As part of the development, NRIL require the land upon which SCC's Car Parking spaces are currently located.
6. The wording of the Car Park Lease allows that in this situation, NRIL are to provide suitable alternate accommodation for just 48 car parking spaces. They are not obliged to provide the full 71 spaces and SCC would in effect lose use of 23 car parking spaces.
7. In order to meet the lease obligations to the tenants of Ranger House, SCC would be required to source and lease 23 alternate car parking spaces in the local vicinity. SCC were aware of this risk on purchase of Ranger House.
8. An initial search has found that spaces in the nearby Farnham Road Multi Story Car Park can be leased at a cost of £1,964 per annum, which would be a total liability to SCC in the region of £40,000 (on the assumption that a reduced rate could be achieved for this number of spaces).

### **Station Piazza Covenant**

9. A Station Piazza covenant exists between the owners of Ranger House and NRIL, which is designed to protect the area leading to the station and in front of Ranger House from being built upon.
10. It has recently come to light that NRIL's current development plans encroach over a small element of this protected Station Piazza (as shown on below Plan). To avoid being in breach of this covenant NRIL would either have to scale back this part of their building or reach agreement with SCC for the covenant to be amended.
11. Legal advice from DJB is that SCC can resist an application to amend the covenant and prevent NRIL from building on this area. However, NRIL would have the option of taking the matter to Lands Tribunal at which they could potentially make a successful argument for the covenant to be modified or discharged.

12. Based on this legal advice, it can be considered that SCC have the opportunity to benefit from the situation, but it is not an outright ransom strip.



#### **Agreement with NRIL**

13. In return for varying the Station Piazza covenant and allowing the building encroachment, NRIL offered to provide SCC with the full 71 car parking spaces within the wider station site up until 2023, when the Station development will complete and a number of SCC's occupational leases expire. After 2023 the allocation of parking spaces to Ranger House would again reduce to 48.
14. Although SCC would not have to source addition parking spaces in the short term, it was felt that this did not reflect the level of benefit that NRIL would receive from the situation.
15. Agreement has subsequently been reached with NRIL whereby Ranger House will continue to have the full 71 parking spaces, on the same terms as the original lease (980 years remaining) in return for SCC amending the Station Piazza clause to allow the building encroachment.
16. The 71 spaces will be provided in the current car park, close to Ranger House whilst the works are undertaken. On completion, the spaces will be provided in the newly constructed Station Multi-Story Car Park.
17. The agreement with NRIL is recommended for approval.

#### **Contact Officer:**

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#### **Annexes:**

NA

**Sources/background papers:**