

**HUNTINGDONSHIRE DISTRICT COUNCIL**

<b>Title/Subject Matter:</b>	Review of Fees and Charges – Car Parks
<b>Meeting/Date:</b>	Overview & Scrutiny (Economy & Growth) – 6 October 2016 Cabinet – 20 October 2016
<b>Executive Portfolio:</b>	Councillor Darren Tysoe – Executive Councillor for Operational Resources
<b>Report by:</b>	Beth Gordon – Operations Manager (Commercial Services)
<b>Ward(s) affected:</b>	All

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**Executive Summary:**

The Council set and maintained its existing car park charges for three years ago following a review and increase on 1<sup>st</sup> April 2013.

The Council has already agreed to achieve an additional £250,000 in income from off street car park charges by 2020 through the Council's 2015/16 Zero Based Budgeting (ZBB) process. This required a review of car park charges in advance of a strategic review of car parking in 2017. The strategic review of car park charges has delayed the implementation of new charges by one year but proposes a single increase next year to achieve the budgetary requirements of the Medium Term Financial Strategy.

The strategic review will include an assessment of current car parking provision, use and future needs with a focus on:

- customer identified priorities
- value for money
- supporting our vibrant market towns
- future business, retail and housing growth

and possible investment in technology to improve:

- how car park charges are paid
- how our car parks are managed

This year's review of car park charges included:

- Analysis of 12 alternative models of charging.
- Car park designation by primary use.
- A review of charges to enable retail designated car parks to offer a reduction in charged hours.
- A review of charges to support recreational use of the parks adjacent to Riverside car parks in Huntingdon and St Neots.
- A review of current charges against those in comparator authorities to ensure value for money.

The revised fees and charges will ensure that the Council can:

- Plan to keep pay and display parking charges fixed for the next 3 years.
- Offer value for money and consistency across St Ives, St Neots and Huntingdon when compared with similar authorities whilst meeting the Council's pressures on funding.
- Encourage leisure use of our open spaces by the introduction of a free first hour in the Riverside car parks.
- Stimulate the local economy in our towns through a free parking period on Saturday after 3:00pm in retail designated car parks.

**Recommendation:**

That the Cabinet approve formal consultation be undertaken on the proposed fees and charges detailed in Section 10.2, Table 5.

**1. WHAT IS THIS REPORT ABOUT/PURPOSE?**

1.1 This report provides a summary of the review of car park fees and charges and the proposals necessary to achieve £250,000 of additional car park income. This is required through the Zero Based Budgeting proposals agreed by the Council in 2015/16.

**2. WHY IS THIS REPORT NECESSARY/BACKGROUND**

2.1 Car park charges were last reviewed three years ago, with the last increase in implemented on 1 April 2013. Charges are out of line with comparators within the Council's family of authorities as identified by the Chartered Institute of Public Finance and Accountancy (CIPFA) listed below:

**Table 1: Summary of Comparator Fees & Charges**

	<b>1<sup>st</sup> Hour</b>	<b>2<sup>nd</sup> Hour</b>	<b>3<sup>rd</sup> Hour</b>	<b>4<sup>th</sup> Hour</b>	<b>Daily</b>
<b>Maidstone</b>	£0.90		£2.00	£3.00	£6.00
<b>Basingstoke and Deane</b>	£1.00	£1.80	£2.20	£2.50	£5.80
<b>Aylesbury Vale</b>	£1.50	£2.00	£2.50	£4.00	£8.00
<b>Colchester</b>	£1.95	£2.70	£3.30	£3.50	£6.10
<b>Braintree</b>	£0.90	£1.80	£2.50	£3.00	£4.75
<b>Chelmsford</b>	£1.20	£2.20	£2.90	£4.50	£6.00
<b>Test Valley</b>	£0.90	£1.50	£2.00	£2.60	£5.15
<b>Stafford</b>	£0.75	£1.50	£2.40	£3.00	£8.00
<b>Ashford</b>	£0.90	£1.60	£2.40	£3.20	£4.50
<b>South Kesteven</b>	£0.80	£1.30	£1.80	£3.00	£4.00
<b>Average</b>	<b>£1.08</b>	<b>£1.82</b>	<b>£2.40</b>	<b>£3.23</b>	<b>£5.83</b>
<b>HDC Range</b>	<b>£0.40 - £0.80</b>	<b>£0.60 - £1.20</b>	<b>£0.90 - £2.20</b>	<b>£1.20 - £3.20</b>	<b>£3.00</b>

2.2 Within the ZBB process the Council agreed to achieve an additional increase of £250,000 in car parking income. This was profiled as below:

**Table 2: Agreed Zero Based Budget Increases**

Year	2016/17	2017/18	2018/2019	2019/2020
Agreed ZBB cash increase from car park charges	£110,000	£40,000	0	£100,000

On a cumulative basis between 2016 and 2020 this undertaking would have generated £660,000 of additional income.

2.3 As a consequence of the strategic review of parking charges the increase in income planned from 1 April 2016 has been delayed, and will not be achieved in 2016/17. The current position is a budget deficit in expected income from car parking of £110,000

2.3 Whilst the Council has had to press ahead with a review of fees and charges within its car parks to meet budgetary requirements, the Council is committed to undertaking a strategic review of car parking in 2017/18.

2.4 The strategic review will include an assessment of current car parking provision, use and future needs with a focus on:

- customer identified priorities
- value for money
- supporting our vibrant market towns
- future business, retail and housing growth

And possible investment in technology to improve:

- how car park charges are paid
- how our car parks are managed

### 3. OPTIONS CONSIDERED/ANALYSIS

3.1 The Leader and Executive Councillor for Operational Resources gave specific direction for the review of fees and charges:

- a) The fees and charges proposals must include for a clearer definition of car parks (Retail – short stay, Commuter/Worker – long stay and Recreational) that is readily understandable to customer. These are set out in Appendix A.
- b) The proposed fees and charges must be consistent with the comparator local authorities and at the lower end of the fees and charges levied.
- c) Increases to fees and charges shall not be disproportionately in favour of income generation over the interests of retailers and businesses in the District.
- d) Fees and charges must be supportive to people wishing to undertake recreational activities in Riverside Park in Huntingdon and Riverside Park in St Neots.

- e) The proposed fees and charges must be the only increases planned for the next three years.
- f) The proposed fees and charges should also help support through the additional income upgrades to car parks to improve the quality of service offered to customers.

3.2 An options appraisal report was considered by the Leader and Executive Councillor on 2 June 2016 that included:

- a) The comparison of charges levied by other local authorities in HDC's CIPFA benchmark group to provide the reference point for the review of HDC fees and charges.
- b) Twelve detailed options for increases to fees and charges were presented reflecting the market comparators; in order to be able to understand the possible increase achievable through a change to the current fees and charges. The twelve options modelled the impact of different price increases to different time period of parking.
- c) The preferred option was Option 12 in the report that included a differential increase in fees and charges for short stay parking (£0.20) and long stay (£0.30); with a flat rate of £1.00 for long stay parking because it delivered the additional income required by the ZBB programme and evidenced to offer value for money against the comparator fees and charges.
- d) The direction for the next iteration of the preferred option was for the re-designation of car parks against their predominant use; retail, commuter/worker and recreational to provide greater clarity on the pricing structure of the Council's car parks.

3.3 The revised Preferred Option (Option 12) was considered by the Leader and Executive Councillor on 26 July 2016. This included the re-designation of the car parks and the following additional proposals:

- a) Reduced charged hours on all car parks across the District on Saturdays, with no charges after 15:00 hours to directly support retailers and businesses. This being a significant extension of the free parking offer after 15:00 hours available in December each year. This results in £103,400 reduction in annual income. An option to extend a free after 4:00pm offer every day was unaffordable, resulting in a reduction in income of £274,000.
- b) A 'zero' charge to be introduced for the initial hour of parking at the Riverside Car Parks in Huntingdon and St Neots, specifically to promote recreational use of the adjacent parks. This results in a reduction in income of £27,600.

3.4 The annual charges for parking permits will need to be increased in line with the proposed increases in fees and charges. This is detailed below.

**Table 3: Proposed Parking Permit Charges**

<b>Proposed Daily Fees &amp; Charges</b>	<b>Current Season Charges *1</b>	<b>Current Resident Season Charges *1</b>	<b>Proposed Season Charges</b>	<b>Proposed Resident Season Charges</b>
Average Daily Payment - £3.30	Average Daily Payment - £0.96	Average Daily Payment - £0.32	Average Daily Payment - £1.27	Average Daily Payment - £0.42
Average Weekly Payment - £19.80	Average Weekly Payment - £5.57	Average Weekly Payment - £1.92	Average Weekly Payment - £7.62	Average Weekly Payment - £2.54
Average Annual Payment – £1,030	Average Annual Payment – £300	Average Annual Payment – £100	Average Annual Payment – £400	Average Annual Payment – £130
<b>% Saving (proposed season tick charge/average annual payment )</b>			<b>61%</b>	<b>87%</b>
*1 = 50% discount is currently given on the annual charges for cars with a LE 50% rating.				

3.5 Season Ticket charges were last reviewed in 2012 as part of the Car Parking Review and they offer a substantial discount, providing excellent value for money for the customer. The proposed increases in the annual charges represent 39% for season ticket and 13% for resident season tickets which seem high but against daily payments they will still offer excellent value for money to the customer. However it is recommended that they should not be frozen as recommended for general fees and charges but subject to an annual incremental increase to further close the large gap that exists with daily charges while still offering substantial discounts.

#### **4. COMMENTS OF OVERVIEW & SCRUTINY PANEL**

4.1 The Panel were informed that the Executive Councillor for Operational Resources had considered twelve options for fees and charges but were only presented with option 12. Members would have preferred to view all the options considered by the Executive Councillor when scrutinising the report.

4.2 Members dismissed the Executive Councillor's explanation that even with an increase the Council's car park fees represent good value when compared with those in Peterborough and Cambridge. This is because Members recognise that people who pay a little extra and go to Peterborough and Cambridge will still continue to do so as there is a greater range of retail and recreational outlets than there is in the District's market towns. The Panel agreed that there is more to gain by comparing fees with similar local authorities. The Executive Councillor highlighted the comparison to the Chartered Institute of Public Finance and Accountancy near neighbours, whose profiles are closely matched to Huntingdonshire, and the value compared to their current charges.

4.3 Members also dismissed the justification that it is acceptable to increase season tickets as the season tickets for the train station car park and the car park opposite the train station are much more expensive. Members noted there is no evidence to

support the assumption that all or a significant proportion of the District Council's season ticket holders are daily train users. The panel were reminded of the value of season tickets and the low cost of residential permits for car parks.

- 4.4 The Panel were surprised to be told that the report only considered car park fees singularly and not as part of an overall parking strategy. The report does not consider potential displacement as a result of an increase in car park fees and Members were equally surprised to be told that no modelling has taken place in respect to a decrease in car park usage and how that would affect revenue.
- 4.5 Surprise was expressed by Members that the Executive Councillor or Officers did not know how many spare spaces there currently are the car parks at certain times of day as the expectation is that the Council has all the relevant information before any modelling takes place and before the recommendation of free parking after 3pm on a Saturday is advanced.
- 4.6 A Member thought that it would be useful to include a mention to blue badge holders even if it is just to say that there are no plans to introduce charging for blue badge holders.
- 4.7 The Panel agreed that they were disappointed with the report and that they would prefer to scrutinise the whole process including all the options.
- 4.8 The Panel recommends that a task and finish group is convened to review car park fees as part of an overall parking strategy and that the consultation is postponed until the group has completed its work.

## 5. KEY IMPACTS/RISKS?

- 5.1 The proposed implementation timetable may be affected by the outcome of the formal consultation required to implement the proposed changes.
- 5.2 The pay and display machines within the car parks at Riverside Huntingdon and St Neots need upgrading to offer the proposed hour of free parking. The procurement process will need to be managed in-line with the implementation of new charges.

## 6. WHAT ACTIONS WILL BE TAKEN/TIMETABLE FOR IMPLEMENTATION

- 6.1 The proposed timetable for implementation is detailed below:

Activity	Deadline
Overview & Scrutiny for review of the proposed increases to fees and charges.	6/10/16
Cabinet for in principal approval of the proposed increases to fees and charges, (Order, Notice, etc. to be drafted ready for release).	20/10/16
Publishing of Notice in the Hunts Post Notice and consultation with defined organisations.	26/10/16
Consultation period ends.	7/12/16
Subject to the outcome of the consultation Cabinet decision not to hold Inquiry, consider responses, confirm Order	15/12/16 or 19/01/17
2 <sup>nd</sup> Notice published.	21/12/16 or 25/1/17
Consultation period ends and Order comes into force	1/2/17 or 8/3/17

## 7. LINK TO THE CORPORATE PLAN

- 7.2 The proposed changes to fees and charges will support sustainable growth by reducing charged hours on Saturdays to support retailers and businesses and promote recreational use of some parks as part of enabling communities.

## 8. CONSULTATION

- 8.1 Given the proposed change in car park charges, Legal advice has confirmed that a full public consultation, with re-advertisement of the Parking Orders which set out the charges must be undertaken.
- 8.2 The full consultation process will take 4 to 5 months and an implementation in February/March 2017.

## 9. LEGAL IMPLICATIONS

- 9.1 Please see section on consultation.

## 10. RESOURCE IMPLICATIONS

- 10.1 Included in the MTFS was a phased increase in income to 2019/20 of £250k; however the parking charges review has resulted in a one-year delay during 2016/17. The proposal suggests a full implementation of the new charges from 2017/18 onwards. Table 4 below shows that the new charges, applied one-year later results in a marginal £3,000 increase which meets the MTFS requirement.

Table 4: Financial Implications

	2016/17	2017/18	2018/19	2019/20	Total
<b>On an annual budget basis</b>	£	£	£	£	£
Current MTFS	110	40	0	100	<b>250</b>
New Parking Review Profile	0	253	0	0	<b>253</b>
<b>Net Parking Review .v. MTFS</b>	<b>(110)</b>	<b>213</b>	<b>0</b>	<b>(100)</b>	<b>3</b>

By not phasing in the car parking charges as per the MTFS but bringing them in at one time and then holding them for subsequent years, this means that there is a net cash gain to the Council of £99k, as shown in Table 5.

	2016/17	2017/18	2018/19	2019/20	Total
<b>Cumulative (cash) basis</b>	£	£	£	£	£
Current MTFS	110	150	150	250	<b>660</b>
New Parking Review Profile	0	253	253	253	<b>759</b>
<b>Net Parking Review .v.</b>	<b>(110)</b>	<b>103</b>	<b>103</b>	<b>3</b>	<b>99</b>

**MTFS**

The cost of replacement pay and display machines, signage and re-programming is estimated to be £61k (see 10.3 below); this means that this additional cost can be met from the net cash surplus noted in Table 5.

10.2 Table 5 on the next page contains a comparator of the proposed increases to fees and charges against the charges levied by other local authorities in HDC's CIPFA benchmark group and neighbouring local authorities:

**Table 5: Comparator of Proposed Increases to Fees & Charges and to CIPFA Benchmark Group and Neighbouring Local Authorities**

<b>Comparators</b>	<b>0.5 Hr</b>	<b>1 Hr</b>	<b>2 Hrs</b>	<b>3 Hrs</b>	<b>4 Hrs</b>	<b>6 Hrs</b>	<b>10 Hrs</b>	<b>23 Hrs</b>
Average Fees & Charges for CIPFA Benchmarking Group.	N/A	£1.08	£1.82	£2.40	£3.23	N/A	£6.00	N/A
Average Fees & Charges for Neighbouring Authorities.	£0.84	£1.48	£2.67	£3.19	£4.17	N/A	N/A	N/A
Current HDC range of charges		£0.40 to £0.80	£0.60 to £1.20	£0.90 to £2.20	£1.20 to £3.20		£3.00 (All Day)	
<b>Proposed Fees &amp; Charges</b>								
• Short Stay Parking	£0.50	£1.00	£1.40	£2.00 to £2.40 *2	£2.60 to £3.40 *2	N/A	N/A	N/A
• Long Stay Parking	N/A	N/A	N/A	£1.00	£1.50	N/A	£2.30	£3.30
• Recreational Parking	N/A	N/A	£1.00	£1.00	£1.50	N/A	£2.30	£3.30
• Hinchingsbrooke Country Park	N/A	N/A	£1.00	N/A	£1.50	£2.00	N/A	N/A
*2 = Determined by location (proximity to retail outlets) and market demand.								

10.3 There will be the following one off costs associated with the implementation of the revised fees and charges:

- a) **Signage:** The current signage in the car parks will require to be updated in relation to fees and charges that are being introduced at a cost of circa **£5,000**.
- b) **Cost of New Ticket Machines:** To facilitate the proposed fees and charges, upgrades will be required to certain machines to allow users to input vehicle registration number to claim the free 1<sup>st</sup> hour's parking in Riverside St Neots and Riverside Huntingdon. An average cost of £4,700 including civils works has been used based on machines that would fulfil the requirements through the ESPO framework. A total of 11 machines will be required initially for an estimated cost of **£51,700**.

- c) **Cost of Reprogramming Existing Ticket Machines:** Any change to fees and charges will require the current pay and display machines to be reprogrammed. The full costs cannot be confirmed until the full range of changes is confirmed but indicatively it will be a cost of £110 per machine with 51 machines needing to be reprogrammed at a cost of **£5,400**.

10.4 **Total implementation Costs:** Therefore the total cost of implementing the proposed fees and charges increases will be circa **£61,000**.

10.5 A discounted cash flow has not been provided for this project as the increase in charges will fully recover the implementation costs within the first full year of operation.

## 11. OTHER IMPLICATIONS

11.1 There are no other implications arising from this report.

## 12. REASONS FOR THE RECOMMENDED DECISIONS

12.1 A revision of fees and charges is essential in order to meet the budgetary requirements identified within the ZBB process, providing a net increase in the car parking income of £250,000.

## 13. LIST OF APPENDICES INCLUDED

13.1 Appendix A – Car Park Designations

## BACKGROUND PAPERS

None

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