

CABINET
24 November 2014

***PART 1 – PUBLIC DOCUMENT**

AGENDA ITEM No.

7

TITLE OF REPORT: PROPOSED CAR PARKING TARIFF INCREASES

REPORT OF THE STRATEGIC DIRECTOR FOR PLANNING HOUSING & ENTERPRISE
PORTFOLIO HOLDER: COUNCILLOR JULIAN CUNNINGHAM

1. SUMMARY

- 1.1 This report requests that Cabinet agrees the proposed car parking tariff increases in North Hertfordshire District Council's off street car parks in accordance with the Council's inflation policy (for 2014/15 and previous financial years since 2010 where the policy was not applied) as agreed by Full Council on 13th February 2014.
- 1.2 This report sets out the various options that have been considered in seeking to reach the agreed target of £210k and how the tariffs are recommended to be structured, taking into account the economic vitality of the town centres.

2. RECOMMENDATIONS

- 2.1 That Cabinet agrees to adopt the proposed tariff increases for the off street car parks in Hitchin, Letchworth Garden City and Royston as set out in Option B in Appendix 1.
- 2.2 That Cabinet agree that the proposed tariff increases are implemented as soon as possible, and that officers in consultation with the Portfolio Holder for Policy, Transport & Green Issues proceed with the implementation as required.

3. REASONS FOR RECOMMENDATIONS

- 3.1 To increase and implement car parking tariffs in accordance with the Council's inflation policy (for 2014/15 and previous financial years since 2010 where the policy was not applied) as agreed by Full Council on 13th February 2014 in the Council's short and long stay car parks in Hitchin, Letchworth Garden City and Royston.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 A number of alternative options have been considered these are outlined in Sections 7 and 8 of the report.

5. CONSULTATION WITH EXTERNAL ORGANISATIONS AND WARD MEMBERS

- 5.1 All members were given the opportunity to comment on the efficiency and investment proposals at members' budget workshops held on the 6 and 7 November 2013.
- 5.2 As part of considering the tariff options, the Portfolio Holder for Policy, Transport & Green Issues provided details of the proposals to all area chairs and responded to questions raised.
- 5.3 In accordance with Policy 6 of the adopted North Herts Parking Strategy the Hitchin Committee members and town centre manager were consulted on the initial option

(Option A in Appendix 1) that proposed the introduction of evening and Sunday charges into the short stay car parks in Hitchin. This was initially a two week consultation period which was then extended by a further five weeks at the request of the Hitchin Members and the Hitchin Town Centre Initiative representing Hitchin town centre management.

6. FORWARD PLAN

- 6.1 This report contains a recommendation on a key decision that was first notified to the public in the Forward Plan on the 7th October 2014.

7. BACKGROUND

- 7.1 Tariffs for parking in the Council's car parks have not been increased since April 2010. As part of the income generation proposals presented in the Corporate Business Planning Budget – 2014/15 Full Council on 13th February 2014 agreed to increase car park tariffs in the Council's off-street car parks in accordance with the Council's discretionary fees and charges policy. This also included the three previous financial years where the discretionary fees and charges policy had not been applied. This equates to an overall 16.65% inflation increase to be applied to the parking tariffs in 2014/15, which will then be increased by inflation in 2015/16 and thereafter in the coming financial years.

- 7.2 It was agreed by Full Council that tariffs would be reviewed on a car park by car park basis with a view to bringing the parking income overall to the level it would have been had the inflationary increase been applied since 2010.

- 7.3 Officers in consultation with the Portfolio Holder considered a number of options in seeking to meet the requirements of the Council's inflation policy. These were considered in accordance with *Policy 5 – 'Reviewing Tariffs and Season tickets'* of the North Herts adopted Parking Strategy. The initial option that was arrived at and submitted to the Area Chairs is outlined as Option A in Appendix 1. This option included:

- i) Undertaking an assessment of the current usage of the car parks, which established that the highest amount of ticket sales were for short stay duration periods across all the towns. On this basis and in the interests of economic vitality it was considered not to alter the one hour tariff across the majority of car parks within the District;
- ii) Reviewing and harmonising the tariffs across similar car parks within each town where appropriate;
- iii) Proposing an inflation increase of 16.65% across the majority of tariffs within each car park within each town and rounding to the nearest 10p;
- iv) Using the current demand/usage figures for the period 1/10/2012 to 30/09/2013 as the basis for calculating the anticipated revenue;
- v) Proposing to introduce evening and Sunday charging on a trial basis, for 6 months, in the short-stay car parks in Hitchin in order to assist in the offset the retention of the one hour tariff. Hitchin considered as being the more vibrant town centre with a stronger evening economy compared to the other towns. This option resulted in the requirement to consult with Hitchin Area Committee and Hitchin Town Centre Management in accordance with *Policy 6 - 'Charging for Evenings and Sundays'* of the adopted North Herts Parking Strategy.

- vi) Undertaking a benchmarking exercise which demonstrated that NHDC tariffs are in line with nearby towns;
- vii) Not proposing to introduce charging on Bank Holidays;
- viii) Being aware of those BIDs that currently operate 'discount schemes' such as 'free after three' in Royston and over the Christmas period in Hitchin, as they consider appropriate within their towns;
- ix) Understanding any lease and income arrangements with third parties across the car parks;
- x) Not seeking to increase the tariffs in Knebworth and Baldock, given that the short time period these tariffs have been in place, i.e. since 2012.
- xi) Retaining some of the short term charges in Royston and proposing a small reduction in one of the long stay car parks on a trial basis until 31st December 2015 to assess whether this would further assist in promoting economic vibrancy within the town. In line with similar initiatives the Council has reserved the right to recover lost income as a result of these proposals.

7.4 This initial Option A is estimated to result in a shortfall in revenue of approx. 5.8% against the £210k budget target based on current usage figures. It is noted that this shortfall could be absorbed or increased dependent on usage patterns of the car parks through the following financial year.

7.5 The inclusion of Evening, Sunday and Bank Holiday charging was formally consulted on and introduced across the District in the North Hertfordshire District Council (Off Street Parking Places) Order 2011, where the charges were set as free.

Para 5.4 of the recommendations in the delegated officer report which was agreed and signed off by the Chief Executive in April 2013 requested in addition to the implementation of the Order in accordance with the Regulations that the Transport Policy Officer at para (iv) be requested to:

iv) Ensure that any consideration of introducing Sunday, evening and/or Bank/Public Holiday charges in the future is reviewed in line with council's Corporate Business Planning process and in accordance with Policy 6 of the council's adopted Parking Strategy. Where Policy 6 – 'Charging for Evenings and Sundays' - states that any charging reviews would be carried out in consultation with Area Committees and Town Centre Management taking into consideration the demand for such charging and the economic circumstances of town centres at the time.

7.6 In light of iv) of the above recommendation, the Portfolio Holder consulted with Hitchin Committee Members and the Hitchin Town Centre Manager on the proposed Sunday and Evening charges. This resulted in a 7 week consultation period. A number of individual comments were received from businesses, local organisations and residents within the town and from surrounding areas. While some people were totally against the proposal others raised concerns about the impact evening and Sunday charging may have on the economic vitality of the evening economy, the Sunday trade, as well as the possible impact on community and social activities. An online petition was also arranged by Hitchin Forum which stated '*NHDC should not introduce evening and Sunday parking charges in Hitchin until they have fully consulted local residents and businesses*' - there were 2300 signatories. Not all were from the Hitchin area. None of these representations offered alternative options for consideration.

7.7 While all these comments have been noted, Policy 6 of the adopted Parking Strategy refers to consultation with Area Committees, i.e. Members, and Town Centre Management. It is to be noted that all comments received either received an acknowledgement of receipt or were responded to directly by the Portfolio Holder. During this consultation period Hitchin Area Committee held an informal meeting to consider the evening and Sunday charges and Hitchin Initiative (HI) representing Town Centre Management submitted their comments and an alternative option for consideration by the Portfolio Holder. Copies of the Notes from the Informal Meeting of Hitchin Committee held on 13 October 2014 are included in Appendix 2 and an extract from the submission by the HI is included in Appendix 3.

8. ALTERNATIVE PROPOSALS

8.1 Those members present at the informal meeting of the Hitchin Committee agreed not to support the proposed pilot study i.e. the introduction of Sunday and evening charging in Hitchin's short stay car parks and supported the draft proposals for car parking charges proposed by the HI as tabled at the meeting. It was also agreed that a request be made to the Portfolio Holder to extend the consultation period by a further week to enable the HI to complete their own consultation on their proposals and subsequently submit a full report to the Portfolio Holder.

8.2 The HI proposals with supporting justification are set out in their submission to the Portfolio Holder. An extract of their summary and alternative plan is attached at Appendix 3. While they do not support the proposal for the introduction of Sunday and evening charging, they accept that NHDC has a responsibility to manage their car parking and that the decision had already been taken to increase parking fees in line with inflation and agreed that this equates to 16.6% (RPI) since 2010. As a means of seeking to meet the Portfolio Holder's aspirations to increase car parking revenue in Hitchin they propose the following as an alternative without the need to introduce Sunday and evening car parking charges in Hitchin:

- The freezing of the one hour charging is welcomed
- The majority of their proposals raises daytime charges rounded up or down to whole £'s or 50p's,
- Simplifying the charging regime in the short-stay car parks to £1 for one hour, £2 for two hours, £3 for three hours and £4 for four hours.
- They do not support the NHDC Option A proposal of £5 tariff for four hours in short stay car parks as they consider that if people choose to stay for the day they should be positively encouraged.
- Proposing to reduce the tariffs in the Lairage multi-storey car park to below the current tariff structure, as they consider its usage to be exceptionally low and consider that by lowering the 2, 3 and 3+ hour tariffs could make it more competitive and encourage increased usage. They state that Hitchin BID has offered to match fund NHDC to a max of £3k to provide better signage and lining for the car park.
- Proposing to increase the 2 and 3 hour tariffs in the other long stay car parks to £2 for two hours and £2.50 for three hours.

8.3 Other comments were made, but not included in their proposed figures, were with regard to the Woodside car park having a max 6 hour stay to encourage shoppers but not commuters, and also to see the Lairage open 24/7.

- 8.4 The HI also advise that their alternative plan has been consulted on widely and has the backing of, Hitchin Initiative Steering Group, Hitchin BID Steering Group, Hitchin Area Committee and Hitchin Forum. They also reached a number of clubs, societies and individual residents and businesses. They launched a 1 week survey which they promoted widely through social media, and received 1020 responses of which 97.94% voted in support of the HI alternative plan (See Appendix 3).
- 8.5 Careful consideration has been given to the HI alternative plan and to the comments received through the consultation period, and it is suggested that parts of the HI alternative plan be considered and taken forward as part of the proposed tariff structure to be agreed by Cabinet. The proposed tariff increase structure for consideration is presented as Option B in Appendix 1. The same principles as applied in the initial proposal listed at paragraph 7.3 are retained, with the exception of point v) which refers to Sunday/Evening charging.
- 8.6 Given that there was very little support for the introduction of Sunday and evening charging and as this was essentially a catch up proposal, it is proposed not to proceed with this option at this time given that the alternative proposals as suggested in the HTCI plan yield close to the required income figure for 2014/15. The Hitchin tariffs now include:
- The HI proposals for 2 and 3 hours in the short stay car parks, but with a £4.50 charge for 4 hours as opposed to the suggested HI £4 charge and the NHDC proposed £5 charge. It is considered that there needs to be some disincentive for people parking long-term in short term car parks. Turn over needs to be encouraged and people wishing to stay more than 4 hours are encouraged to use the long stay car parks.
 - The HI proposals for increasing the 2 and 3 hour tariffs in the long stay car parks of Bancroft and Woodside.
- 8.7 These proposals will allow the Council to trial the HI theory of reducing the tariffs for the Lairage car park to see if this will encourage increased usage. It is therefore suggested that the tariff structure will be £1 for one hour, £1 for two hours, £2 for three hours and £4 for 3+ hours. This will be on a trial basis until 31st December 2015 until the Council undertakes a full car parking tariff review in 2016.
- 8.8 These revised proposals for Hitchin do not incorporate any change in the number of tickets sold, as per the initial proposals, and are estimated to result in a marginal increase in the shortfall of approx. 6.8% against the £210K budget target, compared to the 5.8% estimate for the initial proposals.
- 8.9 The proposed increases for Letchworth Garden City and Royston as set out in the initial proposal for 2014/15 remain unchanged. These initial proposals do not include tariff increases in Baldock and Knebworth and will remain unaltered for 2014/15, when all car parks will be reviewed as part of the Council's Inflation Policy.

9. LEGAL IMPLICATIONS

- 9.1 The Council's Constitution sets out at 5.6.30 that it is for Cabinet to determine charges for car parking.
- 9.2 The proposed tariff changes will be required to be published as a Notice of Variation to the North Hertfordshire District Council (Off-Street Parking Places) Order 2014 in the local papers under section 35C of the Road Traffic Regulation Act 1984 and in compliance with Section 25 of part V of the Local Authorities' Traffic Order (Procedure) (England and Wales) Regulations 1996. Such Notice of Variation will give a minimum

of 3 weeks notice of when the new parking tariffs will be implemented. Site notices will be displayed in all affected car parks.

10. FINANCIAL IMPLICATIONS

- 10.1 The cost of publishing the notices advertising the increased car parking tariffs in the local press, new tariff boards and adjustments to the car park payment machines will be covered by existing budgets.
- 10.2 The Council's policy with regard to discretionary fees and charges is that an inflationary increase equivalent to RPI at November should be applied annually to tariffs. This policy was not applied to parking tariffs in setting the budget for financial years 2011/12, 2012/13 and 2013/14. The income generation proposal approved as part of the budget for 14/15 was to bring parking charge income overall to the level it would have been had the inflationary increases been applied to the tariff structure in the three prior financial years. The catch up rate of 13.45% applied to the 2013/14 parking income budget of £1,259,750 was calculated by compounding the RPI figures for November 2010 (4.7%), November 2011 (5.2%) and November 2012 (3.0%). A separate income generation proposal to review tariffs to achieve an income increase equivalent to inflation for 2014/15 only (November 2013 RPI) was also approved by Full Council. The 16.65% figure referred to in this report is therefore the aggregate total of the two income proposals.
- 10.3 It was anticipated at the time that the 2014/15 budget was presented to members for approval that a revised tariff structure would be in operation by the start of the second quarter of the financial year. The additional income target for 14/15 was set at £157k accordingly, with the full year target of £210k incorporated from 2015/16 onwards.
- 10.4 The revenue budget monitoring report for quarter one 2014/15 presented to cabinet requested approval to reduce the parking income target for 2014/15 by £18,720 due to the delay in the implementation of the new tariff structure. The £18,720 shortfall was calculated on the basis that a new structure would be in place by October 2014. Subsequent delay in implementation is likely to result in a further reduction in anticipated parking income for 2014/15 being reported corporately.
- 10.5 It should be noted that the impact of the delay in implementation of the new tariff structure has been partially mitigated by a general increase in parking activity in the current financial year relative to recent years, including the 12 month period from which parking usage was analysed and the estimates in this report have been derived. While the impact of the new tariffs proposed on parking demand remains to be seen, the increase generally in parking activity reduces the risk that the estimates of additional income included in this report will not be achieved.

11. RISK IMPLICATIONS

- 11.1 The risks to car parking income have been identified and include the impact of the 2014/15 tariff review. There is also a financial risk that the review of tariff structure does not produce as much income as would be generated from a flat inflationary increase across all tariffs.

12. EQUALITIES IMPLICATIONS

- 12.1 The Equality Act 2010 came into force on the 1st October 2010, a major piece of legislation. The Act also created a new Public Sector Equality Duty, which came into force on the 5th April 2011. There is a General duty, described in 12.2, that public bodies must meet, underpinned by more specific duties which are designed to help meet them.

12.2 In line with the Public Sector Equality Duty, public bodies must, in the exercise of its 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.

12.3 There are not considered to be any direct equality issues arising from this report.

13. SOCIAL VALUE IMPLICATIONS

13.1 As the recommendations made in this report do not constitute a public service contract, the measurement of 'social value' as required by the Public Services (Social Value) Act 2012 need not be applied, although equalities implications and opportunities are identified in section 12.

14. HUMAN RESOURCE IMPLICATIONS

14.1 There are no new human resource implications arising from the contents of this report other than what is required to implement the new tariffs.

15. CONTACT OFFICERS

Report author

15.1 Louise Symes, Strategic Planning and Projects Manager
01462 474359 louise.symes@north-herts.gov.uk

Contributors

15.2 Ian Fullstone, Head of Development and Building Control, 01462 474480
ian.fullstone@north-herts.gov.uk

15.3 Antonio Ciampa, Group Accountant-Customer Services, 01462 474566
antonio.ciampa@north-herts.gov.uk

15.4 Steve Crowley, Contracts & Project Manager, 01462 474211
steve.crowley@north-herts.gov.uk

15.5 Fiona Timms, Risk Manager, 01462 474251, fiona.timms@north-herts.gov.uk

15.6 Anthony Roche, Acting Corporate Legal Manager & Monitoring Officer, 01462 474588
anthony.roche@north-herts.gov.uk

15.7 Kerry Shorrocks, Corporate Human Resources Manager, 01462 474224
kerry.shorrocks@north-herts.gov.uk

15.8 Liz Green, Head of Policy and Community Services, 01462 474230
liz.green@north-herts.gov.uk

16. APPENDICES

16.1 Appendix 1: NHDC Proposed Car Parking Tariff Structure for 2014/15.

16.2 Appendix 2: Notes of the Informal Meeting of Hitchin Committee: 13 October 2014.

16.3 Appendix 3: Extract from Hitchin Initiative Response to NHDC Car Parking Charge Proposals October 2014 and the Hitchin Initiative Alternative Proposals: Submitted 24 October 2014.

17. BACKGROUND PAPERS

- 17.1 28th January 2014 Cabinet Report: Corporate Business Planning – Budget 2014/15.
- 17.2 North Herts Adopted Parking Strategy 2009 – 2019 updated August 2012.
- 17.3 The North Hertfordshire District Council (Off Street Parking Places) Order 2011 (Ref: *Off St/2011/01*) *Delegated Officer Approval Report 10 April 2013*.
- 17.4 Hitchin Initiative Response to NHDC Car Parking Proposals October 2014 and the Hitchin Initiative Alternative Proposals. Submitted 24 October 2014.