

TITLE OF REPORT: PARKING INCOME**REPORT OF THE HEAD OF FINANCE, PERFORMANCE & ASSET MANAGEMENT****1. SUMMARY**

- 1.1 At the Finance, Audit and Risk Committee meeting on 13th June 2015, Members requested that a report be brought to Committee detailing income in relation to on-street parking, off-street parking and residents permits.

2. RECOMMENDATION

- 2.1 That this report be noted.

3. REASONS FOR RECOMMENDATIONS

- 3.1 As requested by Members, to inform the Finance, Audit & Risk Committee of the issue outlined in 1.1.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 None.

5. CONSULTATION WITH EXTERNAL ORGANISATIONS AND WARD MEMBERS

- 5.1 None

6. FORWARD PLAN

- 6.1 This report does not contain a recommendation on a key decision and has not been referred to in the Forward Plan.

7. BACKGROUND

- 7.1 The council operates 24 car parks across the District. They are located in Baldock (1), Hitchin (11), Knebworth (1), Letchworth (5) and Royston (6). There are a number of residents parking zones around the district, where all on-street parking is controlled and residents can purchase a permit to park. On-street parking in other areas will also be limited, either by who can park there or duration of stay. There is no chargeable on-street parking, so all income relates to Penalty Charge Notices (PCNs).

- 7.2 The costs of parking fall in to the following categories:

- Direct costs- these are costs that directly relate to the provision of a particular type of parking and in some cases can be broken down to an individual location. This includes rates and utility costs for car parks, and maintenance of signage for off-street parking.
- Allocated costs- these are costs that relate to parking, but are allocated to a particular type of parking. For example, ensuring compliance with parking

regulations is done by the same staff for on-street and car parks, so is allocated between the two.

- Apportioned overheads- these costs reflect that the parking service does not operate in isolation and is supported by Senior Management and Support Services (e.g. legal, finance, property, HR and IT).
- Capital costs- these will currently only apply to car parks. They include the value of the car park itself, as well as the cost of capital works to improve the car park or extend its life. Depreciation tries to reflect the value of the asset that is used up each year.

7.3 This report focuses on the direct and allocated costs of parking, as these can be reliably reported and are not subjective. This gives the **operational** cost or surplus from delivering a service.

7.4 We are currently required to apportion overheads to all services for the purposes of financial reporting. The aim of this is to demonstrate the full cost of a service, but there is a balance between the accuracy of such estimates and the officer time taken to do them. There are also certain costs that are not apportioned as part of this that would be included in a full cost appraisal.

7.5 The capital investment in car parks varies by year. There was just over £300k spent in 2015/16 and there is forecast to be over £800k spent in 2016/17. The majority of this spend is on improvements to our two multi-storey car parks. For our surface (non multi-storey) car parks, most of their value in the land that they are on, which tends not to depreciate in value. The estimated capital value of the car parks is around £7.6million.

7.6 This report does not look at parking policy.

8. OFF-STREET PARKING (CAR PARKS)

8.1 Table 1 below shows the income by year for off-street car parks. This includes income from machines, season tickets, PCNs, mobile phone payments (PayGo) and other sources. Table 2 below shows the 2015/16 income broken down in to the various income types.

Table 1 - Car park income by year

Year	Income (£k)
2011/12	1,614
2012/13	1,632
2013/14	1,711
2014/15	1,919
2015/16	2,091

Table 2 - 2015/16 Car park income by source

Income source	Income (£k)
Machine payments	1,522
Season Tickets	240
PCN	179
RingGo (mobile phone payments)	129
Free parking schemes	12
Other	9
Total	2,091

8.2 Table 3 below shows the income for 2015/16 by car park. The difference between table 1 is that table 3 excludes income from season tickets, free parking schemes and other. The remaining small difference is that we are able to reclaim VAT on parking overpayments, which has not been allocated to each car park. There are specific arrangements for some car parks that affect the income received i.e.:

- Hitchin Swim Centre- the parking income is collected on behalf on Stevenage Leisure Limited and transferred to them. The council ensures compliance with parking regulations, and keeps the income from any PCNs issued and paid
- Nightingale Road Car Park- there is no charge for parking. This is PCN income only.
- Angel Pavement and Market Place- the parking income is collected on behalf on Royston Town Council and transferred to them. The council ensures compliance with parking regulations, and keeps the income from any PCNs issued and paid

Table 3 - 2015/16 Car park income by car park

Car Park	Location	Income (£k)
Twitchell Car Park	Baldock	9
Bancroft Car Park	Hitchin	131
Biggin Lane Car Park	Hitchin	67
Christchurch Car Park	Hitchin	56
Hitchin Lairage Multi-Storey Car Park	Hitchin	132
Hitchin Swim Centre Car Park	Hitchin	19*
Nightingale Road Car Park	Hitchin	1*
Portmill Lane Car Park	Hitchin	374
St Mary's Square Car Park	Hitchin	305
Woodside Car Park	Hitchin	146
St Martin's Road Car Park	Knebworth	15
Letchworth Town Hall Car Park	Letchworth	137
Hillshott Car Park	Letchworth	50
Letchworth Multi-Storey Car Park	Letchworth	126
Angel Pavement	Royston	0*
Priory Gardens Car Park	Royston	12
Civic Centre Car Park	Royston	86
Market Place Car Park	Royston	5*
Market Hill	Royston	23
Princes Mews Car park	Royston	72
The Warren Car Park	Royston	62
Total		1,828

8.3 The current parking fees (including by car park and duration, and for season tickets) were set by Cabinet in March, and are contained within this report (<http://web.north-herts.gov.uk/aksnherts/images/att10844.doc>).

- 8.4 Table 4 below shows the direct and attributable costs of running the car parks in 2015/16. A provision for bad debts is made for amounts that we think are due (e.g. PCNs) but have not yet been paid, and reflects the uncertainty as to whether they will ultimately be paid. When combined with the income from table 1 it shows an **operating surplus** of £1,197k for 2015/16 (i.e. excluding overheads and capital costs) .

Table 4 - 2015/16 Car park operating expenditure by car park

Expenditure category	£k
Repairs & Maintenance	125
Utilities	22
Rents & Rates	238
Supplies & Services	147
Provision for bad debt	65
Third Party Payments	42
Attributable Parking Administration costs	255
Total operating costs	894

- 8.5 The third party payments includes £38k payment to Morrisons in relation to income share for Princes Mews Car Park in Royston.

9. ON-STREET PARKING AND RESIDENTS PERMITS

- 9.1 As we do not charge for on-street car parking, the only income relates to PCNs and residents permits. The main direct cost relates to the provision for bad debts on PCNs. There are also attributed costs for parking administration. Table 5 below shows a breakdown of these costs and income over the last three years.

Table 5 - On-street and Resident Parking operating income and expenditure 2013/14 to 2015/16

<i>All amounts £k</i>	2013/14	2014/15	2015/16
Income			
PCNs	(407)	(342)	(303)
Residents permit	(122)	(133)	(150)
Other	(7)	(1)	(3)
	(536)	(476)	(456)
Expenditure			
Provision for bad debts	92	91	83
Repairs and Maintenance	9	9	12
Other	14	5	3
Attributable Parking Administration costs	305	305	258
	420	410	356
Net operating surplus	116	66	100

- 9.2 The current resident permit charges were set by Cabinet in March, and are contained within this report (<http://web.north-herts.gov.uk/aksnherts/images/att10844.doc>).

10. LEGAL IMPLICATIONS

- 10.1. The council has the power to provide off-street parking places “for the purpose of relieving or preventing congestion of traffic, and covers the maintenance of this, buildings and conveniences for use or in connection with it”, under the Road Traffic Regulation Act 1984 (RTRA).
- 10.2. An authority has power to make traffic regulation designation orders on the highway under section 55 RTRA. Where a council does so, it is obliged to keep an account of income and expenditure in respect of parking places and any deficit made good out of the general fund and any surplus may be carried forward in the account kept for that purpose.
- 10.3. In terms of delegations, the Constitution states that the Strategic Director of Customer Services is responsible for enforcement of on and off street parking orders, including residential parking zones (14.6.6(b)(i) H).
- 10.4. The Constitution also states that the Strategic Director for Planning, Housing and Enterprise is responsible for traffic management including the creation of on and off street parking orders and street closure orders (14.6.8(b)(i) D).

11. FINANCIAL IMPLICATIONS

- 11.1. The financial implications arising from this activity are contained in the main body of the report.

12. RISK IMPLICATIONS

- 12.1. The Parking Service has identified a risk relating to parking income. The risks to the income include:
 - less visitors to the town centres and hence use of car parks due to the economic climate/the town centre offer.
 - perception that the car parks are unsafe (lighting/surfacing/general cleanliness)
 - cheaper or free parking elsewhere
 - failure to have sufficient Civil Enforcement Officers to enforce regulations
 - failure to have adequate street lighting and signage to enable enforcement
 - theft of money from machines.

13. EQUALITIES IMPLICATIONS

- 13.1. 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 that public bodies must meet, underpinned by more specific duties which are designed to help meet them.
- 13.2. 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.

14. SOCIAL VALUE IMPLICATIONS

- 14.1. 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 the relevant section at paragraphs 12.

15. HUMAN RESOURCE IMPLICATIONS

15.1 There are no direct Human Resource implications arising from this report.

16. APPENDICES

16.1 None.

17. CONTACT OFFICERS

17.1 Ian Couper
Head of Finance, Performance & Asset Management
ian.couper@north-herts.gov.uk
01462 474243

Vaughan Watson
Head of Leisure Environmental Services
vaughan.watson@north-herts.gov.uk
01462 474641

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

Jeanette Thompson
Senior Lawyer
jeanette.thomson@north-herts.gov.uk
01462 474370

18. BACKGROUND PAPERS

None.