

CABINET

27 MARCH 2018

***PART 1 – PUBLIC DOCUMENT**

AGENDA ITEM No.

11

TITLE OF REPORT: INFLATIONARY INCREASE IN OFF-STREET CAR PARKING TARIFFS 2018-19

REPORT OF THE HEAD OF PLANNING AND BUILDING CONTROL
EXECUTIVE MEMBER: COUNCILLOR RAY SHAKESPEARE-SMITH
COUNCIL PRIORITY: PROSPER AND PROTECT

1. EXECUTIVE SUMMARY

1.1 This report requests that Cabinet agrees the proposed car parking tariffs in North Hertfordshire District Council's off street car parks, in order to effectively manage their use and in accordance with the Council's fees and charges policy as set out in the Medium Term Financial Strategy (MTFS) 2018-2023, which was agreed by Full Council on 31 August September 2017.

2. RECOMMENDATIONS

2.1 That Cabinet agrees to adopt the proposed off-street car park tariffs for 2018/19 as set out in Tables 1 to 5 at Appendix B.

2.2 That Cabinet agrees to the proposed increase in season tickets prices of 5.1%, for 2018/19, as set out in Table 6 at paragraph 9.2 of this report, for each of its long stay car parks in Hitchin, Letchworth Garden City and Royston.

2.3 That Cabinet agrees not to increase the charges for resident permits, visitor permits, business permits or visitor tickets for resident permit zones for 2018/19.

2.4 That Cabinet agree that the proposed tariff changes, as recommended in paragraphs 2.1 and 2.2 above, are implemented as soon as practicable, and that officers in consultation with the Executive Member for Policy, Transport & Green Issues proceed with the implementation as required.

3. REASONS FOR RECOMMENDATIONS

3.1 To implement an increase in car parking tariffs and season ticket prices in order to effectively manage their use and in accordance with the Council's fees and charges policy as set out in its Medium Term Financial Strategy (MTFS).

4. ALTERNATIVE OPTIONS CONSIDERED

4.1 See Section 8 of the report.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1 The Executive Member for Policy, Transport and Green Issues has been kept informed on the matters set out above.

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 23 February 2018.

7. BACKGROUND

- 7.1 The Council's approved Medium Term Financial Strategy for 2018-2023, under its Income Policy states that, as a minimum, where legally possible, the Council should increase discretionary fees and charges annually in line with inflation, as measured by CPI plus 2% (at November). Parking tariffs fall within this policy and the budget estimates for 2018/19 include the expectation that income from parking will increase accordingly.
- 7.2 Paragraph 5.6.30 of the Council's Constitution (approved 11 April 2017), states '*it is for cabinet to determine charges for car parking*'. The proposals for car parking tariffs and season ticket increases are set out sections 8 and 9 below.

8. CAR PARKING TARIFF PROPOSALS

- 8.1 The Council's approach to car parking tariff increases in 2017/18 is summarised in the Technical Note prepared by consultants, Markides Associates, attached at Appendix A to this report.
- 8.2 The approach adopted in 2017/18 took into consideration the distinctive characteristics in the way each of the four town centres within North Hertfordshire function and was based on the findings from a Phase 1 report produced in February 2017 as part of a wider piece of work involving a full review of the Council's Parking Strategy. This included:
- Introducing a greater differentiation between more and less popular car parks in Hitchin, which included an increase in short stay tariffs in the town centre car parks, discounted rates in the Lairage multi-storey car park and a discounted offer to encourage more people to park in the quiet late afternoon period after 3pm; and
 - Harmonisation of the short stay tariffs in Royston town centre, and discounted rates in the under-utilised Civic Centre/Town Hall car park.

The car park tariffs in Baldock, Letchworth and Knebworth were not changed as part of the 2017/18 tariff proposals. Some changes to long stay tariffs in these towns were implemented a year earlier in May 2016.

- 8.3 The Technical Note at Appendix A summarises the change in car park use and revenue observed in the seven-month period from June to December 2017 compared to the previous year, across all the NHDC owned car parks. The note also produces an interim 2017/18 annual revenue estimate which is used as the basis for testing inflationary increases for 2018/19 and is presented across a range of forecasts allowing for a level of uncertainty, changes in the economic climate and customer parking behaviour.

8.4 These forecasts are as follows:

- *high estimate* – assuming no change in the number of parking transactions (i.e. people simply adapt to the inflationary increase with no shift in demand);
- *central case* – calculated based on the short stay and long stay price elasticity previously calculated for each of the towns;
- *low estimate* – short-term response calculated based on the short stay and long stay price elasticity but baseline sales include an annual downward trend in sales equivalent to that seen in 2017/18 where applicable.

8.5 The budget estimate for 2018/19 is £1,656,700 for the pay-as-you-use parking charges. The consultant's recommendations for the proposed tariff changes to effectively manage car park usage and meet the estimate is set out at paragraph 8.1 of the Technical Note and are as follows:

- Applying the 5.1% inflationary increases to all tariff bands and rounded to the nearest 10p.
- Increasing those tariffs under £1.00 that were not increased in 2017/18 by 10p.
- Retaining the tariff structure as implemented in Hitchin in 2017/18 except for two changes:
 - Removal of the cheaper after 3 policy in Hitchin on Saturdays; and
 - A steeper graduation of 3hr and 4hr tariff bands to push users from the short stay to the long stay car parks, and the more price sensitive users to the Lairage MSCP where there is still spare capacity.

These proposals would be applied to all NHDC car parks in Baldock, Hitchin, Letchworth Garden City, Royston and Knebworth as listed in Tables 8.2 to 8.10 in the Technical Note. It is intended to retain the subsidised full 'free after 3pm' policy in all Royston car parks.

The impact of these recommendations is shown at the Total figure row at Table 8.1, which is approximately £9,900 under the budget estimate for the high estimate, £44,000 under for the central estimate and £123,000 for the low estimate.

8.6 Two further options were then investigated as shown in Table 8.1 as Test 1 and Test 2.

8.7 *Test one* - includes revenue estimates as per the consultant's recommended tariff changes set out at paragraph 8.5 above but with the retention of the cheaper tariff after 3pm on Saturday in the Hitchin car parks. This increases the shortfall for the high estimate scenario to approximately £18,000 under the budget estimate.

8.8 *Test two* - includes revenue estimates as per the consultant's recommended tariff changes set out at paragraph 8.5 above but with the retention of the cheaper tariff after 3pm on Saturday in the Hitchin car parks but with an increase in the 2 hour tariff band by 20p in all NHDC car parks for that tariff band across all the four towns and Knebworth with the exception of the Lairage MSCP and Norton Common. This test seeks to manage the demand for parking in the 2 hour band. This test results in a marginal shortfall of approximately £600 for the high estimate scenario.

8.9 This report to Cabinet is concerned with presenting a tariff structure that seeks to manage car park usage and reflect inflationary cost pressures as determined by the budget estimates for 2018/19 and its implementation as soon as possible in the new financial year. Following discussion with the Executive Member for Policy, Transport and Green Issues it is the officer recommendation that Cabinet consider and agree the tariff increases

as proposed at *Test Two* in the Technical Note. These proposed tariff increases are set out in Tables 1 to 5 for each town at Appendix B attached to this report. It is to be noted that evening and Sunday charging are not considered within this report and will be investigated and reported on later in the year.

9. SEASON TICKETS AND RESIDENT PERMIT ZONES

- 9.1 Over the last few years, the Council has increased season ticket prices in each of its long stay car parks in Hitchin, Letchworth and Royston in accordance with its fees and charges policy.
- 9.2 Following discussion with the Executive Member for Policy, Transport & Green Issues and in accordance with managing demand, maintaining differentiations between pay-as-you-use and season ticket prices and the Council's Medium Term Financial Strategy (MTFS), it is proposed to increase Season Ticket prices by CPI (November 2017) plus 2% in the Council's long stay car parks in Hitchin, Letchworth and Royston for 2018/19. The 12 month movement in the CPI, as measured at November 2017, was 3.1%. The new prices, as proposed in Table 6, are therefore the result of uplifting the present tariffs by 5.1% (November CPI+2%) and then rounding to the nearest pound. This proposed increase would increase income from season tickets by approximately £13,400, assuming demand remains unchanged. This proposed price increase should not deter the use of the long stay car parks, as season ticket holders will still be receiving a reasonable discount over full day pay-as-you-use charging.

Table 6: Proposed Season Ticket Increases for 2018/19.

| Hitchin, Letchworth and Royston In all valid off-street parking places identified in the North Hertfordshire District Council (Off-Street Parking Places) Order 2014 | Existing Season Ticket charges 2017/18 | New Season Ticket charges 2018/19 |
|--|--|--|
| One Month | £78.00 | £82.00 |
| Three Months | £193.00 | £203.00 |
| Six Months | £358.00 | £376.00 |
| Twelve Months | £663.00 | £697.00 |

- 9.3 Following discussion with the Executive Member for Policy, Transport & Green Issues there is no proposal to increase resident, business or visitor permits and visitor ticket books for each of the Council's resident permit parking zones across the District for 2018/19. These were last increased in April 2013 where the subsidy target was met and such zones are considered to be self financing. A review will be undertaken once the current work programme on resident permit parking zones has been completed.

10. LEGAL IMPLICATIONS

- 10.1 Under the Terms of Reference for Cabinet, paragraph 5.6.30 of the Constitution states that the Cabinet should by way of resolution determine charges for car parking.
- 10.2 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 Orders (Procedure) (England and Wales) Regulations 1996. Such Notice of Variation will give a minimum of

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

11. FINANCIAL IMPLICATIONS

- 11.1 The budget for 2018/19, approved by Full Council in February 2018, includes estimated income to the Council of £1.762million from pay-as-you-use parking charges. This figure however includes the delivery of the approved efficiency proposal of £105k from changes to parking arrangements following the Strategic Parking Review and is additional to this exercise. The income budget in relation to the sale of car park season tickets in 2018/19 is £276k.
- 11.2 The Council's policy with regard to discretionary fees and charges is that an inflationary increase equivalent to CPI plus 2%, as measured at November, should be applied annually. For 2018/19 this equated to a 5.1% increase in the relevant parking income budgets, equivalent to an increase in income of £85,500 from pay-as-you-use income charges and £13,400 from the sale of car park season tickets.
- 11.3 The approach taken and assumptions made in estimating the financial impact of the proposed pay-as-you-use tariff structure, as laid out in Tables 1 to-5 at Appendix B, are explained in the body of this report and further technical detail is contained within the consultant's report. While the actual impact on parking activity from the proposed tariff structure is unknown, the income estimates derived by the consultants, based on their analysis and approach as described in their Technical Note, are in line with the income expectation in relation to ad-hoc parking charges within the approved budget for 2018/19. The intended retention of the full 'free after 3pm' policy in all Royston car parks is estimated to have an adverse impact of approximately £13k on the total income estimate, but this will be subsidised by an annual contribution from Royston First BID, Royston Area Committee and County Councillor Hertfordshire Locality Budgets.
- 11.4 There is a budget set-aside for the cost of publishing the notices, advertising the increased car parking tariffs and season ticket prices in the local press, amending tariff boards and making adjustments to the car park payment machines and to the current Traffic Regulation Order.
- 11.5 As detailed in section 8 of this report, the income generated from car parking is highly uncertain as it is dependent on usage. The main reasons for the increases in charges are to manage usage and also to cover inflationary cost pressures (i.e. the CPI + 2% target). As detailed in paragraph 8.5 and 8.8 above the inflation target is only met under the best case (high) estimate.

12. RISK IMPLICATIONS

- 12.1 The risks to car parking income have been identified and include the impact of the 2018/19 tariff review. There is also a financial risk that the review of tariff structure does not produce the estimated income and there continues to be a downward trend in parking sales as observed in 2017/18.

13. EQUALITIES IMPLICATIONS

- 13.1 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.

- 13.2 There are no direct equality issues arising from this report. There is a range of charging/payment options which will still remain available to cater for the widest needs of local car park users. The realignment of the tariffs seeks to improve turnover and usage throughout day thereby supporting the town centre businesses and benefit the economy of North Hertfordshire. Amidst the slight increases, resident permits, visitor permits, business permits or visitor tickets for resident permit zones remain the same and the after 3pm subsidy in Royston continues for their benefit.

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 Paragraph 13.

15. HUMAN RESOURCE IMPLICATIONS

- 15.1 There are no new human resource implications arising from the contents of this report, although the planning service is carrying a number of vacancies, including specialisms in transport and parking matters. Recruitment to these posts has been unsuccessful and in the short term wherever suitable, subject to existing budgets, consultants will be used to progress projects. Officers will be responsible for implementing the new tariffs.

16. APPENDICES

- 16.1 Appendix A: Consultant's Report: Technical Note – Summary of car park trend data 2017/18 and recommendations for the 2018/19 inflationary adjustment. Markides Associates March 2018.
- 16.2 Appendix B: Proposed 2018/19 Tariff Increases for NHDC Off- Street Car Parks.

16. CONTACT OFFICERS

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17. BACKGROUND PAPERS

17.1 31 August 2017 Full Council: Item referred from Cabinet: 25 July 2017 – Medium Term Financial Strategy 2018-2023.

17.2 February 2018 Full Council: Item Referred From Cabinet: 23 January 2018 – Corporate Business Planning – Budget 2018/19.

17.3 North Hertfordshire District Council Parking Strategy Review: Phase 1 Report: Markides Associates February 2017.