CABINET

Review of Parking Fees and Charges 2010/11
19 January 2010

Report of Corporate Director (Regeneration)

PURPOSE OF REPORT					
To consider the Annual Review of Parking Fees and Charges for 2010/11.					
Key Decision	X	**Non-Key Decision**		**Referral from Cabinet Member**	
Date Included in Forward Plan	**October 2009**				
This report is public					

RECOMMENDATIONS OF COUNCILLOR THOMAS

(1) To approve Option 3 for increased Pay and Display charges for 2010/11.

(2) To make further representations to Lancashire County Council regarding increasing on-street pay and display charges for 2010/11 to maintain differential charges as outlined in paragraph 3.4 of this report.

1.0 Introduction

1.1 The City Council reviews parking fees and charges annually to meet its transportation policy and budget commitments. Cabinet has previously been advised that parking charges have provided a predictable stream of income but in recent years parking patterns and overall usage have become more difficult to predict following price increases, with both factors affecting the total income generated. The current economic recession is another factor that potentially affects parking usage and revenue.

1.2 This report provides background information on recent annual reviews of parking fees and charges, sets the policy context of the parking strategy, provides information on usage levels of car parks in the district, confirms the current financial position and includes options on how parking charges could be increased to meet the financial target that has been included in the 2010/11 Draft Budget.

2.0 Background Information

2.1 Parking Strategy and Policy Context

The strategy was approved in 2008 and should now form the policy context for the annual review of parking fees and charges. The strategy confirms the parking hierarchy of residents, closely followed by visitors, shoppers and local business needs and finally commuters. The strategy also includes various aims and objectives and a summary of the issues most relevant when considering this review is provided below:-

- Shifting the balance of use from long stay to short stay
- Charges should be used to encourage alternative modes of transport
- Charges should not undermine the vitality of other town centres
- Use parking charges as a demand management tool to support wider objectives
- Pricing policies to assist the reduction in commuter parking
- On-street parking charges set at a level to encourage the use of off-street car parks
- Set charges to maintain 85% occupancy at busy times in short stay car parks
- Use charges to deter long stays in short stay car parks
- Ensure local Chambers of Commerce and of Trade views are taken into account

2.2 Recent Annual Reviews of Fees and Charges and Charging Amendments

The following changes have been approved in recent years:

2006/07	
Short Stay	Up to 2 hours £1.50 to £1.60 Up to 3 hours £2.20 to £2.40 Coach parking £3.00 to £3.50
Permits	Increase all permits by 2.5%

December 2007 - Council approved free parking on Remembrance Sunday at the Bay Arena car park in Morecambe and Nelson Street car park in Lancaster.

2007/08	
Short Stay	Up to 1 hour 80p to 90p
Permits	Increase all permits by 30% Introduce a Morecambe only permit at £450.00 p.a.

2008/09	
Short Stay	Up to 2 hours £1.60 to £1.70* New Up to 4 hours at £3.20 Amend Over 3 hours to Over 4 hours & increase to £8.00 *Up to 2 hours reduced to £1.60 in June 2008
Permits	Increase all permits by 5%

September 2008 - Cabinet Member decision approved to extend free Christmas Parking to all car parks in Morecambe (previously only 3 car parks in Morecambe but all car parks in Lancaster)

2009/10	
All car parks	Up to 1 hour 90p to £1.00
Main long stay car parks	Up to 3 hours £2.00 to £2.20 Over 3 hours (Morecambe) £3.00 to £3.20 Up to 5 hours (Lancaster) £3.50 to £3.70
Permits	Introduction of 24-5 permits for all types of permit at 24-7 2008/09 prices, therefore no increased income. Increase all 24-7 permits by 5%

2.3 Current Usage Position

2.4 ***Pay and Display***

The following table shows the current usage position for the first 6 months of 2009 compared with 2008.

TICKET SALES APRIL - SEPTEMBER			
	2008	**2009**	%
Short Stay			
Up to 1 hour	292,292	277,171	-5.17
Up to 2 hours	188,499	190,393	1.00
Up to 3 hours	62,769	63,404	1.01
Up to 4 hours	22,671	26,769	18.08
Over 3/4 hours	3,066	3,317	8.19
Evening Parking	36,115	35,481	-1.76
Sub Total	**605,412**	**596,535**	**-1.47**
Long Stay			
Up to 1 hour	56,768	59,283	4.43
Up to 3 hours	61,442	58,206	-5.27
Over 3 hours (Mcbe)	21,309	17,798	-16.48
Up to 5 hours (Lanc)	6,755	6,672	-1.23
Over 5 hours (Lanc)	2,465	2,794	13.35
Evening Parking	5,571	5,612	0.74
Back Brighton Terrace	1,213	2,021	66.61
Coaches SLG	254	245	-3.54
Coaches BBT/HV	48	31	-35.42
Up to 4 hours CR/HV/BB	16,029	20,630	28.70
Over 4 hours CR/HV/BB	2,177	2,743	26.00
Sub Total	**174,031**	**176,035**	**1.15**
Total	**779,443**	**772,570**	**-0.88**

The above table shows an overall reduction in usage of 0.88% compared to 2008 and this is considered to be satisfactory in the present economic climate. The introduction of the new Short Stay Up to 4 hour tariff in April 2008 has again proved popular with an increase in sales of 18%. Evening parking remains consistent and again this is fairly positive in the current climate.

The above usage resulted in a favourable variance of £10,000 at the end of September 2009. Income in October and November has been 5.35% and 7.70% above target, respectively and although there are a further 4 months remaining in the current financial where income could fluctuate, the indications at this stage are relatively positive.

2.5 ***Permit Sales***

The following table shows a comparison on permit sales at the end of the last financial year compared with the end of September 2009.

PERMIT SALES AT 30TH SEPTEMBER 2009

PERMIT TYPE	ISSUED TO 31/03/2009	ISSUED AT 24/09/2009	%
Public Permits			
General Permits -			
7 day Lancaster and Morecambe	251	96	
5 day Lancaster and Morecambe	0	113	
7 day Morecambe	42	27	
5 day Morecambe	0	5	
Specific Permits -			
7 day Lancaster	37	28	
5 day Lancaster		1	
TOTAL	**330**	**270**	**-18%**
Member/Staff Permits			
General Permits -			
Members 7 day	22	22	
Members 5 day	0	2	
Staff 7 day	252	221	
Staff 5 day	0	19	
Specific Permits -			
Staff	6	6	
TOTAL	**280**	**270**	**-4%**

This above table shows a reduction of 18% in public permit sales and 4% in staff and member permits. 54% of the reduced Lancaster and Morecambe general permit customers have also opted to purchase 5 day permits that were sold at the 2008/09 7 day permit price. This resulted in an adverse variance of £47,000 at the end of September of which £43,300 has now been included in the 2009/10 Revised Budget.

2.6 Current Financial Position

The current 2010/11 Draft Budget outlined in the table below assumes the permit income will continue at a reduced level of £43,300 and this shortfall has been transferred onto the Fees heading from 2010/11 onwards. It is also assumed that the temporary VAT benefit currently included within 2009/10 does not continue in future years, i.e. rate reverts back to 17.5% from 15% from 1st January 2010. An inflationary increase of 0.75% has been added in line with the Council's existing policy on fees and charges.

Heading	2009/10 Estimate	2009/10 Revised	2010/11 Estimate	Inflation Included
Fees	1,933,000	1,933,000	1,954,800	14,500
Evenings	69,600	71,000	71,500	500
Permits	272,300	229,000	230,700	1,700
TOTAL	**2,274,900**	**2,233,000**	**2,257,000**	**16,700**

The annual review therefore needs to consider options for covering a total increase of £60,000 arising from a reduction in permit income of £43,300 (to be recovered through Fees instead) and the additional inflationary increases of £16,700 across the three headings highlighted above.

3.0 Proposal Details

3.1 Pay and Display Charges

Nearly 80% of tickets sold are at Short Stay tariffs. 80% of tickets sold at Long Stay tariffs were affected by price increases in April 2009 and these are in bold and underlined in the table below. Short Stay tariffs therefore provide the greater opportunity for increased charges in 2010/11.

The following table illustrates the potential income that could be generated from various tariff increases:-

	Existing	10p increase	20p increase	30p increase	50p increase
Short Stay					
Up to 1 hour	**<u>1.00</u>**	45,000	90,000	135,000	180,000
Up to 2 hours	1.60	30,000	60,000	90,000	120,000
Up to 3 hours	2.40	9,500	19,000	28,500	38,000
Up to 4 hours	3.20	3,000	6,000	9,000	12,000
Over 4 hours	8.00	500	1,000	1,500	2,000
Evenings	1.00	5,000	10,000	15,000	20,000
Long Stay					
Up to 1 hour	**<u>1.00</u>**	7,000	14,000	21,000	28,000
Up to 3 hours	**<u>2.20</u>**	8,000	16,000	24,000	32,000
Over 3 hours (Morecambe)	**<u>3.20</u>**	2,400	4,800	7,200	9,600
Up to 5 hours (Lancaster)	**<u>3.70</u>**	900	1,800	2,700	3,600
Over 5 hours (Lancaster)	6.00	350	700	1,050	1,400
Evenings	1.00	800	1,600	2,400	3,800
Other Car Parks –					
Up to 4 hours*	0.80	1,500	3,000	4,500	6,000
Over 4 hours*	1.20	200	400	600	800
Up to 24 hrs**	0.50	200	400	600	800

<u>The tariffs shown in bold and underlined were increased for 2009/10.</u>

Please note the above figures allow for reduced sales due to customer resistance to tariff increases and overpayments.

* These tariffs are for Coastal Road and Battery Breakwater in Morecambe and Heysham Village car park.
** This tariff is for Back Brighton Terrace Car Park in Morecambe.

3.2 Parking Charges in Lancashire and Cumbria

Parking charges in other local authorities vary according to local traffic and parking policies. Current charges in nearby authorities are shown in the following table for comparative purposes. Parking charges at Marketgate and Parksafe in Lancaster, which are privately operated, are also shown for information.

City/Town	0-1	1-2	2-3	3-4	4-5	5-8	8-10
Marketgate	1.00	2.00	2.50	10.00	10.00	10.00	10.00
Parksafe	1.20	2.00	3.00	4.00	7.00	7.00	7.00
Carlisle	0.80	1.60	2.40	3.20	4.00	4.00	4.80
Barrow	0.90	1.80	2.70	3.50	4.50	4.50	4.50
Kendal	1.00	2.00	2.80	3.50	5.00	5.00	5.00
Blackpool	1.30	2.30	3.40	4.50	4.80	4.80	4.80
Preston – Avenham Hill Street Private	 1.20 - 1.00	 1.50 2.20 1.50	 2.20 3.20 2.00	 3.10 4.60 3.00	 3.70 9.00 4.50	 3.70 9.00 8.00	 3.70 9.00 8.00
Lytham	-	1.80	2.30	2.80	3.80	3.80	3.80

Note: Short Stay tariffs up to 4 hours
Long Stay tariffs over 4 hours

3.3 Permit Charges

Although permits are sold at a substantial discount compared to the daily cost of parking there has been a noticeable reduction in permit sales this year. This is despite 7 day public permits only being increased by 5% last year and a new 5 day permit being introduced at the same price as last year's 7 day permit.

Customers are able to pay for their permits by Direct Debit and pro rata refunds are offered on unused months if customers decide they no longer require their permit. Permits are also transferable between vehicles. Sales of Specific Permits for a reserved space in Lancaster have also reduced with one of the three car parks being only 50% occupied.

From a parking strategy point of view the reduced uptake of permits is a sign that parking charge policies are being successful and that the prices now being charged are encouraging commuters to consider other options for travelling to work. Some customers might be transferring to pay and display and this could be partly the reason for pay and display usage being sustained at last year's level. However, permit sales are more likely to be linked to the current economic climate as many companies look to reduce costs wherever possible.

The following table illustrates the additional income that could be generated but includes resistance factors as indicated.

PERMIT TYPE	2009/10 Gross Charge	Increase Resistance	2.50% 5%	5% 10%	10% 20%	20% 30%
Public Permits	£		£	£	£	£
General Permits -		**2009/10 Sold**				
7 Day Lanc/Mcbe	810.00	96	1,600	3,000	5,500	10,200
5 Day Lanc/Mcbe	770.00	113	1,800	3,400	6,200	11,400
7 Day Morecambe	500.00	27	300	500	1,000	1,800
5 Day Morecambe	475.00	5	0	100	200	300
Specific Permits -						
7 day Lancaster	1,290.00	28	700	1,400	2,600	4,700
5 day Lancaster	1,230.00	1	0	0	100	200
SUB TOTAL			**4,400**	**8,400**	**15,600**	**28,600**
Members/Staff						
General Permits -						
Members 7 day	200.00	22	100	200	300	600
Members 5 day	190.00	2	0	0	0	100
Staff 7 day	200.00	221	900	1,700	3,100	5,800
Staff 5 day	190.00	19	100	100	300	500
Specific Permits -						
Specific	330.00	6	0	100	100	300
SUB TOTAL			**1,100**	**2,100**	**3,800**	**7,300**
OVERALL TOTAL			**5,550**	**10,500**	**19,400**	**35,900**

As previously indicated predicting the income that will be generated from price increases is proving very difficult and this is particularly relevant to permit sales. The table provides examples of the reduced sales that might be experienced over a range of potential increased charges. However, these resistance factors are for illustrative purposes only and the actual permit sales resulting from any price increases could be different from those assumed in the above table.

This report therefore does not include any proposals for increasing permit charges for 2010/11.

3.4 On-Street Pay and Display Charges

Last year's Annual Review of Parking Fees and Charges approved increases in the Up to 1 hour tariff on all car parks from 0.90p to £1.00. This resulted in Cabinet also approving a recommendation to confirm that the City Council recommended that Lancashire County Council increases the Lancaster on-street pay and display charges for 2008/09 in order to maintain differential charging. This was to ensure that on-street charges were higher than off-street charges to reduce on-street traffic circulation looking for parking places and to encourage greater use of off-street car parks.

This recommendation was passed to the County Council but the charges were never increased due to concerns about the economic climate. Officers have been making representations to County Council officers regarding this issue and it is understood that the matter is being investigated. This report therefore includes a specific recommendation for further representations to be made to the County Council.

For information, the proposed increased charges are again shown in the following table:

Charges	Current	Recommended
Tariff 1 Castle Hill (spaces for TIC)	Up to ½ hour – 50p	Up to ½ hour – **60p**
Tariff 2 e.g. Dalton Square/ Church Street	Up to ½ hour – 50p Up to 1 hour - £1.00	Up to ½ hour – **60p** Up to 1 hour - **£1.20**
Tariff 3 e.g. Robert street/ Quarry Road	Up to 1 hour - £1.00	Up to 1 hour - **£1.20**
Tariff 4 e.g. High Street/ Queen Street	Up to 1 hour - £1.00 Up to 2 hours - £2.00	Up to 1 hour - **£1.20** Up to 2 hours - £2.00 **(No change)**

4.0 Details of Consultation

The local Chambers of Commerce and of Trade and Morecambe Town Council have been consulted over the pay and display options included in the report and their comments will be made available at the meeting.

On-Street pay and display charges are the responsibility of Lancashire County Council and discussions have already been held with County Council officers over last year's recommendations not being implemented and the potential impact this has on traffic management issues in Lancaster city centre.

5.0 Options and Options Analysis (including risk assessment)

The following options for pay and display have been put forward for consideration and should be considered along with all the background information included in this report.

5.1 Option 1

This option is not to implement any parking fees and charge increases in 2010/11.

The annual review of parking fees and charges is an opportunity for the City Council to review parking charges inline with budgetary commitments and the aims and objectives of the parking strategy. The revenue from parking is an important source of revenue for the Council and it assists with maintaining and continuing to improve the parking service that is provided. Although parking usage and pay and display income has been fairly positive in the present economic climate there is no evidence to suggest that usage and income would increase as a result of not increasing parking fees and charges. This option therefore does not meet the budgetary commitment included in the 2010/11 Draft Budget.

In terms of the budgetary position within the off-street parking service, reductions in excess of £60k have already been included in the 2010/11 draft budget through a combination of efficiency savings and the new CPE arrangements previously approved by Cabinet. Funding the shortfall from the remaining off-street parking budgets is likely to result in no reactive or planned maintenance or minor improvements being carried out during 2010/11 on the 2,900 spaces that are provided on 43 car parks throughout the district, for which there is currently a combined budget totalling £61.4K. This is contrary to the parking strategy that includes an objective to provide a high quality service through a number of objectives that can only be delivered through the proactive management of maintenance budgets. This will also have health and safety implications and increase the risk of accidents and personal injury claims arising from not being able to respond to reported faults and the twice yearly condition assessments that are undertaken. It is not possible to quantify the cost of any additional claims but these could have the potential for exceeding the required budget shortfall/maintenance savings.

It is therefore likely that this option would result in the revenue shortfall having to be met from another Service or function of the Council. As it falls outside of the current budget framework, if taken forward this option would need to form part of Cabinet's budget proposals, for subsequent consideration and approval by Council.

5.2 Option 2

This option is aimed primarily at achieving the budgetary target that has been included in the 2010/11 Draft Budget whilst being consistent with the aims of the Parking Strategy.

Short Stay Car Parks	**Current Tariff**	**Proposed Tariff**	**Additional Income**
Increase Up to 2 hour tariff	£1.60	£1.80	£60,000

This option achieves the budgetary commitment with estimated additional income of £60,000. This option only increases one pay and display tariff and minimises the increases to local parking charges and reduces the risk of adverse customer resistance. The Short Stay up to 2 hour tariff has not been increased since 2006/07 although it was increased briefly to £1.70 in April and May 2008. This supports the parking strategy's hierarchy of firstly residents closely followed by visitors, shoppers and local businesses. This increase is not considered to be detrimental to the strategy's aim of maintaining 85% occupancy at busy times in short stay car parks.

5.3 Option 3

This option is aimed at exceeding the budgetary target that has been included in the 2010/11 Draft Budget whilst still being consistent with the aims of the Parking Strategy.

Short Stay Car Parks	**Current Tariff**	**Proposed Tariff**	**Additional Income**
Increase Up to 2 hour tariff	£1.60	£1.80	£60,000
Increase Up to 3 hour tariff	£2.40	£2.50	£9,500

This option exceeds the budgetary commitment with estimated additional income of £9,500. This option limits the proposed increases to two pay and display tariffs with the additional Short Stay Up to 3 hour tariff that has not been increased since 2006/07, some 4 years ago. This option has a slightly increased risk of customer resistance but this has already been taken into account in the potential income table highlighted in paragraph 3.1.

Again this option is not considered to be detrimental to achieving the parking strategy's aim of maintaining 85% occupancy at busy times in short stay car parks. It is logical that short stay tariffs will have to be increased periodically but increasing two tariffs once in 4 years recognises the importance of the parking hierarchy that gives priority to residents closely followed by shoppers, visitors and local businesses.

6.0 Officer Preferred Option (and comments)

The officer preferred option is Option 3 as this exceeds the budgetary commitment, limits the number of pay and display price increases and inherent risks whilst also still being consistent with the aims and objectives of the parking strategy.

RELATIONSHIP TO POLICY FRAMEWORK

Corporate Plan 2009/10 –

Off-street parking contributes to the Medium term Objective of ensuring a strategic approach to economic development and regeneration and the key corporate health performance indicator of keeping the City Council's element of Council Tax increases to acceptable levels. The level of funding for maintenance and improvements also allows off-street parking to contribute to making our district an even safer place by reducing crime and anti-social behaviour through various initiatives with partners and stakeholders.

District Parking Strategy Aim 5 -

To set parking charges to meet the Council's transportation policy objectives and budget commitments.

CONCLUSION OF IMPACT ASSESSMENT
(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)

Direct links with the Lancaster District Local Strategic Partnership (LSP) – Travel and Access and indirect links with Using Resources Wisely and Economy and Work. Off-street and on-street parking charges can contribute to community safety in terms of road safety. Also the off-street parking service is involved with various vehicle and personal security initiatives with partners and stakeholders.

FINANCIAL IMPLICATIONS

The financial consequences and risks associated with parking income are included in this report and have also been reported in previous reviews. Inflationary increases totalling £16,700 and reduced permit income of £43,300 arising in 2009/10 have been included as part of the 2010/11 Budget Process. The increase in the standard VAT rate from 15% to 17.5% from 1st January 2010 recently confirmed by the Chancellor of the Exchequer has also been taken into account in preparing the 2010/11 Draft Budget.

With Option 1 there is no evidence to suggest that car park usage would increase and there is a very strong possibility that income would be very similar to 2009/10, therefore not meeting the budget commitment included in the current 2010/11 Draft Budget. In addition expenditure budgets contained within the 2010/11 Draft Budget already includes recurring savings in excess of £60K (through a combination of efficiency savings and the new CPE arrangements implemented in early September 2009), thereby reducing further flexibility to meet the current target through alternative means other than increasing tariffs as outlined in options 2 and 3. With the other 2 options it should be noted that these estimates carry an inherent risk due to various assumptions regarding resistance factors and any differing trend will inevitably impact on the actual income raised.

Options Summary

	Option 1	**Option 2**	**Option 3**
Budgetary Requirement (Inflation/Permit Shortfall)	**(60,000)**	**(60,000)**	**(60,000)**
Pay & Display Income	-	(60,000)	(69,500)
Total Budget Shortfall/(Surplus)	**60,000**	**-**	**(9,500)**

As the table suggests, Option 1 will not meet the budgetary requirement and members need to be aware that approving this option will impact on the need to make more savings or generate further additional income in other areas of activity. As it falls outside of the budget, Cabinet could not adopt this option without it forming part of the budget proposals, for final approval by Council.

Option 2 will meet the budgetary requirement and limits increases to one pay and display tariff. Option 3 adds a second pay and display tariff increase and is estimated to exceed the current draft budgetary requirement by £9,500.

The implementation of increased on-street pay and display charges by the County Council is primarily a traffic management issue and although this should encourage greater use of car parks it is not possible to quantify this in financial terms.

SECTION 151 OFFICER'S COMMENTS

Members are advised to consider any savings or growth proposals in context of their proposed priorities, relevant existing or emerging policy, and the Council's financial prospects.

LEGAL IMPLICATIONS

There are no legal implications arising from this report.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments.

BACKGROUND PAPERS	Contact Officer:
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