

CABINET

Review of Parking Fees and Charges 2011/12 18 January 2011

Report of Head of Property Services

PURPOSE OF REPORT			
To consider the Annual Review of Parking Fees and Charges for 2011/12.			
Key Decision	<input checked="" type="checkbox"/>	Non-Key Decision	<input type="checkbox"/>
			Referral from Cabinet Member
Date Included in Forward Plan	September 2010		
This report is public			

RECOMMENDATIONS OF COUNCILLOR LANGHORN

- (1) That Cabinet approves 0.20p increases on the pay and display tariffs highlighted in the table at paragraph 3.1 for 2011/12 to generate additional income of £186,600 (exceeding the financial target of £110,300 by £76,300).
- (2) That Cabinet approves a 5% reduction in the level of public permit charges for 2011/12 generating additional income of £2,400.
- (3) That Cabinet approves the conversion of Lucy Street Car Park to a short stay pay and display car park generating additional income of £10,000.
- (4) That Cabinet approves the conversion of Bulk Street Car Park to a specific permit holders' car park generating a nil impact on the total income.
- (5) That Cabinet approves a 6% increase to Staff and Members permit charges for 2011/12 generating additional income of £3,100.
- (6) That Cabinet approves extending the existing Staff and Member permit arrangements to partnering organisations employing staff that are based in City Council buildings and to implement the same charges as the Staff and Member permit charges for 2011/12.

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 the potential for the total income generated to be affected.
- 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 2011/12 Draft Budget.
- 1.3 The report also identifies other options that will generate further additional income that Cabinet may wish to consider in light of the recommended revised priorities as a result of the Comprehensive Spending Review (CSR) announcements.

2.0 Background Information

2.1 Parking Strategy and Policy Context

The parking strategy 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 the last three years:

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%

2010/11	
Short Stay	Up to 2 hours £1.60 to £1.80 Up to 3 hours £2.40 to £2.50

2.3 Current Usage Position

2.4 ***Pay and Display***

The following table shows the current usage position for the first seven months of 2010 compared with 2009.

TICKET SALES APRIL - OCTOBER			
	2009	2010	%
<u>Short Stay</u>			
Up to 1 hour	323,527	323,204	-0.01
Up to 2 hours	222,647	204,868	-8.00
Up to 3 hours	74,598	73,985	-0.08
Up to 4 hours	31,367	32,137	2.45
Up to 10 hours	3,893	3,730	-4.20
Evening Parking	41,971	42,668	1.02
Sub Total	698,003	680,592	-2.50
<u>Long Stay</u>			
Up to 1 hour	68,878	69,061	0.26
Up to 3 hours	66,559	64,160	-3.60
Over 3 hours (Mcbe)	19,073	19,337	1.14
Up to 5 hours (Lanc)	7,778	8,123	4.44
Over 5 hours (Lanc)	3,243	2,991	-7.78
Evening Parking	6,397	6,970	8.96
Back Brighton Terrace	2,282	2,396	5.00
Coaches SLG	274	200	-27.01
Coaches BBT/HV	34	30	-11.77

Up to 4 hours CR/HV/BB	15,637	21,976	40.54
Over 4 hours CR/HV/BB	2,855	2,997	4.97
Sub Total	193,010	198,241	2.71
Total	891,013	878,833	-1.37

A similar comparison was shown in last year's report and this confirmed a reduction in short stay usage of 1.47% and an increase in long stay usage of 1.15% with an overall reduction of 0.88% compared with 2008. The above comparison shows a further reduction in short stay of 2.50% and an increase in long stay of 2.71% with an overall reduction of 1.37%. The most significant reduction this year is on the Up to 2 hour short stay tariff where sales have reduced by 8%. This is a major part of the adverse variance of £26,300 that has been included in the Revised Budget for the current year. Evening parking has again remained consistent.

Although usage has reduced over the last two years the CSR announcement on rail fares might have a positive affect on parking usage. The changes will see the formula for setting rail fares increased from RPI plus 1% to RPI plus 3% for three years from January 2012.

2.5 **Permit Sales**

The following table shows a comparison of permit sales at the end of the 2009/10 and at November 2010.

PERMIT SALES AT MARCH & NOVEMBER 2010

PERMIT TYPE	ISSUED TO 31/03/2010	ISSUED AT 17/11/2010	%
Public Permits			
General Permits -			
7 day Lancaster and Morecambe	100	96	
5 day Lancaster and Morecambe	120	84	
7 day Morecambe	28	26	
5 day Morecambe	4	6	
Specific Permits -			
7 day Lancaster	28	30	
5 day Lancaster	1	0	
TOTAL	281	242	-14%
Member/Staff Permits			
General Permits -			
Members 7 day	22	22	
Members 5 day	2	0	
Staff 7 day	226	216	
Staff 5 day	25	17	
Specific Permits -			

Staff	6	2	
TOTAL	281	257	-8%

The above table shows an ongoing reduction in permit sales. In 2009/10 compared with 2008/09 there was a reduction in sales of 18% in public permit sales and 4% in staff and member permits. The reduced public permit sales were primarily due to less permits being sold to individual customers. This equated to an adverse variance of £43,300 that was included in the 2009/10 Revised Budget. This has been followed by further reductions this year of 14% in public permits and 8% in staff and members. The reduced public permit sales this year is largely due to less permits being sold to corporate business customers. Overall this has resulted in an adverse variance of £14,900.

Whilst the reduction in permit sales could be seen as achieving one of the parking strategy's objectives of reducing commuter parking the impact on the budget and other parking charges has to be considered. This report includes a range of proposals on permit charges that address the budget implications of the ongoing reductions in permit sales.

2.6 Additional Residents Parking Scheme

Three new residents parking schemes are being introduced in the Dallas Road area in Lancaster in February 2011 following a lengthy consultation period. The on-street parking capacity in these areas is currently used by commuters who will be displaced when the schemes are introduced. Further information on the implications of these new schemes is included in section 3.4.

2.7 Current Financial Position

The current 2011/12 Draft Budget outlined in the table below assumes that both Permit and Fee income will continue at the same level as has been projected for 2010/11, i.e. reduce by £14,900 and £26,300 each per annum respectively. The 2011/12 draft figures have therefore been adjusted to reflect the current downturn in usage. An inflationary increase of 2.4% has also been added in line with the Council's existing policy on fees and charges.

Heading	2010/11 Estimate	2010/11 Revised	2011/12 Estimate	Inflation Included
Fees	1,964,300	1,938,000	1,984,500	46,500
Evenings	71,500	71,500	73,200	1,700
Permits	230,700	215,800	221,000	5,200
TOTAL	2,266,500	2,225,300	2,278,700	53,400

The annual review therefore needs to consider options for covering additional inflationary increases of £53,400 across the three headings highlighted above.

Increase in VAT rate from 4th January 2011

The Chancellor of the Exchequer has announced an increase in the standard VAT rate from 17.5% to 20% with effect from 4th January 2011. The implications for parking charges are that charges are set by Cabinet without reference to VAT and these are subsequently incorporated into the Off Street Parking Places Order with VAT being declared by the Council at the appropriate rate. The potential effect on the council's budget for parking fees if the increase in VAT is not passed onto the customer across the three headings is an estimated reduction on the council's net budget of £56,900. The effect of the increase in VAT has also been taken into account in developing the options included in this report.

The overall impact of inflation and VAT on the parking fees and charges budgets in 2011/12 is £110,300

2.8 Parking Charges in Lancashire and Cumbria

This section provides information about the current charges in nearby authorities. These charges vary according to local traffic and parking policies and each authority is currently looking at their charging levels. The following table also shows the City Council's parking charges in Lancaster and Morecambe and at Marketgate and Parksafe in Lancaster, which are privately operated.

City/Town	0-1	1-2	2-3	3-4	4-5	5-8	8-10
Lancaster	1.00	1.80	2.50	3.20	3.70	6.00	6.00
Morecambe	1.00	1.80	2.50	3.20	3.20	3.20	3.20
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*	1.00	2.00	3.00	4.00	5.40	5.40	5.40
Barrow	0.90	1.80	2.70	3.50	4.50	4.50	4.50
Kendal**	1.20	2.20	3.20	3.90	5.00	6.00	6.00
Blackpool	1.30	2.30	3.40	4.50	9.00	9.00	9.00
Preston – Avenham***	1.20	1.80	2.50	3.30	4.00	4.00	4.00
Hill St.***	1.30	2.50	3.30	4.70	9.20	9.20	9.20
St George's (private)	1.20	1.50	2.20	3.10	4.50	8.00	8.00
Lytham****	1.20	2.40	3.60	3.60	4.30	4.30	4.30

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

* Carlisle – charges shown are to be implemented in April 2011

** Kendal – likely charges from April 2011

*** Preston – charges shown are being implemented in January 2011

**** Lytham – charges shown are being implemented in January 2011

2.9 On-Street Pay and Display Charges

The Review of Parking Fees and Charges for 2009/10 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 increased the Lancaster on-street pay and display charges for 2009/10 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 from customers 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 have never been increased due to concerns about the economic climate. Officers have been making representations to County Council officers since January 2009 about realigning the charges. This work also included briefing the Lancaster District Chamber of Commerce, Trade & Industry in February 2010 on the justification for having on-street charges higher than off-street charges and this resulted in the Chamber subsequently withdrawing their objection to the price increases.

The latest position is the County Council is proposing to increase their on-street pay and display charges from 1st January, 2011 or as soon as possible thereafter in line with 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)

Members need to consider the implications of the County Council taking nearly 2 years to review these charges when considering the level of off-street charges for short stay parking of up to 1 hour and 2 hours. This is due to the fact that depending on any approved increases approved by the City Council, the off-street charges could almost immediately be the same as the on-street charges and this would not meet the wider objectives of traffic management.

3.0 Proposal Details

3.1 Pay and Display Charges

The following table **highlights** the potential income that could be generated from various 0.20p tariff increases for day time and evening parking. Nearly 80% of total ticket sales are on short stay car parks and these tariffs

represent the greatest potential for generating additional income. The tariffs increased in April 2010 have been shown in bold and underlined e.g. **1.80**

	Existing	10p increase	20p increase	30p increase	50p increase
Short Stay					
Up to 1 hour	1.00	43,000	<u>86,000</u>	129,000	180,000
Up to 2 hours	<u>1.80</u>	21,000	<u>44,000</u>	65,000	100,000
Up to 3 hours	<u>2.50</u>	9,500	<u>20,000</u>	28,500	42,000
Up to 4 hours	3.20	4,000	<u>8,000</u>	12,000	18,000
Over 4 hours	8.00	500	1,000	1,500	2,200
Evenings	1.00	5,000	<u>10,000</u>	15,000	22,000
Long Stay					
Up to 1 hour	1.00	8,500	<u>17,000</u>	25,500	30,000
Up to 3 hours	2.20	8,000	16,000	24,000	35,000
Over 3 hours (Morecambe)	3.20	2,200	4,400	6,600	9,600
Up to 5 hours (Lancaster)	3.70	900	1,800	2,700	3,600
Over 5 hours (Lancaster)	6.00	350	700	1,050	1,400
Evenings	1.00	800	<u>1,600</u>	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	1,000
Up to 24 hrs**	0.50	200	400	600	1,000

* 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.

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

Recommendation:

That Cabinet approves 0.20p increases on the pay and display tariffs highlighted in the above table for 2011/12 to generate additional income of £186,600 (exceeding the financial target of £110,300 by £76,300).

3.2 Public Permit Charging and Parking Arrangements

3.3 In the current financial year the estimated income generated from permit sales is £173,800 from public permits and £42,000 from staff and members.

3.4 **Public Permits**

Permits charges were increased by 30% in 2007/08 and by 5% in 2008/09. However, despite the introduction of 24-5 permits and 5% increases to 24-7

permit charges in 2009/10 and no prices increases in 2010/11, permit sales have reduced over the last two years. The option for customers to pay by direct debit on a monthly basis was also extended to all customers in April 2010 to promote other forms of payment.

The current charging levels are discouraging commuter parking but are also adversely affecting the budget. It is therefore proving very difficult to predict sales and income and although this has been taken into account in the current financial position as outlined in 2.6 there is still the possibility of further reduced permit sales in 2011/12. This is probably particularly relevant to corporate business customers who are likely to be looking to reduce expenditure in the current economic climate.

In view of the above information it is appropriate to consider future public permit charges and arrangements. The opportunity also exists to potentially utilise existing long stay parking capacity in view the major redevelopment proposals in Lancaster being delayed. Although a joint partnership statement was issued in May about a partnership agreement to develop further options for the Canal Corridor North redevelopment site, the loss of long stay parking capacity that was originally anticipated is now likely to be delayed for some time. This provides the opportunity to review the current arrangements.

As previously mentioned the introduction of the new residents parking schemes in the Dallas Road area in Lancaster in February 2011 will result in commuters looking for alternative parking. In the short term the utilisation of spare off-street parking capacity by commuters is preferred to the further displacement of parking into streets adjacent to the new parking zones although using other modes of transport should be the longer term priority.

In addition to the above information, sales of specific permits for a reserved space on Lucy Street, Bridget Street and Windy Hill car parks in Lancaster have reduced from being full and having a waiting list in 2007 to only being 50% sold in the current year. This provides a further opportunity to review these parking facilities to ensure they are fit for purpose and providing the best financial return.

The following table illustrates the additional income that could be generated from both increased and decreased public permit prices. The table shows the estimated reduction or increase in permit sales. However, it should be noted that the assumptions are based on the following :-

Permit sales increasing by a greater % than the % price reduction
 Permit sales decreasing by a lower % than the % price increase

Permit Type	Present Charge	-10% decrease rounded	-5% decrease rounded	+5% increase rounded	+10% increase rounded
Sales		+15%	+7.5%	-2.5%	-7.5%

General L&M 24-7	£880	£790	£835	£925	£968
Income		2,700	1,400	1,100	1,300
General L&M 24-5	£770	£695	£730	£810	£850
Income		2,100	1,100	700	1,200
General Mcbe 24-7	£500	£450	£475	£525	£550
Income		200	-100	100	200
General Mcbe 24-5	£475	£430	£450	£500	£525
Income		-200	-100	-300	-200
Specific 24-7	£1,290	£1,160	£1,225	£1,355	£1,420
Income		100	100	-100	-300
Specific 24-5	£1230	£1,110	£1,170	£1,290	£1,355
Income		0	0	0	0
Totals		4,900	2,400	1,500	2,200

The above table excludes Lucy Street Car Park which has a separate proposal

Recommendation:

That Cabinet approves a 5% reduction in the level of public permit charges for 2011/12 generating additional income of £2,400.

3.5 Lucy Street Car Park

Lucy Street car park is situated off Thurnham Street in Lancaster and consists of 21 reserved parking spaces and in the current financial year only 11 spaces have been sold. This car park is conveniently situated for the city centre and converting it to short stay pay and display parking will provide additional short term parking capacity and additional income. This additional short stay parking capacity during the day and in the evening would be useful throughout the year and particularly at peak times such as Christmas. It would also compensate for the loss of 10 spaces on Spring Garden Street Car Park due to United Utilities extending the electricity sub-station into the car park.

Conversion of Lucy Street to pay and display would cost approximately

£5,000 and this can be included in this year's repair and maintenance budget. The estimated income that could be generated when pay and display was fully established would be approximately £20,000 per annum. Some of this income could be displaced from other car parks but it is estimated that around £10,000 would be additional income.

Recommendation:

That Cabinet approves the conversion of Lucy Street Car Park to a short stay pay and display car park generating additional income of £10,000.

3.6 *Bulk Street Car Park*

This car park is situated at the corner of Bulk Street and Nelson Street in Lancaster and consists of 9 parking spaces. Again this car park is conveniently situated for the city centre but is presently used for long stay parking by general permit holders. It is suggested that this car park remains a permit holders car park but is converted into a specific permit car park. This would provide an alternative car park close to Dalton Square for the displacement of the Lucy Street car park permit holders and this would help to retain their custom. In the longer term this car park may also be suitable for conversion to short stay pay and display. Existing permit holders who use this car park have a choice of 4 alternative car parks on the east side of the city and 1 on the west side.

Recommendation:

That Cabinet approves the conversion of Bulk Street Car Park to a specific permit holders' car park generating a nil impact on the total income.

3.7 *Staff and Member Permits*

The current arrangements for staff and members parking were approved in 1999. Staff are able to park on the same car parks as public general permit holders i.e. the majority of long stay car parks. Members have a similar permit but are also allowed to use short stay car parks. The level of discount when compared to the cost of a public permit is 75% in most cases. Reviews of the arrangements were undertaken in 2006, 2007 and 2008 but no substantive changes were made. The 2008 review introduced increased permit charges from 1st April, 2009 by a percentage no higher than the rate of inflation since the previous setting of the charge for that permit. If this approach was taken in this review permit charges would need to increase by 6%.

A suggestion has been received through the Staff Suggestion Scheme regarding the entitlement of staff essential and casual car users to permits through the staff discount parking scheme. It has been agreed that this issue should be addressed by the Officer Working Group that is preparing a Green Fleet Review that includes reviewing the existing essential and casual car user system.

Cabinet may also wish to consider at this stage whether it is appropriate to allow the existing staff parking scheme to be extended to staff working for organisations that are either working in partnership with the Council or through shared service arrangements. Although any such initiative is encouraging further commuter parking, the wider efficiencies and savings the Council could generate from new working arrangements and the additional income that could be generated could potentially outweigh the disadvantages of extending the current system.

The following paragraphs provide further information for Members to consider.

3.7.1 Maintaining the existing arrangements and increase prices

For comparison some information has been obtained from nearby authorities on staff parking charges and this is summarised as follows:

Lancashire County Council - £2.50 per day or £550.00 p.a. The annual permits can be paid through a salary sacrifice scheme reducing the cost to staff by around 25%.

Preston City Council – No charges are made to staff. Staff can only use the Bus Station and Market car parks and Services pay Parking for the permits at the full public rate.

South Lakeland District Council – Essential car users are issued with free permits and are asked to pay £70.00 p.a. if they use the permit at weekends and when they are on annual leave. Casual users pay £70.00 p.a. but are not able to use the most convenient car park adjacent to Lakeland House.

Blackpool Council – No charges made to staff except for West Street car park in the town centre. Proposals for staff parking charges are likely in 2011.

The following table shows the additional income that could be generated from increased permit prices. Resistance factors have been used for illustrative purposes only and the actual permit sales resulting from any price increases could be different from those assumed in the table.

Permit Type	Present Charge	6% increase rounded	15% increase rounded	50% increase rounded	100% increase rounded
Sales		No change	- 7.5%	-25%	-40%
Staff- General 24-7	£200	£210	£230	£300	£400

Income		2,100	2,300	4,300	6,800
Staff- General 24-5	£190	£200	£220	£285	£380
Income		200	100	200	300
Member 24-7	£200	£210	£230	£300	£400
Income		200	200	300	700
Member 24-5	£190	£200	£220	£285	£380
Income		0	0	0	0
Totals		3,100	3,200	5,700	8,100

3.7.2 Extending the existing arrangements to allow partnering organisations to take advantage of the Staff Discount Parking Scheme

Due to existing partnership and shared service arrangements a limited number of staff have been allowed to take advantage of the staff discount parking scheme on a temporary basis. The current arrangements include the following staff:-

- 3 staff – Preston City Council Shared Service with Revenues
- 1 person – Preston City Council Shared Service with Regeneration and Policy
- 1 person – Temporary Research Assistant with Regeneration and Policy
- 1 person – County Partnership Office with Community Engagement
- 1 person – Lancashire Cricket Board with Wellbeing

The move towards more shared service working and the transfer of an existing building to the County Council allows Members to consider whether a formal policy should be approved to allow these organisations to take advantage of the existing discount parking scheme. With up to 130 County staff likely to be based in Palatine Hall in the near future the potential for generating additional income can be considered. If Cabinet approved an extension to the discount parking scheme to partnering organisations the Council would need to consider how to deal with requests from other public sector organisations in the future. Also, the longer term issues of sustainability and promoting other forms of transport need to be considered along with the long stay parking implications if major redevelopment takes place in the future.

The following table illustrates the potential income that could be generated from additional permit sales over a range of discounted prices and assuming an uptake from 80 staff. The price increase options used for a staff 24-5 general permit shown in 3.7.1 above have been used with a further option priced at £600. Again these are for illustration purposes only as it is very

difficult to predict the uptake for these permits.

General 24-5	£200	£220	£285	£380	£600
Income	13,300	14,700	19,000	25,300	40,000

Recommendations:

(1) That Cabinet approves a 6% increase to Staff and Members permit charges for 2011/12 generating additional income of £3,100.

(2) That Cabinet approves extending the existing Staff and Member permit arrangements to partnering organisations employing staff that are based in City Council buildings and to determine the permit charge generating additional income ranging between £13,300 and £40,000.

3.8 Traffic Regulation Orders

The above proposals if approved need to be incorporated into the Off-Street Parking Places Order to allow enforcement of the charge and regulations. Increased or decreased charges are dealt with through a Notice of Variation procedure and an existing advertising budget is available to cover this. More substantive changes such as new permit types and the re-designation of car parks would require a formal Amendment Order at an estimated cost of £5,000, which would either need to be met from within other existing car parking budgets and/or as a one-off covered by additional income generated as a result of the proposed changes.

4.0 Details of Consultation

The local Chambers of Commerce and of Trade, the Federation of Small Businesses and Morecambe Town Council have been consulted over the pay and display and permit options included in the report and their comments will be made available at the meeting. Trade Unions and Group Administrators will be consulted over the staff and Member permit proposals. Customers currently using Lucy Street car park will also be consulted over the specific proposals relating to this car park.

On-Street pay and display charges are the responsibility of Lancashire County Council and discussions have already been held with County Council officers over previous 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)

	Option 1: This option is to approve increases that meet the financial target of £110,300	Option 2: This option is to approve the majority of the recommendations including in this report and to exceed the financial target of £110,300	Option 3: This option is to do nothing, retain the existing fees and charges and the likelihood of not contributing to the financial target
Advantages	<p>This option meets the financial target for parking fees and charges taking into account inflation and the implications of the increase in VAT.</p> <p>This option is likely to provide less price increases and limits the impact on usage and the potential for adverse variances in the 2011/12 budget.</p>	<p>This option allows parking fees and charges to meet the financial target and to also make an additional contribution to the 2011/12 budget process.</p> <p>A further contribution could be made depending on the level of charge introduced for partner permits.</p>	<p>This option limits the impact on parking usage and town centre vitality and trading.</p> <p>This option is likely to receive the greatest support through the consultation process</p>
Disadvantages	<p>This option does not maximise the contribution that parking fees and charges could make to the 2011/12 budget preparation process.</p>	<p>Depending on the range of increases approved this option could have a negative impact on short stay parking and town centre trading.</p> <p>This option is likely to receive the most objections through the consultation process.</p>	<p>Apart from the possibility of increased income arising from no fee increases this option will result in a significant budget problem requiring additional income or savings to be generated from other activities / services undertaken by the council.</p>
Risks	<p>This option still has inherent risks associated with price increases as customers may choose other modes of transport or use other car parks in the district.</p>	<p>This option will have a significant risk of customer resistance to additional fee increases with a corresponding substantially increased risk of adverse variances</p>	<p>This option increases the budget preparation difficulties at a time when additional income or major savings are required.</p>

		with the 2011/12 budget.	
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6.0 Conclusion/Preferred Option

6.1 The preferred option is Option 2 which is summarised below:

That Cabinet approves 0.20p increases on the pay and display tariffs highlighted in the table at paragraph 3.1 for 2011/12 to generate additional income of £186,600 (exceeding the financial target of £110,300 by £76,300).

That Cabinet approves a 5% reduction in the level of public permit charges for 2011/12 generating additional income of £2,400.

That Cabinet approves the conversion of Lucy Street Car Park to a short stay pay and display car park generating additional income of £10,000.

That Cabinet approves the conversion of Bulk Street Car Park to a specific permit holders' car park generating a nil impact on the total income.

That Cabinet approves a 6% increase to Staff and Members permit charges for 2011/12 generating additional income of £3,100.

That Cabinet approves extending the existing Staff and Member permit arrangements to partnering organisations employing staff that are based in City Council buildings and to determine the permit charge generating additional income ranging between £13,300 and £40,000.

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.

In terms of sustainability the long term implications of making greater use of the spare capacity on long stay car parks as mentioned in the report needs to be considered.

LEGAL IMPLICATIONS

There are no legal implications arising from this report.

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 £53,400 and reduced permit income of £14,900 and reduced fee income of £26,300 arising in 2010/11 have been included as part of the 2011/12 Budget Process. The increase in the standard VAT rate from 17.5% to 20% from 4th January 2011 announced by the Chancellor of the Exchequer (totalling £56,900) has also been taken into account in preparing the options contained within this report.

The report sets out a number of scenarios for Members consideration, which not only meet the draft budget but also gives the flexibility to consider setting fees and charges over and above those currently projected.

	Option 1	Option 2	Option 3
Budgetary Requirement (Inflation/VAT Shortfall)	(110,300)	(110,300)	(110,300)
Pay & Display Income	110,300	186,600	-
Public Permit Income	-	2,400	-
Staff & Members Permit Income	-	3,100	-
Lucy Street Conversion	-	10,000	-
Bulk Street Conversion	-	-	-
Partnering Organisations	-	40,000	-
Total Budget Shortfall/(Surplus)	-	(131,800)	110,300

NB: The surplus for Option 2 reduces to £105,100 if the minimum £200 priced permit is implemented for Partnering Organisations i.e. if the permits are priced at the same level as the recommended charge for Staff and Members.

Option 1 offers Members a series of increases that meet the budgetary requirement of £110,300. This option has an inherent risk associated with it as any increases could impact on usage, although resistance factors have been built in to help mitigate this risk as indicated within the report.

Option 2 offers Members the option to choose a range of fee increases that will not only meet the budgetary requirement of £110,300 but will also allow an additional maximum contribution of £131,800 to be made to the 2011/12 Draft Budget. Depending on the number of increases chosen this option clearly has increased risks associated with in terms of customer resistance and any differing trend will inevitably impact on the actual income raised, although subject to whether this option includes conversion of Lucy Street and/or partnering/shared services this may help mitigate such risk to some extent.

With Option 3 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 2010/11, therefore not meeting the budget commitment included in the 2011/12 Draft Budget, which could result in a potential shortfall of £110,300 (split £53,400 inflation and £56,900 VAT). In effect, the VAT increase from 4th January 2011 reduces further the flexibility to meet the current target through alternative means other than increasing tariffs as outlined in Options 1 and 2.

Members are reminded, that if Option 3 is taken forward, then as it falls outside of the current budget framework and it will impact on the need to make more savings in other areas of activity, that it would need to form part of Cabinet's proposals, for further consideration and approval by full Council.

The implementation of increased on-street pay and display charges by the County Council is primarily a traffic management issue. However, the on and off-street charges will still be misaligned if Cabinet approves 0.20p increases on the 1 and 2 hour tariffs. If this was to be the case this would not necessarily encourage customers to use the Council's off-street car parks although it is not possible to quantify any potential loss in financial terms at this stage.

OTHER RESOURCE IMPLICATIONS

Human Resources:

There are no specific HR implications arising out of this report.

Information Services:

There are no IS implications arising out of this report.

Property:

Property Services has prepared this report and have no further comments to add.

Open Spaces:

There are no open space implications arising out of this report.

SECTION 151 OFFICER'S COMMENTS

Members are advised to consider the proposals in context of the Council's draft priorities and its financial prospects, as well as service objectives and value for

money.

MONITORING OFFICER'S COMMENTS

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

BACKGROUND PAPERS

None

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