

Fees and Charges Review – 2013/14 22nd January 2013

Report of Head of Environmental Services

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|--|----------|-------------------------|--|-------------------------------------|
| PURPOSE OF REPORT | | | | |
| To consider the annual review of parking fees and charges for 2013/14. | | | | |
| Key Decision | X | Non-Key Decision | | Referral from Cabinet Member |
| Date of notice of forthcoming key decision | | 21 December 2012 | | |
| This report is public | | | | |

RECOMMENDATIONS OF COUNCILLOR HAMILTON-COX

- (1) That Cabinet's recommendations for car parking charges are put forward to underpin the intended outcomes of the Council's parking strategy for this District; and in particular recognise the potential impact of disruption that may be caused by the upcoming works in Lancaster by United Utilities.
- (2) In the event of the County Council increasing on street parking charges the preferred option for increasing parking fees remains based around option 1a.
- (3) In the event that County Council decides to freeze on street parking charges as part of its 2013/14 budget the next best option is for the City Council to do likewise for 2013/14.
- (4) That work takes place to develop options to catch up any budgetary shortfall in 2014/15, including reducing operating costs.
- (5) That in the event that 3) above applies, the proposal be included as part of Cabinet's overall budget proposals for next year, subject to Council approval.

1.0 Introduction

- 1.1 At its meeting held in December Cabinet considered a report on the Council's Fees and Charges Policy, previously reported on 06 December 2011, and a Council wide review all of Fees and Charges for 2013/14. Cabinet approved the Policy and considered fees and charges across a number of service areas. For car parking it was agreed that consideration of the proposals would be deferred until the January meeting when it was hoped the County Council would have confirmed their proposals regarding on-street parking charges and in view of this still allowing sufficient time for implementation in April 2013.

- 1.2** Since the original report was finalised the County Council has confirmed that it will continue to support the policy of maintaining the higher on-street tariffs, and that any changes to their charges would be considered as part of their forthcoming budget round. Officers advised County that Cabinet is considering the matter again at this meeting and requested an update on their timescales for making any changes to their on-street charges. County have confirmed that any formal decision will be taken by their Cabinet Member at a decision making meeting still to be agreed but likely to be February 2013. This timescale does not allow for the synchronisation of on and off-street parking charges in line with the wider aims of managing traffic and parking. This now requires Cabinet to confirm any changes to car parking charges at this meeting to allow sufficient time for implementation in April 2013.
- 1.3** It is important to also recognise the Council has an agreed parking strategy for the District and the options brought forward in this report are designed to support the intended outcomes of this strategy.

2.0 Background Information

- 2.1** Parking fees and charges are reviewed annually to ensure the Council meets its transportation and budget commitments. Last year Members approved retaining the existing permit charges but increasing pay and display charges as follows:

Increase the Evening Charge from £1.20 to £1.40
Increase Short Stay Up to 2 hours from £2.00 to £2.20
Increase Short Stay Up to 3 hours from £2.70 to £2.80
Increase Short Stay Up to 4 hours from £3.40 to £3.50

It was originally proposed to increase the up to 1 hour charge on all car parks from £1.20 to £1.30, however this was on the basis that Lancashire County Council applied the same increase to on-street pay and display charges. Despite initial indications that this would be proposed their final recommendations did not include this, therefore this option was not finally approved.

For information, we maintain a differential in the up to 1 hour charge between off-street and on-street (this being the higher) to encourage greater use of car parks and to discourage customers from driving around the limited number of on-street parking spaces looking for a space and adding to congestion and increasing pedestrian safety issues.

2.2 Influencing Factors for 2013/14

There are a number of issues that need to be taken into account when looking at parking during 2013/14 and future years. These include major works being undertaken by United Utilities, Cabinet's recent decisions about the future of the Festival Market, the Portas Pilot and the Morecambe Area Action Plan.

United Utilities – Major works are going to be undertaken in Lancaster city centre, between February 2013 and November 2014, to improve bathing water quality.

These works will affect Wood Street car park and access to and from St Nicholas Arcades car park will also be affected during some phases of the works. The impact of these works is likely to be significant and there is the potential for Lancaster's retailers to be affected.

Portas Pilot – the Pilot is looking at specific initiatives to bring extra trade into Morecambe Town Centre and there may be requests for cheaper or free parking to support these initiatives.

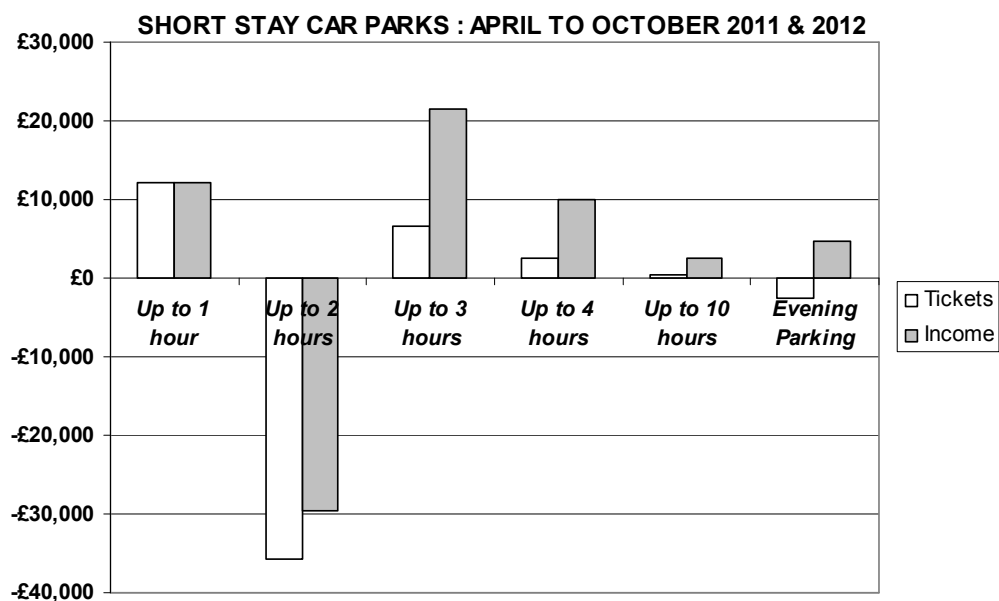
Morecambe Area Action Plan (MAAP) - The First Draft MAAP now out for consultation considers provision of both on and off street parking in Central Morecambe and identifies many issues and suggests that changes are required to parking provision and in management to support the regeneration of the town centre.

Besides these issues we also need to be looking further forward and considering the potential impact of the Duchy of Lancaster's plans for the castle as well as the impact of development of the canal corridor.

2.3 Current Usage and Financial Position

2.4 Usage Update

In terms of the number of cars using pay and display car parks, the overall level has dropped by 2.3% when comparing April to October figures for 2011 and 2012, however actual income has increased by 2%. The main reason is because there has been a shift on short stay car parks from parking up to 2 hours to parking for either 1, 3, 4 or 10 hours, so whilst the overall number of cars parking has dropped, the period being parked for has increased. The following graph shows this in more detail.



It is clear therefore that whilst usage can reduce the actual income generated can increase.

2.5 Financial Position

The financial position at the end of 2011/12 as shown in the following table was £53K

more than the revised estimate. This is due to income being an average of nearly 4% per month down on target for the first 8 months prior to the Revised Budget being set and this was then followed by an improved position during the remaining 4 months.

| | 2011/12 Estimate | 2011/12 Revised | 2011/12 Actual | Variance on Revised |
|--------------|-----------------------------|----------------------------|---------------------------|--------------------------------|
| Fees | £2,065,900 | £1,979,900 | £2,037,851 | +£57,951 |
| Evenings | £84,800 | £93,600 | £91,403 | -£2,197 |
| Permits | £239,800 | £161,500 | £158,864 | -£2,636 |
| TOTAL | £2,390,500 | £2,235,000 | £2,288,118 | +£53,118 |

The current 2013/14 Draft Budget outlined in the table below assumes that income across the three headings will continue at the same level as projected for 2012/13, i.e. Fees and Evening income will remain the same and permits will reduce by £4.5K each year. An inflationary increase of 2% has also been added in line with the Council's existing policy on fees and charges.

| | 2012/13 Estimate | 2012/13 Revised | 2013/14 Estimate | Inflation Included |
|--------------|-----------------------------|----------------------------|-----------------------------|-------------------------------|
| Fees | £2,032,900 | £2,032,900 | £2,073,600 | £40,700 |
| Evenings | £106,400 | £106,400 | £108,500 | £2,100 |
| Permits | £146,100 | £141,600 | £144,400 | £2,800 |
| TOTAL | £2,285,400 | £2,280,900 | £2,326,500 | £45,600 |

The annual review needs to consider options for covering additional inflationary increases of £45.6K across the above headings.

3.0 Proposal Details

The proposals are to focus on day time pay and display charges as evening charges were increased in April 2012 and permit income has been reducing in recent years. The options are set out in **Appendix A**.

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 options included in the report and their comments were circulated before the December meeting of Cabinet.

On-Street pay and display charges are the responsibility of Lancashire County Council and the latest position with these charges is set out in the report.

5.0 Options and Options Appraisal

All options and relevant analysis are set out in **Appendix A**.

6.0 Officer Preferred Option

Option 1(a) is the officer preferred option as this limits increases to one tariff and the

estimated additional income of £46K would meet the budgetary target. However, this option should be linked to a positive response from the County Council to raise the on-street charges otherwise car park charges would be higher than on-street charges and this would not maintain the required differential as outlined in this report.

In the event of the County Council not increasing their charges the officer preferred option would be Option 1(b). This would result in a budgetary shortfall of approximately £13K. Increasing the long stay charges even higher to meet this shortfall would require significant increases that are not considered to be acceptable. As a result further savings would need to be identified or a growth item submitted to meet the shortfall.

7.0 Conclusion

The officer preferred options set out in this report will meet or make a contribution to the required inflationary increases already built into the latest 2013/14 draft budget. They take on board the need to generate income in line with the requirements of the Medium Term Financial Strategy and the Fees and Charges Policy, whilst endeavouring to minimise the impact on customers.

RELATIONSHIP TO POLICY FRAMEWORK

Fees and charges form an integral part of the budget setting process, which in turn relates to the Council's priorities. Under the Medium Term Financial Strategy (MTFS), income generation is a specific initiative for helping to balance the budget.

Parking Strategy – to set charges to meet the Council's transportation policy objectives and budget commitments and to ensure the cost differential between on and off-street charges is maintained (see attached).

CONCLUSION OF IMPACT ASSESSMENT

(including Health & Safety, Equality & Diversity, Human Rights, Community Safety, HR, Sustainability and Rural Proofing)

The proposed increases are considered to be fair and reasonable.

LEGAL IMPLICATIONS

Legal Services have been consulted and have no observations to make on this report.

FINANCIAL IMPLICATIONS

As mentioned in the report the proposals are to consider changes to day time pay and display charges rather than evening or permit charges.

Detailed financial implications are set out in the body of the report and Appendix A.

In summary, the officer preferred Option (1a) will generate estimated additional receipts of £46K which will meet the inflationary increase currently built into the latest 2013/14 draft budget. However, should Members approve option 1a and then the County Council do not increase their on-street parking charges in line with Lancaster's off-street increase then off-street parking will have a higher charge than on-street parking for a one hour stay.

For Option 1b, there will be a budget shortfall of £13K with regard to parking, as explained in Appendix A. However, should Members decide to approve Option 1c then this will create a budgetary surplus of £33K.

For Option 2, there will be a budget shortfall of £46K with regard to parking, as explained in

Appendix A.

Members are reminded, that if either options 1b, 1c or 2 are taken forward, then as it falls outside of the current budget framework and it will impact on the need to make more savings or the potential for growth in other areas of activity, then it would need to form part of Cabinet's proposals for further consideration and approval by full Council.

OTHER RESOURCE IMPLICATIONS

Human Resources / Information Services / Property:

None.

Open Spaces:

None specifically, other than income generation as referred to in the report.

SECTION 151 OFFICER'S COMMENTS

The proposals should be considered in the context of the wider budget prospects, an update on which is provided elsewhere on this agenda. In the short to medium term, the Council is facing further major reductions in Government funding. As a general principle therefore, the Council is advised to maximise any opportunities for improving income generation, having due regard to charging policy, as this would help protect priority services.

MONITORING OFFICER'S COMMENTS

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

BACKGROUND PAPERS

Parking Strategy

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