

## BROMSGROVE DISTRICT COUNCIL

# Cabinet

1st December 2010

### REVIEW OF PAY ON FOOT CAR PARKING

Relevant Portfolio Holder	Councillor Michael Webb
Relevant Head of Service	Guy Revans
Key Decision Yes	

#### 1. SUMMARY OF PROPOSALS

- 1.1 This report responds to the request made by Members of the Council and details the financial implications of a re-introduction of the incremented tariff on the Council 'Pay on Foot' car parks.

#### 2. RECOMMENDATIONS

- 2.1 Cabinet is requested to note the financial implications associated with the reintroduction of the incremental car parking charging tariffs on the Council owned 'Pay on Foot' car parks (Churchfields and Recreation Road South), and in light of this information decide whether or not the incremental charging should be reintroduced.

- 2.2 In the event that members are minded to reintroduce the incremental charging system detailed within this report, it is suggested that the Cabinet resolve as follows:

- (a) that officers be tasked with undertaking a review of the car parking provision, the charging structure that supports this and the extent to which alternative methods of service delivery can be achieved in this area that would lead to a more sustainable and cost effective car parking provision as part of the current shared service review;
- (b) (i) that Members note the cost implications of reintroducing incremental charging and the consequential effect that this will have on the Medium Term Financial Plan for 2011/12 and 2012/13;
- (ii) that this deficit be managed by the Executive Director of Finance & Resources as part of the wider budget setting process for future years; and

the Cabinet RECOMMEND to the full Council

- (c) that £45,000 be released from balances to ensure a balanced budget for 2010/11 in respect of the incremental charging scheme

**3. BACKGROUND**

- 3.1 Members are aware that the introduction of the Pay of Foot car parking system in the Council car parks in Churchfields and Recreation Road saw the introduction of a tariff system that trialled the payments in 10 minute increments in favour of a tariff that charged to the next hour. It was clear after this initial trial that the incremental charging was having a significant impact on the overall car parking revenue and as a result it was removed. At that time it is estimated that the cost associated with the incremental charging system over a period of approximately three and a half months was circa £24K. It is predicted that a reintroduction of the 10 minute incremental charge would cost a further £21k to the end of the current financial year.
- 3.2 At its meeting on 15<sup>th</sup> September 2010 officers were tasked with reporting to members on the costs and implications of reintroducing the incremental tariff scheme.
- 3.3 Members are advised that the practice of charging in hourly segments is not unusual but it is accepted that it offers less flexibility to the shopper in relation to the time spent and paid for parking. An example of the effects are that a driver who is one minute over an hourly fee of 70p under the hourly segment tariff would be required to pay £1.40. Using an incremental tariff system the charge would be 90p.
- 3.4 It is clear that the cost of reintroducing car parking provision on an incremental basis will have a financial impact on the overall income to the Council that is generated from parking in the Councils car parks.
- 3.5 Members are advised that the current medium term financial plan is based on assumptions that certain levels of car parking revenue will be achieved and that these assumptions have been based on the currently hourly charges. This predicted level has not been achieved.
- 3.6 If members are minded to return to the incremental tariff then this will have a detrimental effect on the overall budget for 2010/11 and future years that will need to be addressed as part of the review of the medium term financial plan.

**4. KEY ISSUES**

- 4.1 There are 2 tariff options for Recreation Road South and Churchfields car parks that Members can consider;
- a) remain with the current hourly rates
  - b) amend the tariff to 10 minute increments
- 4.2 The loss of income in the earlier part of the year due to the incremental charging tariff was circa £24k and the predicted additional revenue required to cover the reintroduction of the incremental tariff for the remainder of 2010/11 amounts to £21k and it would be necessary for this sum to be released from balances to fund the deficit in 2010/11.
- 4.3 Members are advised that although release of £21k would cover the costs between January and March 2010 and that a further release of £24k would cover the shortfall arising from the incremental tariff, there remains a significant shortfall to anticipated income of approximately £164k for 2010/11. This will be addressed as part of the medium term financial plan.
- 4.4 Members are reminded that in addition to the decisions relating to the incremental charging that there are wider car parking revenue issues that will need to be addressed as part of the wider budget setting debate for future years and that these relate to the increase in VAT charges, the underachievement generally in car parking income and the wider need for the Council to consider all of its fees and charges in light of the current economic climate and the reduction in Local Authority Grant funding. Members are advised that this will be presented as part of a wider fees and charges and budget report.
- 4.5 It is fair to say that notwithstanding the additional burden that the incremental charging will place on the Council in financial terms that in view of the Councils wider priority to invest and improve the shopping experience within the Town Centre that the move to incremental charging would be supported and valued by town centre businesses and customers.
- 4.6 That said members are advised that officers have been working on the options available in respect of alternative service delivery methods and the extent to which the service can be rationalised to enable greater efficiencies moving forward.
- 4.7 To this extent members will be presented with a separate report detailing those options once the review has been completed during 2011/12.

- 4.7 Members are also advised that as a consequence of the economic downturn car parking income has dropped and that this move to the provision of such a highly competitive tariff charging structure may result in a growth in custom to the Town Centre and the car parks.
- 4.8 It is important to note as part of this report that the importance of the two free parking weekends (11<sup>th</sup>, 12<sup>th</sup> and 18<sup>th</sup>, 19<sup>th</sup> December) has been acknowledged as part of this report and Members are advised that all financial projections included within this report ensure that this provision is maintained.

**5. FINANCIAL IMPLICATIONS**

- 5.1 The incremented tariff was introduced when the new system went live on March 2010. This tariff initially cost up to £1.5k net per week in lost revenue to the service.
- 5.2 The tariff operated for a number of weeks before it was removed. This has allowed officers to predict the effects of reintroducing the incremented tariff. Based on the current spend and revenue patterns, including the reintroduction of the incremented tariffs, the Council will be faced with a further £21k shortfall in income in addition to the £164k predicted income shortfall on the whole car parking service for 2010/11.
- 5.3 This shortfall is largely the result of a lower than expected revenue increase from the pay on foot car parks, the loss of income resulting from the removal of the incremented tariff.
- 5.4 It is proposed that the £45k shortfall to fund the incremental tariff is met from balances as officers are unable to identify other areas of savings that could meet this shortfall.
- 5.5 Members acknowledge the wider financial implications of these proposed changes and the need for them to be addressed as part of the wider budget setting and the medium term financial plan.

**6. LEGAL IMPLICATIONS**

- 6.1 The provision of the incremented tariff is discretionary and does not require any changes to the parking Order to implement.
- 6.2 The procedure for making an amendment of car parking orders is regulated by the Road Traffic Regulations Act 1984 and the Local Authorities Traffic Orders (Procedure) (England and Wales) regulations 1996 and any change

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the charging rates for the purposes of VAT other increases would require an amendment to the existing order.

#### **7. POLICY IMPLICATIONS**

7.1 None.

#### **8. COUNCIL OBJECTIVES**

8.1 The town centre is one of the Council objectives. The provision of affordable, safe, and well maintained car parking supports the economy in the town centre.

#### **9. RISK MANAGEMENT INCLUDING HEALTH & SAFETY CONSIDERATIONS**

9.1 None.

#### **10. CUSTOMER IMPLICATIONS**

10.1 The customers will pay less when using the Council pay on foot car parks. Although not directly comparable, this does reflect the incremented tariffs for overpayments on pay and display car parks.

#### **11. EQUALITIES AND DIVERSITY IMPLICATIONS**

11.1 None.

#### **12. VALUE FOR MONEY IMPLICATIONS, PROCUREMENT AND ASSET MANAGEMENT**

12.1 None.

#### **13. CLIMATE CHANGE, CARBON IMPLICATIONS AND BIODIVERSITY**

13.1 None.

#### **14. HUMAN RESOURCES IMPLICATIONS**

14.1 None.

#### **15. GOVERNANCE/PERFORMANCE MANAGEMENT IMPLICATIONS**

15.1 None.

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#### **16. COMMUNITY SAFETY IMPLICATIONS INCLUDING SECTION 17 OF CRIME AND DISORDER ACT 1998**

16.1 This will reduce levels of aggression between Council staff and customers.

#### **17. HEALTH INEQUALITIES IMPLICATIONS**

17.1 None.

#### **18. LESSONS LEARNT**

18.1 None.

#### **19. COMMUNITY AND STAKEHOLDER ENGAGEMENT**

19.1 During the six month review of the new system, there were 36 comments out of 402 questionnaires stating that the removal of the tariffs was unfair and that they should be reintroduced. This was the second most popular comment made with long queues at the paystations being the most common.

#### **20. OTHERS CONSULTED ON THE REPORT**

Portfolio Holder	Yes
Chief Executive	Yes
Executive Director (S151 Officer)	Yes
Executive Director – Leisure, Cultural, Environmental and Community Services	Yes
Executive Director – Planning & Regeneration, Regulatory and Housing Services	Yes
Director of Policy, Performance and Partnerships	Yes
Head of Service	Yes
Head of Resources	Yes
Head of Legal, Equalities & Democratic Services	Yes
Corporate Procurement Team	No

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21. **WARDS AFFECTED**  
All

22. **APPENDICES**  
None

23. **BACKGROUND PAPERS**  
None

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