

Cabinet report



8 July 2011

Report of head of economy leisure and property

Author: John Backley

Telephone: 01235 540443

Textphone: 18001 01235 540443

E-mail: john.backley@southandvale.gov.uk

Wards affected: all

Cabinet member responsible: Elaine Ware

Tel: 01793 783026

E-mail: elaine.ware@whitehorsedc.gov.uk

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The introduction of free short stay car parking

Recommendations

Cabinet is asked to:

- (a) determine whether it wishes to introduce free car parking in line with the proposals set out in paragraph 10 of this report, or on some alternative basis
- (b) determine how it wishes to fund its proposals

In addition, if cabinet does agree to implement free parking, to:

- (c) authorise the head of legal and democratic services to prepare and publish a draft order under the Road Traffic Regulation Act 1984 and carry out the necessary consultations in accordance with the requirements of the Act and the Local Authorities' Traffic Orders (Procedure) (England and Wales) Regulations 1996 and to report back to cabinet on the responses received after the end of the consultation period
- (d) agree a change in the Vale Council's parking policy by removing statement B (1) to reflect the fact that the income from the service will not meet the expenditure
- (e) to recommend to full council a supplementary revenue estimate as referred to in paragraph 19 of the report.

Purpose of report

1. This report provides information in order to help the cabinet decide whether it wishes to put into place an election pledge to introduce free short stay car parking in the Vale's three market towns and, if so, how it wishes to do this.

Strategic objectives

2. The provision and pricing of car parking impacts on two of the Vale Council's strategic objectives: supporting a vibrant local economy and managing our business effectively. Introducing free parking may help sustain vibrant market towns, which is a corporate objective.

Background

3. The Vale Council's current car park fees are shown in appendix 1 to this report.
4. The Vale Council's existing parking policy was reviewed in December 2009 and states:
 - "B (1) Income from the service as a whole must at least cover the operating, maintenance and management costs of the car park provision.
 - "B (2) Differential pricing may apply between areas in the Vale, including between car parks in the same town.
 - "B (3) Pricing may be used to regulate and influence usage to achieve a balance between sustainability and environmental objectives, and town centre vitality and viability, hence, short term and long term public parking should be differentially priced

and located to encourage edge of town parking for commuters, thus freeing town centre parking for shoppers and visitors.

“B (4) Parking will be provided free of charge for disabled badge holders.

“B (5) Parking fees and charges will be reviewed annually.”

5. Officers expect that introducing a period of free parking would reduce income significantly (see financial implications in paragraphs 14–19), to the extent that expenditure would exceed income. This means the current policy statement B (1) would require amendment or removal to reflect the fact that income from the service would no longer cover the cost of car park provision.
6. The previous executive of the Vale Council reviewed car parking charges on 7 January 2011, when it decided to make no changes to the daily fees or level of excess charges.
7. Traditionally, car park fees and charges are reviewed every year in December/January in order to implement changes from 1 April. Table 1 below is a ‘memorandum’ account updated from the last report that shows the actual income and expenditure for the last financial year and the forecast up to 2013/14.

Table 1 Car park income and expenditure over a five year period

	2009/10	2010/11	2011/12	2012/13	2013/14
	actual	forecast	original budget	base budget	base budget
Car park income*	(738,670)	(717,987)	(710,280)	(710,280)	(710,280)
Reimbursement for shared posts	0	(42,068)	(50,870)	(50,870)	(50,870)
Total Income	(738,670)	(760,055)	(761,150)	(761,150)	(761,150)
less:					
running costs	538,992	502,474	519,130	534,704	550,745
depreciation **	98,100	98,100	98,100	98,100	98,100
support costs**	226,900	162,007	140,000	144,200	148,526
NET COST	125,322	2,526	(3,920)	15,854	36,221

* Includes car parking fees, parking permits and wayleaves

2009/10 actuals to 31st March 2010

2010/11 is based on current actual spend with a provision for depreciation and support costs

2011/12 Income and expenditure budget is the approved original budget

2012/13 expenditure includes inflation at three percent** Not in revenue budget

8. Looking at income and expenditure over five years enables cabinet to take a medium term view of how income and expenditure are likely to change. It also enables it to set prices designed to ensure that the Vale Council does not make a profit over that period. The table includes support costs and depreciation to give an overall view of running costs.
9. The table shows that the car park ‘account’ made a net loss of some £125,000 in 2009/10. Based on the current fees and charges, the ‘account’ is expected to show a small surplus in 2011/12 before moving into deficit in subsequent years. The introduction of a free parking period will change this significantly of course.

Cabinet’s proposals

10. Based on discussions that have taken place prior to the preparation of this report, officers understand that the proposals cabinet wishes to consider are as follows:
 - a) a two hour period of free parking. Officers estimate that this will result in a reduction in income of around £250,000 a year.

- b) an increase in all parking charges for three hours or more of £0.30 (see appendix 1). Officers estimate that this will generate around £52,000 a year of additional income.
- c) an increase in permit costs of six per cent (which equates to between £0.10 and £0.20 a day for annual permit holders, dependant upon the type of permit held and the location – see appendix 2). Officers estimate that this will generate income of around £5,500 a year.
- d) display of a ticket from the commencement of parking, incorporating the free period. This is the same as the system currently operating at the Orchard Centre car park in Didcot and that which South plans to introduce shortly in its car parks.
- e) an extension of the period in which parking charges apply until 6pm. Because of the two hour free period this would mean that people could park free of charge from 4pm onwards, as is the case at present.
- f) introduction of a ‘no return’ period of two hours covering all of the car parks in a particular town. This will stop users having a free period of parking in the morning, going away for lunch and then returning less than two hours later to have a further period of free parking. Officers advise that whilst this provision is important it will be difficult to enforce, particularly where vehicles are moved from one car park to another.

Economic development implications

11. Businesses in the Vale’s market towns have struggled in recent years with the growth in out of town and internet shopping. Footfall has declined. Although the cost of parking is not significant, many businesses think it discourages local people wanting to make short visits to town centre shops. The town partnerships (Wantage and Faringdon joint economic forums and the Choose Abingdon Partnership) are working hard to encourage local people into the town centres as they consider that once people come into the town for everyday goods they will then use other shops, particularly independent shops and places to eat.
12. Two hours free parking would allow people sufficient time to do everyday shopping and also explore more of what the town centres have to offer without having to pay parking charges. Having said this, officers are unaware of any evidence from national studies that free parking makes a noticeable difference to footfall in town centres.
13. Officers also remind cabinet that free parking already exists to an extent in our three market towns. The new Sainsbury’s in Wantage offers unrestricted free parking for two hours. Waitrose in Abingdon offers one and a half hours free parking for shoppers using the store. In Faringdon, users of the two car parks are able to claim back the cost of their first hour’s parking (40p) when spending a minimum of £5 at any of the 25 participating business.

Financial implications

14. Like much of local government facing substantial funding cuts and a slow economic recovery, the Vale Council's medium term financial position is extremely sensitive to any changes in its underlying assumptions. This year the Vale Council has already experienced unforeseen pressure caused by the delayed power to generate additional planning fee income. More significantly, the medium term financial plan demonstrates an unsustainable reliance on the use of reserves beyond 2015/16, which will need to be addressed in next year's budget. These pressures will be only partially offset by the 2010/11 out-turn underspend, which was greater than expected.

15. The Vale Council is becoming increasingly dependent on its income-generating services such as car parking to cover its significant costs, instead of placing the burden on general council taxpayers. As government grant funding reduces, income streams such as car parking will become critical to enabling the Vale Council to become more self-sufficient.
16. Offering free car parking for two hours will cause a significant loss of income estimated to be £250,000 per year. This reduces to £192,500 a year if cabinet chooses to increase certain charges as set out in paragraph 10. There are also one-off costs of £10,500 through changes to equipment and signs and advertising the revised parking orders.
17. The loss of £192,500 assumed net annual income from car parking represents a total five year pressure of £962,500 in next year's medium term financial plan, plus a £75,000 part-year impact this year (this includes the one-off costs). The Vale Council does not have sufficient financial resources to meet this pressure. Officers have identified a number of options to help the cabinet determine how it intends to fund free car parking:

a) using new homes bonus

Vale Council received £452,000 of new homes bonus this year, being the first tranche in respect of 2009/10 housing growth. The money is not ring-fenced and is currently held in a reserve account. Some or all of it could be returned to general fund balances, to offset the lower income from car parking.

Next year we expect to receive the second of six tranches of the 2009/10 new homes bonus and also the first tranche (again of six) of the new homes bonus relating to housing growth in 2010/11. Whilst at first sight this may appear to be offering us significant new resources, cabinet should bear in mind two things:

- the government has raised expectations that councils will use new homes bonus to the direct benefit of communities taking new housing, particularly on infrastructure. If cabinet uses the funds to support free car parking, it will have to manage any reaction amongst disappointed local communities that had expected to see these funds spent in their areas.
- the government is giving increasingly strong indications that in future it will fund new homes bonus through reducing or even ending rate support grant to local authorities. On that basis, new homes bonus cannot sustainably address the on-going financial pressure.

b) achieving further shared service efficiency savings

Most staffing changes have now been completed and substantial assumed savings have already been factored into the medium term financial plan. The only significant opportunity for further joint working savings is to investigate a shared office for South and Vale. The Vale's annual saving from this might be sufficient to meet the free parking pressure but such a decision could only be made in conjunction with South.

c) other reactive savings

The cabinet may wish to consider additional lean working efficiency savings in the pipeline but so far unquantified and unbudgeted, although this is inherently risky. Alternatively it might wish to consider unplanned savings such as service cuts. Note that many additional savings, from staff reductions for example, would have to be agreed with South and only half the saving would be receivable by the Vale.

d) business improvement district (BID)

The cabinet may wish to consider the creation of a business improvement district (BID) in order to raise income to offset the cost of free parking. For a BID to be

established a majority of non-domestic rate payers in the bid area must be in favour of the BID proposals. The significant cost of the ballot is normally funded by the BID proposer (or by the BID itself), and in this circumstance is likely to fall to the council. There is no certainty of success and several BIDs have failed to achieve the majority vote.

18. These options all carry risk and are dependent on future political decisions. Officers cannot be confident that they will be sufficient to meet the £192,500 annual pressure. Given this and the other increasing pressures on the Vale Council's future financial health there is a significant risk that the Vale Council will face a substantial medium term financial deficit, which it has no means of addressing other than by service cuts. For these reasons the s.151 chief finance officer strongly recommends against the introduction of free car parking.

Supplementary estimate

19. The £75,000 pressure caused by the introduction of free car parking this year cannot be met from the Vale Council's contingency and will need to be funded from reserves in-year. To effect this, full council will need to approve a supplementary revenue estimate. Therefore, cabinet is requested to recommend a supplementary revenue estimate to council.

Legal implications

20. The changes set out in paragraph 10 will require the making of a new car park order. Doing this would be in accord with the general duty upon the council under section 122(1) of the 1984 Road Traffic Act, to ensure the provision of suitable and adequate off street parking facilities and "secure the expeditious, convenient and safe movement of traffic".
21. The Road Traffic Regulation Act 1984 grants the power to the council to make an order. The 1984 Act, together with the Local Authorities' Traffic Orders (Procedure) (England and Wales) Regulations 1996, sets out the procedure we must follow. The Vale Council is required to publish the proposed order in the local press. The Vale Council must also consult with the county council (whose consent to the confirmation of the order must be obtained before it is confirmed), and other appropriate organisations including the police. Cabinet must consider all representations received before making the order.
22. Cabinet will need to authorise the head of legal and democratic services to prepare and publish a draft order under the Road Traffic Regulation Act 1984 and carry out the necessary consultations in accordance with the requirements of the Act and the Local Authorities' Traffic Orders (Procedure) (England and Wales) Regulations 1996 and to report back to cabinet on the responses received after the end of the consultation period.
23. The legal requirements to change the order as above will take at least four months. If the cabinet agrees in July 2011 to introduce free short stay parking then the free parking may be able to start on 1 December 2011. However, the exact start date will depend on whether the decision is subject to a scrutiny call-in and whether representations are received that cabinet has to formally consider formally.

Risks and options

24. Apart from financial risk that is covered elsewhere, the principal risk is that car parks become too cheap, demand outstrips the supply and users choose to park or go

elsewhere. Officers will monitor the situation but consider that this is unlikely to present a problem in the short term.

25. There is the possibility that those who have paid for permits will no longer be able to park in their chosen locations and they may demand refunds. Officers have not factored this into any of the financial implications.
26. In terms of options there are a broad range extending from introducing totally free parking through to maintaining the status quo or even increasing charges. As cabinet has informally decided how it wishes to proceed, we have not worked up these options but can do so on request.

Conclusion

27. Cabinet wishes to put into place an election pledge to introduce free car parking in the Vale's three market towns. Informally it has decided that it wishes to offer a two hour free parking period and this report is based on that assumption. Officers have set out the evidence that they consider cabinet should take account of prior to making a formal decision.
28. Officers draw particular attention to the financial implications set out in paragraphs 14 - 19. If cabinet chooses to fund free parking through use of new homes bonus, this is possible in the short term but is very unlikely to present a sustainable long-term solution. Cabinet will also have to manage the reaction of communities taking additional housing, who might expect new homes bonus to be spent on improved infrastructure in their locality rather than on free parking.
29. Finally, officers would wish to re-state that the stated income loss of £192,500 a year through the introduction of two hour free parking is very much an estimate. The actual reduction in income will only become apparent once the new arrangements are in place. This will create an immediate medium term budget pressure, which the Vale Council will not be addressing until next year's budget is set.

Background papers

- none

Appendix 1 Vale of White Horse District Council, car park fees and charges from 1 April 2011 (showing an increase of 30p in brackets)

Place	Average Charging periods	up to 1 hour	up to 2 hours	up to 3 hours	up to 4 hours	up to 5 hours	up to 6 hours	up to 8 hours	
Abbey Close, Abingdon	8am to 4pm Mon – Sun	0.60 (no charge)	(no charge)	1.20 (1.50)	3.10 (3.40)	4.00 (4.30)	n/a	5.00 (5.30)	
Audlett Drive, Abingdon	8am to 4pm Mon – Sun	0.60 (no charge)	(no charge)	1.20 (1.50)	3.10 (3.40)	4.00 (4.30)	n/a	5.00 (5.30)	
Charter m/s, Abingdon	8am to 4pm Mon – Sun	0.60 (no charge)	(no charge)	1.20 (1.50)	3.10 (3.40)	4.00 (4.30)	n/a	5.00 (5.30)	
West St Helen St, Abingdon	8am to 4pm Mon – Sun	0.60 (no charge)	(no charge)	1.20 (1.50)	3.10 (3.40)	4.00 (4.30)	n/a	5.00 (5.30)	
Civic, Abingdon	8am to 4pm Mon – Sun	0.60 (no charge)	(no charge)	1.20 (1.50)	3.10 (3.40)	4.00 (4.30)	n/a	5.00 (5.30)	
Cattlemarket, Abingdon	8am to 4pm Mon – Sun	0.60 (no charge)	(no charge)	1.20 (1.50)	3.10 (3.40)	4.00 (4.30)	n/a	5.00 (5.30)	
Hales Meadow, Abingdon	8am to 4pm Mon – Sun	0.60 (no charge)	(no charge)	1.20 (1.50)	3.10 (3.40)	4.00 (4.30)	n/a	5.00 (5.30)	
Rye Farm, Abingdon	8am to 4pm Mon – Sun	0.60 (no charge)	(no charge)	1.20 (1.50)	3.10 (3.40)	4.00 (4.30)	n/a	5.00 (5.30)	
Portway, Wantage	8am to 4pm Mon – Sat	0.50 (no charge)	(no charge)	1.00 (1.30)	3.10 (3.30)	4.00 (4.30)	n/a	5.00 (5.30)	
Limborough Road A and B, Wantage	8am to 4pm Mon – Sat	0.50 (no charge)	(no charge)	1.00 (1.30)	2.60 (2.90)	n/a	3.00 (3.30)	3.50 (3.80)	
Mill St, Wantage	8am to 4pm Mon – Sat	0.50 (no charge)	(no charge)	1.00 (1.30)	2.60 (2.90)	n/a	3.00 (3.30)	3.50 (3.80)	
Southampton St, Faringdon	8am to 4pm Mon – Sat	0.40 (no charge)	(no charge)	0.80 (1.10)	n/a	n/a	n/a	n/a	
Gloucester St, Faringdon	8am to 4pm Mon – Sat	0.40 (no charge)	(no charge)	0.70 (1.00)	2.10 (2.40)	n/a	2.30 (2.60)	2.50 (2.80)	
Botley car parks		No charge							
Market Place, Queen St, Old Abbey House, Guildhall, Abingdon	Permits only (see table in appendix 2)								

All car park excess charges: £80, reduced to £50 if paid within ten days

Appendix 2

Vale of White Horse District Council, permits from 1 April 2011 (showing six per cent increase in brackets)

Place	Daily (24 hrs in advance) NO CHANGE £	Residents annual £	Residents 6 month £	6 or 7 day Annual £	6 or 7 day 3 months £	6 or 7 day 1 month £	5 day Annual £	5 day 3 months £	5 day 1 month £	School term (10 mins) to be available for all car parks £	Other permits £
Abbey Close, Abingdon Audlett Drive, Abingdon Charter m/s, Abingdon West St Helen St, Abingdon	5.50 (5.80)	271.00 (287.00)		735.00 (779.00)	220.00 (233.00)	74.00 (78.00)	613.00 (650.00)	183.00 (194.00)	61.00 (65.00)	10.00 (10.60)	
Hales Meadow, Abingdon Rye Farm, Abingdon	5.50 (5.80)			490.00 (519.00)	148.00 (156.00)	49.00 (52.00)	487.00 (516.00)	179.00 (190.00)	58.00 (61.00)		
Market Place, Queen St, Abingdon	5.50 (5.80)			562.00 (596.00)						10.00 (10.60)	20 min (book of 100) 3.50 (3.70)
Old Abbey House, Abingdon	5.50 (5.80)						135.00 (143.00)			10.00 (10.60)	
Portway, Wantage	5.50 (5.80)	112.00 (119.000)								10.00 (10.60)	
Limborough Road A and B, Wantage		135.00 (143.000)	67.00 (71.00)	429.00 (455.00)	128.00 (136.000)	43.00 (46.00)				10.00 (10.60)	
Mill St, Wantage		135.00 (143.00)	67.00 (71.00)	429.00 (455.00)	128.00 (136.00)	43.00 (46.00)				10.00 (10.60)	
Gloucester St, Faringdon		112.00 (119.00)		306.00 (324.00)	92.00 (98.00)	31.00 (33.00)				10.00 (10.60)	One day/week annual 34.00 (36.00)
Guildhall, Abingdon	No charge										

General

- permits include VAT at 20 per cent, which may be subject to change
- permit replacements, £12.00 including VAT
- permit refunds (admin cost), £10.00 including VAT