

Report to: Communities Scrutiny Committee

Date of Meeting: 9 July 2015

Lead Member/Officer: Lead Member for Public Realm/
Head of Highways and Environmental Services

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& Traffic, Parking and Road Safety Manager

Title: Methodology for setting appropriate car parking charges
in Denbighshire

1. What is the report about?

The methodology being used to determine appropriate car parking charges within Denbighshire, and the principles that have been adopted for negotiating subsidy arrangements with Town Councils, and/or any other bodies

2. What is the reason for making this report?

The setting of fees and charges is delegated to Head of Service level, with an expectation that members will be consulted about any contentious changes. Changes to car parking charges obviously have the potential to be contentious.

3. What are the Recommendations?

That the Committee considers the report and comments on the proposals recognising;

- a) that budgets have to be balanced, including the car parking budget.
- b) that the methodology set out in this report provides a logical method of setting charges, determining income levels and meeting the main operational need of the service, i.e. to increase the availability of spaces for shoppers and visitors; and
- c) that the final budget could be varied via the council's budget setting process, including any amendments that might arise via the Freedoms and Flexibilities process (F&F). Obviously, this has the potential to affect the charges that would need to be levied.

4. Details.

4.1 Background

- 4.1.1 In Denbighshire, car parking charges have not been increased for 6 years. Over that 6 year period the retail price index (RPI) has risen by around 18 %, and over the same period the budgetary deficit has risen to around £150,000 p.a. (see Appendix A for details). The shortfall is being made-up by cross-subsidies from the general highways maintenance budget.
- 4.1.2 If we continue to cross-subsidise from the highways maintenance budget, we will undermine one of the council's top Corporate Priorities (i.e. to improve the condition of our roads). Members have never consciously chosen to subsidise the car parking budget. Instead, the situation has been allowed to develop over time.

The major step-change in the budgetary position occurred as a consequence of the changes to retail provision in our two main coastal towns. Before that, the financial position was relatively stable. We also appear to have a stable position now (albeit with a cross-subsidy).

- 4.1.3 The Council's budget setting process for 2016-17 incorporates the F&F process, and the current budgetary anomaly could be considered as part of that process, i.e. before car parking charges are finalised. For example; members *could* decide that they wanted to take money out of the highways maintenance budget, and make the current parking cross-subsidy permanent. Obviously, as Head of Highways, I would be advising members against that, as spending less on road maintenance, at a time of reduced Welsh Government funding on roads, is not a prudent or sustainable thing to be doing. However, it will be members who decide upon budget levels.
- 4.1.4 Although members will be deciding on general budget levels, it is not fair, or reasonable, to expect them to set charges in individual car parks, for individual durations of stay, hence the delegation of that function to officer level. The charging arrangements need to be seen to have been developed in a logical and fair manner, and the mechanisms that have been used to get to a fair and logical charging position, within the allocated budget, are therefore set out below:

4.2 Fundamental Principles used to determine charge levels

- 4.2.1 Car park charges are necessary, firstly to derive funding to pay for their provision, and secondly to control and regulate turnover of spaces. Dealing with each in turn:

4.3 Provision costs

- 4.3.1 The derivation of 'provision cost' should cater for 'whole life costing' of assets i.e. to include asset provision costs, operational costs, and maintenance costs. Asset value should recognise lost opportunity costs and/or replacement costs. The principle can be seen most clearly in the case of our underground / multi-storey car parks, but the same fundamental principles apply to all of our sites. There is also the need for future investment in infrastructure, e.g. 'smart' pay and display machines that will cope with modern methods of payment.
- 4.3.2 If these principles were to be applied across our car parks on a commercial basis, the resulting charge rates could be two or three times higher than the charges being proposed in this report. Clearly, the Council is not a commercial operator, and has no desire or intention to run its car parks on a commercial basis. Nevertheless, it is right for us to take things such as asset value and replacement cost into account. There is no such thing as a free car park. They all have to be paid for in some way or another, throughout the whole of their lives.

4.4 Regulation of parking space availability

- 4.4.1 In busy shopping car parks we are trying to optimise turnover (space generation), with an eye on the typical (pedestrian) 'shopping trip' time. In this way we can maximise the 'potential spend' in a town. The Traffic and Parking Review identified that we currently have too much long stay parking, i.e. in spaces that are meant for shoppers, both on-street and in car parks. Consequently, it can be difficult for shoppers to find spaces easily, and this reduces our ability to capture passing trade. We need to use pricing regimes that will attract employees to the more outlying car parks, and deter them from taking shoppers' spaces. The inescapable conclusion

is that we need differential pricing between car parks to control demand. Our car parks are therefore generally categorised as either Long Stay or Short Stay. The Pricing Schedules in Appendix B therefore differ according to location (e.g. town centre shoppers' car parks are different from those on the edges of town centres).

- 4.4.2. Charging is an absolute necessity, i.e. to control behaviour. DCC should not abdicate its responsibility for policy in this area, because the policies adopted can affect levels of economic activity (which the Council has a keen interest in.) The policies adopted also affect our ability to deliver on safety and the free flow of traffic.

4.5 Proposed charging rates for Denbighshire

The charging rates set out in Appendix B have been developed using the principles explained in 4 i) & 4 ii) above. In my view, by properly considering both aspects, the Council will be setting appropriate charges. The resulting charge levels are very similar to those that apply in our neighbouring county (Conwy). See Appendix C.

The charging regimes are based on a half-day period of 3 hours rather than 4 hours. That change is considered to be necessary to reduce the risk of employees taking up shopping spaces, and 'feeding the meter' at lunchtime (which currently happens).

The charges for Residents Permits will not change under the proposals.

The only other anomaly to be considered is whether to retain a car park attendant in Market Street Llangollen, i.e. to cater for the movement of coaches, and other car park management issues. There will be further local consultation on this question, but if it is decided that an attendant is needed, we may need to add approximately 15 pence to the tariffs in this particular car park, in order to cover the cost of the attendant. The consultation has not yet taken place, so no decision has been taken either.

4.6 Scope for negotiating subsidy arrangements with town councils

From time to time offers of subsidy come in from town councils. Officers consider each case carefully, on its merits. The determination of the appropriate payment is relatively easy to establish. It is basically the amount of money required to replace the lost income. The more complex aspect is the one about setting rates to produce turnover. There are examples from elsewhere, where prices have been reduced, spaces have filled-up (e.g. with employees and commuters) leaving fewer spaces for the people we are trying to attract to our town centre car parks, i.e. shoppers. See Appendix D for more details (prepared when Prestatyn Town Council offered a subsidy).

5. How does the decision contribute to the Corporate Priorities?

The proposed changes will support the Corporate Priority to improve the condition of our roads. The changes will also improve the availability of spaces for shoppers and will thus support the priority to support local business.

6. What will it cost and how will it affect other services?

The proposed changes are designed to eliminate the current budget deficit, so there is no additional cost. The removal of the cross-subsidy from the general highways maintenance budget will assist that service, and assist the Council in delivering one of its corporate priorities.

7. Equality Impact Assessment (EqIA) – See appendix E

The main conclusion is that the proposed increase in charges will be counter-balanced by improved availability of parking spaces, especially those close to shops.

8. What consultations have been carried out with Scrutiny and others?

In January 2015, Communities Scrutiny agreed to the Head of Highways and Environmental Services reviewing car park tariffs. The matter has also been the subject of a Cabinet Briefing. The topic was also discussed as part of the 2015-16 F&F process

9. Chief Finance Officer Statement

It is important that the Council reviews all fees and charges on a regular basis. As reported to Cabinet over the last 18 months the parking service is currently overspending and a review of tariffs was highlighted as a necessary management action to bring the overall Traffic and Parking budget back into a break-even position (along with actions on enforcement). Both options highlighted in this report should result in the service breaking even in the short-term (1-2 years). Further reviews will be required after this period if the lower priced option is chosen. The option being proposed by the Head of Service provides a greater period of stability, and the ability to invest in the infrastructure of the service.

10. What risks are there and is there anything we can do to reduce them?

- 10.1 There is a risk that the resulting reduction in the current budget deficit will be less than predicted. However, the risk is considered to be small, owing to conservative estimates having been used in the calculations.
- 10.2 There may be reputational risk owing to objections from businesses and residents.

11. Power to make the Decision

- 11.1 Head of Highways and Environmental Services has the delegated authority to vary car park tariffs as per paragraph 3.9 of Part 9.2 of the Council's Constitution – Scheme of Delegation for Officers
- 11.2 Article 6.3.3 of the Council's Constitution sets out Scrutiny's powers with respect to policy development and review

APPENDICES:

- A. Summary of detailed methodology*
- B. Proposed charging rates*
- C. Comparisons with other service providers/other councils*
- D. FAQ sheet that was prepared to address the topic of Town Council Subsidies*
- E. Equalities impact assessment*

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