

EAST HERTS COUNCIL

ENVIRONMENT SCRUTINY COMMITTEE – 15 SEPTEMBER 2009

REPORT BY EXECUTIVE MEMBER FOR PLANNING POLICY  
AND TRANSPORT

5. PARKING FEES AND CHARGES 2010/11

WARD(S) AFFECTED: ALL

'D' RECOMMENDATION – that (A) proposals for a change to the current charging policy be scrutinised and the Executive be informed of any recommendations;

(B) a range of options for tariff changes for 2010/11 be scrutinised and the Executive be informed of any recommendations;

(C) proposals for changes to other parking charges be scrutinised and the Executive be informed of any recommendations; and

(D) the Executive be informed that Environment Scrutiny Committee was satisfied that the parking fees and charges proposals for 2010/11 were in accordance with the Council's fees and charges strategy.

---

1.0 Purpose/Summary of Report

1.1 To request the Environment Scrutiny Committee's views on:

- i) A proposed change to the current charging policy which requires a minimum increase in pay and display income of 5% per annum.
- ii) Proposed pay and display charges for 2010/11.
- iii) Proposed changes to other parking-related fees and for 2010/11.
- iv) The congruence of the above proposals with the Council's fees and charges strategy.

## 2.0 Contribution to the Council's Corporate Priorities/Objectives

### 2.1 **Fit for purpose, services fit for you**

Deliver customer focused services by maintaining and developing a well managed and publicly accountable organisation.

### **Shaping now, shaping the future**

Safeguard and enhance our unique mix of rural and urban communities, ensuring sustainable, economic and social opportunities including the continuation of effective development control and other measures.

## 3.0 Background

3.1 As part of the adoption of Civil Parking Enforcement (CPE) in January 2005 East Herts Council agreed a policy of increasing pay and display charges (and therefore income) by a minimum 5% per annum. This policy was reiterated in a report on fees and charges considered by the Council's Executive on 6 January 2009.

3.2 The economy continues to experience weakness which appears to be impacting car park usage and income. At the end of July 2009 pay and display income was 2.62% below the profiled budget for the year to date. Officers suggest this phenomenon is likely to continue through the current recession.

## 4.0 Report

4.1 As part of the adoption of CPE in January 2005 East Herts Council agreed a policy of increasing pay and display charges (and therefore income) by a minimum 5% per annum. In subsequent years tariffs increased by considerably more than the 5% minimum, as indicated in Appendix A on pages 5.8 - 5.9. This has led to the increase in pay and display income detailed in Appendix B on page 5.10.

4.2 The primary purposes of this policy were to use car park charging to help shape parking behaviour (and in particular

to bear down on long stay parking in favour of environmentally sustainable alternatives) and to offset the costs of delivering CPE. The latter objective has now been achieved.

- 4.3 It is important that car park tariffs do not conflict with the Council's corporate objectives and as the costs of CPE are now offset by pay and display income it is suggested that the primary consideration when setting charges in future should be the extent to which they serve the Council's traffic management objectives and the purpose to which the surpluses that accrue to the general fund might be put.
- 4.4 Analysis of income suggests that some towns may be close to their capacity to absorb regular, significant tariff increases. For example, Appendix B on page 5.10 shows that between 2006/07 and 2008/09 revenue from the Bell Street car park in Sawbridgeworth decreased slightly, despite annual tariff increases. Officers therefore propose that pay and display charges in our smaller towns and villages, Sawbridgeworth, Buntingford and Stanstead Abbots, remain unchanged in 2010/11, irrespective of the decision the Council may take in respect of its overall fees and charges policy. An increase of 6% or less would also allow tariffs to remain unchanged in Ware.
- 4.5 Delivering a precise percentage increase each year can be difficult. First, for technical reasons tariffs are increased by units of no less than ten pence and this can have a distorting effect. Second, increasing tariffs by a given percentage does not mean that income increases by that same percentage, as has been demonstrated in the case of Sawbridgeworth. A number of environmental factors, many not within the Council's control, can influence car park usage and income.
- 4.6 Now that a growing body of evidence relating to individual car park occupancy and income is available, officers suggest that a more flexible mechanism for reviewing and setting car park charges is now appropriate. Officers therefore recommend:

- a move away from an explicit requirement for an overall minimum percentage increase in pay and display income;
- use of a nationally recognised figure such as CPI or RPI at a set point in the preceding year as an initial guide to the setting of car park charges. (As an example, CPI in June 2009 was 1.8%, whilst RPI was - 1.6%);
- the granting of freedom to officers to apportion tariff increases differently *within* towns and villages.

4.7 This flexibility will help the Council to use its parking provision to promote better traffic management within our towns and villages – for example by positioning long stay parking towards the fringes of towns and promoting the use of town centre car parks for premium rate, short stay parking. A number of elements in the Service Plan for 2010/11 anticipate a move towards this approach in coming years.

4.8 In respect of tariff changes for 2010/11 and successive years, the fact that officers are required to propose car park tariffs at an early stage in the preceding financial year creates difficulties, as it means that very little evidence is available in terms of income levels and patterns of use in the current year.

4.9 As part of the annual exercise of setting pay and display charges, officers benchmark them against those operated by private providers such as railway operating companies in respect of long stay charges and against those operated by neighbouring local authorities. The results of this exercise are shown in Appendix C on pages 5.11 - 5.12. It will be noted that charges in East Herts are broadly comparable to those in operation nearby.

4.10 In addition to benchmarking exercises, officers have used patterns of income in 2008/09 and the first three months of 2009/10 as a basis for proposing a range of possible charges in 2010/11 and three tariff increase options are shown in full in Appendix D on pages 5.13 - 5.15. For reasons identified in 3.2 above the effect of these increases is difficult to anticipate; however officers suggest that in 2010/11 they

may yield additional income of approximately 2.75%, 6% or 10%.

4.11 The above percentage increases would be enjoyed *before* the effect of a significant increase in the uptake of the discounted parking Smartcard was taken into account. Smartcards now offer discounts of 10% on purchases made at the 5hr and all day rates. Officers continue to liaise with town and parish councils with a view to them also selling Smartcards and they are now available to postal purchasers.

4.12 An estimate of how Smartcard sales might affect the increases identified in 4.10 above is shown in the following table.

<b>Percentage of 5hr and all day transactions using Smartcard</b>	<b>Option 1 (2.75% increase)</b>	<b>Option 2 (6% increase)</b>	<b>Option 3 (10% increase)</b>
10%	2.6%	5.9%	9.9%
20%	2.5%	5.7%	9.7%

4.13 In addition to pay and display car parks, the council offers a range of parking services for which a charge is made and the proposed changes in respect of these items are shown in Appendix E on page 5.16.

## 5.0 Consultation

5.1 The act of changing pay and display tariffs is not a matter over which the Council is legally required to consult although as a matter of good practice, officers benchmark widely before making fees and charges proposals.

## 6.0 Legal Implications

6.1 As in past years, a truncated version of the Order-making process, known as a "Notice of Variation" will be used to effect these tariff changes.

## 7.0 Financial Implications

- 7.1 The fees and charges proposals have been made in the context of the Council's overall fees and charges strategy as identified in Appendix F on pages 5.17 - 5.18.
- 7.2 The annual tariff change exercise is funded from within existing budgets.
- 7.3 An increase in pay and display tariffs does not necessarily translate into increased income. Customer resistance allied to the effects of the economic downturn may result in suppressed demand.
- 7.4 A tariff increase of a minimum 5% per annum is assumed within the Council's current medium term financial plan. An increase of less than 5% will therefore have an adverse effect on the financial model that is constructed on the basis of the MTFP and would run counter to the relevant aspect of the fees and charges policy agreed by the Executive on 6 January 2009.

## 8.0 Human Resource Implications

- 8.1 None perceived.

## 9.0 Risk Management Implications

- 9.1 Further increases to pay and display tariffs must be balanced against the effects of the current economic climate.
- 9.2 Increasing pay and display tariffs does not necessarily translate in increased income, as customer resistance allied to the effects of the economic downturn may result in suppressed demand.
- 9.3 Within the Council's financial planning process officers are now required to propose car park tariffs at an early stage in the preceding financial year, when a minimum of evidence is available in terms of income levels and patterns. This may impact the reliability of fees and income estimates.

Background Papers

Fees and Charges 2009/10 – Report by the Executive Member for Resources and Internal Support - Executive, 6 January 2009.

[http://80.168.51.108/media/word/a/1/Fees\\_Charges.doc](http://80.168.51.108/media/word/a/1/Fees_Charges.doc)

Contact Member: Councillor Mike Carver – Executive Member for Planning Policy and Transport

Contact Officer: Neil Sloper – Head of Customer Services and New Media, Extn: 1611.  
Andrew Pulham – Parking Manager, Extn: 2030.

Report Author: Andrew Pulham – Parking Manager, Extn: 2030.