

EAST HERTS COUNCIL

THE EXECUTIVE – 4 MARCH 2014

REPORT BY THE EXECUTIVE MEMBER FOR ECONOMIC DEVELOPMENT

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CAR PARK PAY AND DISPLAY CHARGES 2014/15 – 2015/16

WARD(S) AFFECTED: ALL

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**Purpose/Summary of Report:**

- The purpose of this report is to present policy proposals for off-street pay and display charges in 14/15 and 15/16, for Member consideration and approval.

<b>RECOMMENDATIONS FOR THE EXECUTIVE: that</b>	
<b>(A)</b>	<b>the comments of the Joint Meeting of Scrutiny Committees be noted;</b>
<b>(B)</b>	<b>the proposals for off-street pay and display charges as detailed in this report and Essential Reference Paper 'B' be approved for consultation;</b>
<b>(C)</b>	<b>the following associated budget changes be approved:</b>
	<b>(i) a one-off special item of £30,000 to fund extensive consultation through the publication of a Traffic Regulation Order and any subsequent costs of signs and machine programming, to be funded from the Contingency budget in the 2014/15 budget;</b>
	<b>(ii) an increase of £50,000 to the budget for the Council's Enforcement Contract to enable evening enforcement, to be funded from the contingency budget in the 2014/15 budget and will form part of the overall budget setting process in future years;</b>
	<b>(iii) additional one off funding of £1,500 in year one and £1,000 per subsequent year for additional reports to monitor car park usage, to be funded from the contingency budget for 2014/15 and for future years</b>

	<p>will form part of the overall budget setting process;</p> <p>(iv) £255,000 of the Priority Spend budget be vired to car park income budgets for 2014/15 to address any shortfall in income from these proposals, the full year effect in 2015/16 being £340,000;</p>
<b>(D)</b>	<b>Officers be requested to:</b>
	<p>(i) progress the required Traffic Regulation Order ensuring the consultation process is robust and wide ranging;</p> <p>(ii) commence discussions to establish whether Jackson Square can be included within the car park pay and display policy;</p> <p>(iii) commence negotiations with the enforcement contractor to establish an evening enforcement operation to cover Hertford, Ware and Bishop's Stortford; and</p> <p>(iv) submit a further report to the Executive following analysis of consultation feedback.</p>

## **1.0 Background:**

1.1 The Council has adopted a fees and charges strategy and key principles on which fees and charges should be set.

These include:

- Any subsidy from Council Tax payers should be deliberate choice
- Discretionary fees should generate income to help deliver improvements in priority services
- Discretionary fees and charges should support the MTFP
- A measure of consistency in setting charges for similar services
- Levels should be set to avoid unnecessary subsidies from the council taxpayer to commercial operations
- If the impact of the increase is likely to be high then consideration be given to the phasing in of changes

1.3 Upon adoption of its Parking and Transport Strategy, East Herts

Council confirmed seven policy pillars for the development of its parking service:

- We will seek to maintain car parking income at current levels in real terms.
- We will seek to ensure that users pay for the parking service rather than the council tax payer.
- We will promote existing and explore new technologies to improve the overall convenience of parking in East Herts.
- We will seek where possible and appropriate to match parking capacity with demand.
- We will seek to develop and implement parking solutions that reflect local needs.
- We will make the economic vitality of East Herts a core consideration when developing parking services.
- We will continue to work with partners to look at what additional sustainable transport services may be appropriate and deliverable.

## **2.0 Report:**

2.1 Officers have prepared this report to specify the policy proposals of the Executive Member for Economic Development for off-street pay and display charges and to set out the associated costs, timescales and risks.

## **2.2 Inflationary Pressures**

2.2.1 The Council established a budgetary requirement of a 2.5% annual uplift to account for inflation. The Council has, however, frozen the budget for car park income since 2010. Most pay and display charges have therefore been held at the same level since 2010/11.

2.2.2 The saving to the motorist in percentage terms of the compound increase forgone is 10.38%. This compares to a compound increase of 11.35% in the Consumer Price Index over the same period.

2.2.3 A decision to keep the budgeted pay and display income frozen for 2014/15 and 15/16 would deliver a saving of £148,000 to the motorist.

2.2.4 It is proposed by the Executive Member for Economic Development that budgeted pay and display income should remain frozen for a further two years, to be next reviewed for 2016/17. This proposal is intended to demonstrate continued support for the economic vitality of our towns.

### 2.3 Pay and Display Charges

2.3.1 The Council wishes to provide as much support as possible for the economic vitality of its towns, whilst adhering to the established principle that the costs of delivering parking services does not fall on all tax payers in the district.

2.3.2 A new policy of introducing a 30 minute free parking period is proposed by the Executive Member for Economic Development within our main towns of Hertford, Bishop's Stortford and Ware in order to support the convenience of parking for short visits.

2.3.3 This proposed policy does not extend to the car parks in Stanstead Abbots, Buntingford and Sawbridgeworth due to their low use and profile of use. The Town Council in Buntingford subsidises free parking for up to 3 hours and the Town Council in Sawbridgeworth subsidises parking for up to one hour.

2.3.4 To ensure consistency it is proposed that the current charging bands in Hertford, Ware and Bishop's Stortford are adjusted to incorporate a free 30 minute period. A flat rate tariff of £1.00 for parking longer than 30 minutes after 4:00pm is also proposed. The resulting tariff bands are detailed in **Essential Reference Paper 'B'**. It will be noted that all tariffs are therefore based on the same cost per half hour of parking (less 30 minutes uncharged) on a sliding scale.

2.3.5 Officers have modelled the potential effect on income from these tariffs based on assumptions of the proportion of motorists choosing to move from existing tariffs to the shorter or longer parking periods. These are presented in **Essential Reference Paper 'C'**. It must be noted that it is not possible to predict with confidence the choices motorists will make; thus there is a high degree of uncertainty that the current level of car parking income will be maintained. This is highlighted by the fact that the model where only 25% of motorists choose a lesser tariff is the closest to breakeven in terms of achieving the current level of income from pay and display charges.

- 2.3.6 The range of financial risk varies from a positive income variance of £440,820 if all motorists trade up by choosing a longer stay (unlikely) to a shortfall of £1,112,863 should motorists all trade down (also unlikely). The impact on pay and display income resulting from the changes will fall between these extremes. The Council will base its financial planning on an assumption of 50% trading up and 50% trading down which is calculated to result in a shortfall against current pay and display budgets of £340,000 (full year impact).
- 2.3.7 This policy change on tariffs is proposed for a minimum period of two years, to allow changes to patterns of parking behaviour to be monitored.

## 2.4 Introduction of Evening Tariffs

- 2.4.1 In order to comply with current East Herts policy that users of car parks should pay for the provision of the service as opposed to the general taxpayer, a new policy of evening charges in Hertford, Bishop's Stortford and Ware is proposed. In these towns, the car parks are used after 6:30pm at no cost to the motorist, with the cost borne by daytime users.
- 2.4.2 It is also proposed that the new policy 30 minutes of uncharged parking is carried over into the evening charge proposals.
- 2.4.3 The evening charge proposed is a flat rate of £1.00 after 6:30pm and is set out in **Essential Reference Paper 'B'**. The potential income estimate varies from £0 where all evening parking is 30 minutes or less to a maximum £148,554 based on samples of current use.
- 2.4.4 It must be noted that on-street parking in resident permit zones and single yellow lines is not restricted in after 6:30pm and that some displacement from the car parks on to the streets will occur should evening charges be adopted.
- 2.4.5 A policy of not charging for evening use in Stanstead Abbots, Sawbridgeworth or Buntingford is proposed as there is little use of the car parks at this time of day and the evening economy is less developed.

## 2.5 Enforcement

- 2.5.1 The policy of introducing evening car park charges requires the Council to consider an appropriate level of enforcement.

2.5.2 The Council has saved £250,000 per annum on the new enforcement contract which was implemented at the beginning of 2012. This reduction in operational cost has helped the Council freeze its parking charges; however, it also means that there is insufficient capacity to divert enforcement from the day time operation to the evening without jeopardising the Council's responsibilities to Hertfordshire County Council to enforce on street parking restrictions on its behalf and to meet its Traffic Management Act 2004 obligations.

2.5.3 Options for enforcement are presented in **Essential Reference Paper 'D'**.

2.5.4 A policy of adding limited resource and maintaining day time enforcement is therefore recommended as the best fit to ensure the parking service does not require a subsidy from the general taxpayer. This will increase the enforcement contract costs by £50,000 per annum.

## 2.6 Achieving the Change

2.6.1 Issues associated with achieving the car park charging proposed are presented in **Essential Reference Paper 'D'**. These include re-programming pay and display machines, changing signage and introducing the required legal changes through a Traffic Regulation Order (TRO). These costs are estimated at £30,000.

2.6.2 The promotion of a TRO is required to give legal effect to the new car park tariff bands in Hertford, Ware and Bishop's Stortford. This will take a minimum of three months and may be delayed by the process of obtaining approvals from Hertfordshire County Council and if any formal objections are received in the process.

2.6.3 The implementation of targeted evening enforcement will require a renegotiation of the parking enforcement contract as this was not part of the original Specification. This will include a requirement for the enforcement contractor to consult formally with staff employed on the contract and will take a minimum of 90 days.

2.6.4 Officers therefore predict a minimum project timescale of four to five months from the point of formal approval by Members to the point of implementation. In the event that objections are received against the TRO, the timescale may need to be extended to address them.

## 2.7 Policy Exceptions

- 2.7.1 The treatment of two car parks must be addressed outside the proposed policy and the reasons are detailed in **Essential Reference Paper 'D'**.
- 2.7.2 The charging structure of Jackson Square is part of the lease and the Council may not arbitrarily change its tariff bands or charges as a result. It is proposed that officers be authorised to progress discussions with the landlord of Jackson Square Multi Storey Car Park (MSCP) to explore whether they would agree to the same charging structure being applied within the car park. It must be noted that motorists are already entitled to a 2 hour free parking period, funded by the Council.
- 2.7.3 Grange Paddocks car park in Bishop's Stortford is leased to the Council's leisure contractor. The contractor and the Council have worked together to agree a balanced approach to manage the car parks to ensure that users and non-users have the maximum opportunity to use them. Officers recommend that no changes should be made to this car park given the profile of use (leisure centre users already receive free parking for up to 2.5hrs).

## 3.0 Implications/Consultations:

### 3.1 Financial Implications

- 3.1.1 There are a number of implications on revenue budgets of the proposed changes. These are shown in table 3.1.3 below, along with proposals for funding.
- 3.1.2 In line with 2.6.4, July 2014 is being used as a start date for the proposed changes with the costs spread across a two year period from this date. Any amendments to this implementation date will have an impact on the part-year budgets for 14/15 and 16/17, but the total funding implications will remain the same.

### 3.1.3

	One Off - 2014/15	2014/15 (9 months)	2015/16 (Full year)	2016/17 (3 months)	Funded by
	£'000	£'000	£'000	£'000	
<b>Expenditure</b>					
Reprogramming Machines, changing signage and TRO	30				Contingency 14/15
Enforcement Contract		37.5	50	12.5	Contingency 14/15 then overall budget setting
Cost of Monitoring	1.5	.7	1	.3	Contingency 14/15 then overall budget setting
<b>Income</b>					
Shortfall of P and D income		255	340	85	Priority spend

3.1.4 In order to maintain a balanced budget in 2014/15 funding of the one off reprogramming, changing signage and TRO costs, additional enforcement contract costs and cost of additional monitoring will be funded from the contingency budget included in the revenue budget. For 2014/15 this budget is £513k.

3.1.5 Ongoing funding of the changes to the enforcement contract and cost of monitoring will need to be included as a growth item during the budget-setting process for 2015/16 onwards. The 2015/16 budget includes a contingency sum so, as long as no other pressures are identified that call upon that budget, these costs could be funded. From 2016/17 onwards, there is no contingency budget and this will increase the savings that need to be found to fund this growth.

3.1.6 It is proposed that the predicted shortfall in Pay and Display income of £340k per year be met from the Priority Spend Budget. As per the Consolidated Budget Report (considered by Executive on 4<sup>th</sup> Feb 2014) this is £547k for 2014/15. If the outcome is better than predicted then the balance of the priority spend budget vired to Parking could be utilised elsewhere. If, however, there is a greater shortfall in P and D income against estimate then this will need to be met from any unspent contingency or reserves. The



difference between the worst case scenario and the proposed budgeted change in income by £340k is almost £773k. If no other priority spend money was allocated to other projects, this would leave £433k to be found from elsewhere.

3.1.7 In the Council's MTFP considered at the 4<sup>th</sup> February Executive, there is a balanced budget for 2014/15 and 2015/16. However, for 2016/17 and 2017/18 there is an expectation of a 2.5% increase in pay and display income of £80k per year included within the model which needs to be considered. Given that these proposals include a part year effect for 2016/17, this is already at risk. It should also be noted that there are savings still to be identified for 16/17 and 17/18 of £246k and £165k within the financial model and so any shortfall in income will only increase these savings that need to be found.

3.1.8 It must be noted that the budgetary provision made from the contingency and priority spend budgets only covers the period up to June 2016. The financial implications of maintaining the proposals detailed in this report beyond June 2016 will need to be considered in detail within the Medium Term Financial Planning and future budget setting process.

3.1.9 Parking pay and display income has been volatile during 2013/14 against budget and currently there is an anticipated shortfall against budget of £160,000 that has been reported through the health check process.

### 3.2 Other Implications

Additional information on any corporate issues and consultation associated with this report can be found within **Essential Reference Paper 'A'**.

#### Background Papers

None

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