



Background Paper: Car Park Charging Policy – 2014/16

Policy Background

East Herts Council has adopted a set of policy principles on which fees and charges decisions should be based:

- Any subsidy from council tax payers should be a deliberate choice.
- Discretionary fees and charges should generate income to help deliver improvements in priority services.
- Discretionary fees and charges should support the Medium Term Financial Plan.
- There should be a measure of consistency in setting charges for similar services.
- Levels should be set to avoid unnecessary subsidies from the council tax payer to commercial operations.
- If the impact is likely to be high, consideration should be given to phasing in changes.

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.

The fees and charges choices set out by Members **deviate from the policies listed below:**

- Discretionary fees and charges should generate income to help deliver improvements in priority services.
- Discretionary fees and charges should support the Medium Term Financial Plan.
- Levels should be set to avoid unnecessary subsidies from the council tax payer to commercial operations.
- 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.

Essential Reference Paper 'D'

The fees and charges choices set out by Members **support the policies listed below:**

- Any subsidy from council tax payers should be a deliberate choice in respect of **30 minutes free and reduced charges for tariff bands.**
- There should be a measure of consistency in setting charges for similar services **in respect of the approach for the three main towns.**
- We will seek to ensure that users pay for the parking service rather than the council tax payer **in respect of the evening charge.**
- We will make the economic vitality of East Herts a core consideration when developing parking services **in respect of reducing the cost of parking in support of the economic well-being of our main towns.**

Medium Term Financial Plan

- The Council's Medium Term Financial Plan had assumed an inflationary increase of 5% in 2010/11 and 2.5% in each subsequent year. In the three years since charges were last increased, the Consumer Prices Index has risen by 3.7%, 4.5% and 3.0%. A further charges freeze has been agreed for 2013/14. Had the increases within the Council's financial plan been applied to the 2009/10 outturn figure, an estimated £300,000 in additional revenue would have accrued to the authority by the end of 2012/13 through increased pay and display charges.
- The effect of the VAT increase to 20% in January 2011 has also been absorbed by the Council and not passed on in the cost of pay and display charges. This is at an estimated recurring cost of £74,000 based on the 2011/12 budget.
- The Council's MTFP has a Council approved expectation for an uplift in charging to deliver a 2.5% inflationary increase in the overall income from pay and display charging. This is budgeted as an expectation of £80,000 increase in income in 2014/15 and 2015/16. The Council will be required to make a decision to divert from its fees and charges policy to change this.
- The Council's pay and display income is estimated to under achieve against its estimate by 5% in 2013/14, £160,000, largely due to depressed use of car parks. The pay and display budget for 2014/15 will have to be adjusted to reflect the decline in car park use.

Current Financial Position of the Parking Service

- Based on the 2012/13 figures in isolation, the parking enforcement function gives rise to an annual deficit of £235,000 after income from Penalty Charge Notices has been offset against the cost of enforcement (contract costs only).
- Car parks (including pay and display income) give rise to a net surplus of £808,000.
- Resident permit schemes give rise to a net surplus of £35,000 (although the enforcement costs of resident schemes are currently absorbed within the 'on-street' enforcement costs of £359,000).
- In summary, the enforcement function operates at a loss. This is the sole area where Statute and Secretary of State's Guidance advises local authorities must not set out to make a surplus, but that if they do, that surplus is ring-fenced to transport/parking related functions.

Essential Reference Paper 'D'

- Any shortfall on the enforcement function must not be made good from general taxation.
- Once the shortfall on enforcement income is netted off and the pay and display surplus and the surplus from permit schemes added in, the Service overall is shown to make a surplus of £608,000 (2012/13). All other elements remaining equal, policy changes resulting in increased costs and/or a reduction in income greater than £608,000 would require the parking operations of the Council to be subsidised by the tax payer.
- The income from pay and display has increased slightly over the last three years:

Year	Estimate	Outturn	% change of outturn
2010/11	£3,181,300	£2,978,737	
2011/12	£2,969,000	£3,012,260	1%
2012/13	£2,962,450	£3,057,028	1.5%

Enforcement

With effect from 2012/13 the Council reduced the annual cost of the enforcement contract by £250,000 through a retendering process. This contract has now been in place for over 18 months and is delivering good levels of performance.

The shift to enforcement on a permanent basis beyond 6:30pm is outside the terms of the current enforcement contract and will require officers to agree a contractual change with the contractor. The contractor will need to begin a process of enforced change to the terms and conditions of the current enforcement workforce. This will require a 90 day consultation period.

- **An Extended Patrol Framework:**

Using existing resources, spread to cover enforcement of the 18:30-22:00 period will require an increase in enforcement time of approximately 25%.

The contract cost of using the same workforce spread across the extended hours will increase by £35,000 per year due in part to the enforced working of unsociable hours. To maintain contract expenditure at the same level would therefore require the number of Civil Enforcement Officers (CEOs) to be reduced by approximately 2 CEOs (15% of deployed staff, currently 2 supervisors and 11 CEOs across all three towns).

Stretching current resources will necessarily reduce enforcement levels during the day. This will inevitably reduce the level of contravention observed and Penalty Charge Notices issued. A lower level of contravention will also be observed after 6:30pm (given the reduced number of on-street parking restrictions). The combined impact of these factors would result in an estimated negative impact on revenue of £190,000 a year.

An extended patrol framework would have a negative net revenue impact of £190,000 and £35,000 cost of changing contracts equalling £225,000 increase in revenue cost.

- **Adding Resource, Maintaining Day Time Enforcement:**

If the existing enforcement levels between 7:30am and 6:30pm are to be maintained, with the existing level of contravention observation and PCN issue, additional resources would be required to enable any enforcement between 6:30pm and 22:00pm.

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All CEOs will still require changes to their terms and conditions to ensure a fully flexible workforce to retain lowest possible enforcement costs. A 90 day consultation period with an estimated £35,000 in additional staffing costs will be required.

A minimum level of evening enforcement has been scoped as two enforcement officers and one supervisor working across the three main towns. Enforcement would be focused on those areas with the most parking activity. Evening enforcement will also be significantly impacted by travel time between Hertford and Stortford estimated to be 30 minutes. The estimated additional increase in annual staffing costs for enforcement is therefore £50,000.

With additional resource to maintain day time enforcement as now the total estimated increase in revenue cost will be £85,000.

Additional Cost of Change

In order to implement the change in tariffs within the car parks in Ware, Hertford and Stortford an estimated one off expense of £30,000 will be incurred. This will fund: reprogramming of all pay and display machines, replacement of tariff boards, additional signage as required and the Traffic Regulation Order process.

The one off cost of change is estimated to be £30,000

Time to Change

Whilst a Traffic Regulation Order can take a minimum of 3 months to progress a potential source of delay arises in the requirement for approval from Herts County Council as they comment on all TROs, on and off street.

The 90 day consultation period for changes to the terms and conditions of existing CEOs also presents a significant time impact on the project and any potential delays in this process. There is also the requirement for revised operational guidance, patrol structures and rostering.

It would be prudent to estimate a minimum project timetable of 4 to 5 months from the point of formal approval by Members to include these factors which fall outside the direct control of officers. Additional delay may arise dependent upon any formal objections received during the Traffic Regulation Order process.

Other Considerations

Jackson Square MSCP

The Council's lease to operate the Jackson Square multi-storey car park requires a 2 hour charging period (specified within the lease). This car park operates a rebate scheme as a requirement of the lease where the full cost of parking is rebated to Sainsbury's customers for up to 2 hours.

Given the rebate scheme it is not anticipated that any significant income associated with extending the charged hours of Jackson Square will result in any additional pay and display income. There are stipulations in the lease that no changes are made to Jackson Square's tariff bands.

Essential Reference Paper 'D'

Grange Paddocks

The Council manages the Grange Paddocks car parks with the approval of the leisure contractor to maximise the benefits to motorists and leisure users. The leisure contractor is the lease holder of the car parks and therefore has veto over any changes proposed by the Council.

Given the use and success of the partnership in operating these car parks it is recommended no change is made.

Enforcement

The Council's current enforcement contract took 12 months to bed in with optimum levels of enforcement now in place. It is anticipated that any significant change, including changes to terms and conditions and shifting enforcement resources will be require a further period of bedding in once contractual changes have been concluded. This may include changes to the workforce as a number of existing, experienced CEOs are likely to resist working regular unsociable hours and will seek employment elsewhere.