

## RURAL ECONOMIC AND ENVIRONMENTAL AFFAIRS COMMITTEE

8 SEPTEMBER 2010

### REPORT OF HEAD OF STREET SCENE & ENVIRONMENT

#### CAR PARKING: UPDATE REPORT

#### 1.0 PURPOSE OF REPORT

- 1.1 To update Members on current car park income and propose a number of changes to the charging policy in order to address a possible shortfall on budget and also reflect the increase in the VAT rate.
- 1.2 This report sets out a number of proposals to increase the current hour & weekly charges and for consideration of a charging policy for buses and coaches using the Wilton Road service facility to offset the costs of opening the Wilton Road toilets.

#### 2.0 RECOMMENDATIONS

##### 2.1 Weekly Charges

Members are requested to consider any change to the weekly tariff in Long Stay car parks.

##### 2.2 One hour charge

Members are requested consider any change to the one hour charge in Short Stay car parks.

##### 2.3 Coach & Bus parking charges

Members are asked to consider all three options put forward and select their preferred option.

##### 2.4 Conversion of Mill Street to Long Stay

Members are asked to consider changing the designation of the Mill Street car park to a long stay car park.

##### 2.5 Introduction of residential Parking Permits

Members are asked to note the discussions that have taken place with Leicestershire County Council for managing the Councils residential car parking permits and that proposals from County are anticipated in September 2010.

### 3.0 KEY ISSUES

At the Committee meeting of the 10 March 2010, further information was requested on car parking 'volumes' in order to consider the implementation of a new weekly charge and also a season ticket charge.

#### 3.1 Financial update

Ticket Sales for the first quarter of 2010/11 are some £9,000 below last year and £12,000 below the anticipated budget. If this trend continues, this will result in a budget shortfall of £60,000 for 2010/11. Much of this fall is accounted for by declining sales at the short stay car parks, particularly St. Mary's Way & Wilton Road - and for the one hour tariff band. It is difficult to draw firm conclusions on the cause of this decline but current economic conditions do seem to have reduced the number of short shopping trips. The availability of free (30 minutes) 'on street' parking and free parking at Morrison's for example, will also have an effect.

3.2 The chart in *Appendix A* shows the level of sales for the first quarter of 2010/11 against sales in first quarter of 2009/10 at St Mary's short stay car park, to illustrate the fall in ticket sales at our short stay car parks.

#### 3.3 VAT increase

The increase from 17.5% to 20% is effective from 4th January 2010. If The Council decided that no change is made to the current rate of charges and to cover the VAT increase themselves and ticket sales remain consistent there is likely to be a further loss of income of £3,600 for the current financial year over and above that described in 3.1 above, i.e. a shortfall of £63,600 for 2010/11.

The reduction in income due to the VAT increase for 2011/12 based on current income levels would be in the region of £14,400. Therefore the income for 2011/12 would be some £74,400 less than the budget for this financial year. It is not considered practical to introduce an 'across the board' increase in charges to reflect the 2.5% VAT rise but instead there is scope to increase one or more selected tariff bands.

#### 3.4 Weekly tariff

The chart in *Appendix B* shows the number of weekly tickets sold at each of the long stay car parks over the past year. The table in 3.6 below shows the total of tickets that were sold in 2009/10 (10,539) and 2010/11 (projected – 10,348) with income projected of £51,740 for 2010/11. Sales are relatively constant throughout the year with peak months being September and November. Over 69% of these sales were at the Burton Street site where each week some 140 tickets are purchased, with the income received covering the borrowing costs associated with the the purchase of the Burton Street site.

3.5 The previous report in March set out a range of options for charges and these have been reduced to those shown below. The table below sets out a range of potential income streams assuming differing levels of take up:-

<b>Weekly ticket sales (2009/10)</b>		<b>20010/11 (projected)</b>
Burton St	7,317	7,273
Thorpe End	1,689	1,552
Nottingham Rd	1,286	1,278
Scalford Rd	<u>247</u>	<u>245</u>
	<u>10,539</u>	<u>10,348</u>
Current income (ticket price £5)	£52,695	£51,740

*Assumed ticket sales will continue at projected 2010/11 levels*

<b>Increase charge to £7</b>			<b>Increase charge to £9</b>		
	£	£		£	£
	Income	additional income		Income	additional income
take up:			take up:		
100%	72,436	20,696	100%	93,132	41,392
95%	68,814	17,074	95%	88,475	36,735
90%	65,192	13,452	90%	83,818	32,078
85%	61,571	9,831	85%	79,163	27,423
80%	57,949	6,209	80%	74,506	22,766
70%	50,705	-1,035	70%	65,192	13,452
60%	43,462	-8,278	60%	55,880	4,140
50%	36,218	-15,522	50%	46,566	-5,174

- 3.6 Assuming the number of tickets purchased remain constant at 100%, the suggested increases in weekly charges as above would produce a range of potential additional income from £21k to £42k. However, the income is very sensitive to usage and a take up of between 50% to 70% will show an overall loss. Also, it should be stated that increases in charges may result in some drivers choosing to attempt to park in nearby residential streets for free (Ankle Hill for example).
- 3.7 The proposal is that the weekly charge remains as it is or be increased to either £7 or £9 per week, with a week covering the period Monday to Saturday i.e. six days rather than the five days as currently advertised. If an increase in charge is agreed, the loss due to the VAT increase should be minimal and there could even be a slight surplus.
- 3.8 **One hour charge**

As an additional option to further offset the anticipated shortfall in income/cover the increased VAT charge Members are asked to consider increasing the current one hour tariff in the Short Stay car parks from 60p to 70p for 2011/12. Current

sales are approximately 160,000 tickets per year so a 10p increase could produce an additional gross income of some £16,000 per year, assuming that usage remains at present levels or a loss if there is a 15% reduction in ticket sales.

- 3.9 Although this is the lowest tariff band some reduction in sales is anticipated if the price is increased and the current trends continue. The chart below shows the potential income levels assuming different levels of take up.

Current income (ticket price  
£0.60) £96,000

*Assumed ticket sales will continue at current levels  
of 160,000 per year*

<b>Increase charge to £0.70</b>		
	£	£
	Income	<i>additional income (gross)</i>
take up:		
100%	112,000	16,000
95%	106,400	10,400
90%	100,800	4,800
85%	95,200	-800
80%	89,600	-6,400
70%	78,400	-17,600
60%	67,200	-28,800
50%	56,000	-40,000

- 3.10 It is considered that the lower tariff bands are more price sensitive than higher tariffs since more options are available for parking elsewhere whether that be at some of the private car parks (Kings Head), at supermarkets (Morrison's) or at 'on street' locations. As stated above in 3.1 it is this lowest tariff that has seen the greatest fall in sales over the past year and it is likely that this trend will continue into 2011/12.

### 3.11 Season Tickets

There have been requests from business representatives on the Town Centre Partnership, i.e. the Chamber of Trade, for the Council to consider discounted season tickets. A suggestion that will be investigated is to use Scalford Road on non-market days for annual business permits and/or reduced parking charges. Scalford Road car park is currently under utilised and this would be a good way of getting more use on one of our more remote car parks, however depending on the charges it may result in a fall in overall income to the car park budget. It should be noted that even if the weekly ticket price is revised upwards it still represents extremely good value and offering season tickets should be for convenience rather than offering substantial further discounts.

### 3.12 Coach/bus charges

At present buses and coaches make use of the service point at Wilton Road for dropping off/picking up passengers and for parking. Consideration has been given to making a charge for this facility and the matter was considered by Members at the Community & Social Affairs and the Policy, Finance & Administration committees in June, principally as a way to fund the partial re-opening of Wilton Road toilets.

3.13 During July a survey of companies was undertaken and a questionnaire on the facility was sent out to over fifty Bus and Coach Operators.

3.14 The results of the survey and comments received are contained in *Appendix C*. A summary of the findings are as follows:

- 52% of companies use Wilton Road for both dropping off & parking. Only 24% use it as a drop off facility only.
- 60% of those parking stay between two and four hours.
- 70% of companies use the facility either daily/more than three days a week.
- An overwhelming majority of operators were opposed to charging and said it would affect their decision on choosing Melton as a destination.
- Wilton Road was highly rated for it's location within the town and for the ease of access and egress for coaches.

Implementing a new charge is clearly a difficult decision to make and will be unpopular and draw criticism from local business and tourism providers. Equally the Council does need to explore all sources of possible revenue given the pressures that exist on the Council's finances.

3.15 It should be noted that no other town in Leicestershire make a charge for coach parking although not all have a dedicated facility. The nearest town where a charge is made is Stamford where a fee of £10 applies to park in a dedicated coach park. *Appendix D* gives further details of charging practice in other locations.

3.16 Melton has worked hard to promote the town to coach operators as a unique destination and charging may be seen as a retrograde step likely to deter visits and tarnish the reputation of the town. Members should be aware that in 2009 the Council was awarded a Highly Commended in the "Most coach friendly Local Authority" category in the UK Coach Awards.

3.17 Officers are in discussion with a variety of organisations and landowners on coach drop off points and also coach parking areas which will assist in traffic movement in the town centre and event parking.

#### **Members may want to consider the following three options:**

- 1 No charges for tourist coaches but service buses make a one off annual charge calculated by usage, the precise details of scheme to be drawn up by the Head of Street Scene & Environment in consultation with the Chairman of this committee and the Head of Financial Services. It is estimated that

- there are currently 5 or 6 main operators and if each paid on average £350 this could generate circa £2,000 in additional income.
- 2 A Charge for each use by way of a ticket purchased through the existing pay & display machines. The suggested charge is a daily rate of £10. It is estimated that this could generate £5,000 in additional income.
  - 3 No charge to apply.

**Other items for Members to note:**

It has been suggested that the Mill St car park could be changed from a short stay car park to a long stay car park to assist in parking in the south of the town whilst the construction of the new council offices takes place. If approved, this would require a new parking order and would take a minimum of 10 weeks to implement.

There is already an issue of non-residents parking on Ankle Hill and this matter has been referred to Leicestershire County Council and will also be incorporated within the terms of reference for the next car parking strategy for Melton.

Officers have also met with the County Council enquiring whether they would be willing to administer the proposed resident parking scheme at the Housing Revenue Account car parks for St Johns Court, New Street, Bentley Street, Rutland Street, etc. At the present, the County Council is currently restructuring their team and has agreed to consult with MBC officers in September with their proposals.

Charging for evening car parking is still being researched.

Charging 'on-street' will be raised at the county wide meetings in due course

#### 4.0 **POLICY AND CORPORATE IMPLICATIONS**

- 4.1 Car parking levies and charges aim to create a balance between maximising income for the Council (to enable it to pay for the upkeep of the car parks) and tackling traffic congestion and encouraging more sustainable forms of transport whilst also encouraging economic development of the town. Car parks are expensive to manage and maintain, the Car parking income provides a significant proportion of the Councils income and any reduction impacts on the council's corporate priorities.
- 4.2 Town Centre Car Parking contributes to a number of corporate objectives including the following key priorities:
  - Enhance the vitality and viability of Melton Town Centre
  - Encourage and support the development of Community Safety initiatives throughout the Borough.
  - Encourage sustainable forms of transport, develop an integrated transport plan for the Borough
  - Work to improve road safety

## **5.0 FINANCIAL AND OTHER RESOURCE IMPLICATIONS**

- 5.1 Aside from a change in the weekly tariff for car parking charges were later increased in April 2008. The Council's charging policy does require charges to be increased annually at least in line with inflation. It is recognized that coinage issues can make this problematical in areas such as car parking. However if the opportunity is not taken for the 2011/12 financial year then changes will not have been increased for 4 financial years in row and therefore have actually decreased in real terms. The public sector is almost certain to see a dramatic reduction in its funding in the coming years and with council tax levels constrained the council needs to look carefully at other income streams in order to maximise income if it wishes to protect existing service levels.
- 5.2 Any implementation of the suggested increase on a weekly & hour ticket will be monitored as part of the normal budget process.
- 5.3 When the decision was made to re-open the Wilton Road toilets the suggestion was that the revenue costs for 2010/11 of £5,800 be met from the implementation of policies to secure additional income streams from coach parking and advertising revenue. Negotiations are at an advance stage on advertising sites on the bus shelters with an anticipated income of £5,000 pa.
- 5.4 Implementation of increases in the weekly ticket and the short stay tariff in order to gain additional income is very sensitive to actual usage. The last two financial years have seen the income budget not being realised due a number of factors, one of them being the economic downturn. Any increase therefore may not lead to additional income, and this is shown as a risk within the risk table.

## **6.0 LEGAL IMPLICATIONS/POWERS**

- 6.1 The power to provide off street parking places is given to the Council under Section 32 of the Road Traffic Regulation Act 1984. Under Section 35 of the Act the Council may make provision for the use of the parking place for a particular type of vehicle and set out any conditions as to the use and the level of charges for the use of the parking place.

## **7.0 COMMUNITY SAFETY**

- 7.1 Car park security of people, vehicle's and property is very important in developing the car park service.

## **8.0 EQUALITIES**

- 8.1 None, as part of this report.

## **9.0 RISKS**

- 9.1 The risks associated with this report are shown in the table below:

**Probability**  
↓

Very High A				
High B				
Significant C			2, 4, 5	
Low D		1		
Very Low E			3	
Almost Impossible F				
	IV Neg- ligible	III Marg- inal	II Criti- cal	I Catast- rophic

→  
**Impact**

Risk No.	Description
1	Weekly ticket sales impact on the daily sale of tickets
2	National trends of falling car park income continue to impact on sale of tickets
3	Changes in car parking charges adversely affect traffic congestion in the town or people visiting the town.
4	Coach/bus charging has a negative impact on visitor numbers to the town.
5	Loss of income due to increased VAT and declining ticket sales affects the corporate financial health of the council.

## 10.0 CLIMATE CHANGE

- 10.1 Providing suitable car parking mitigates to some extent the emissions from car exhausts as there is less traveling in obtaining a car park space.
- 10.2 Pricing can have an impact on travelling decisions made by individuals and we should seek to encourage the most 'green' mode of transport.

## 11.0 CONSULTATION

- 11.1 Consultation on the this report has been made with the Town Centre Manager (TCM) and the TCM has made a number of comments on the issues surrounding the coach parking.

## 12.0 WARDS AFFECTED

- 12.1 All wards are indirectly affected by the content of this report.

Contact Officer: Richard Pearson

Date: 19 August 2010

Appendices: A – Weekly ticket Sales  
B – Comparison of ticket sales for first Quarter 2009/10 to 2010/11  
C – Questionnaire & analysis of results  
D – Coach charges

Background Papers: None

Reference: X: Committees/REEA/26.05.10 – Car Parking – Update Report