

**Prosperity Policy Development Group – 18 November 2009**

**REVIEW OF CAR PARK CHARGES 2010/11**

**Report of the Head of Environment Services**

**Statutory Powers:** Road Traffic Regulations Act 1984, s44 Control of Off Street Parking (England and Wales) Order 1978

**Financial Implications:** Depending on Members decision's, this will generate an estimated increase in income of between £104,000 and £139,000. In addition there will be a cost for resident's parking permits if a resolution is passed not to charge. The actual cost is indeterminable but an estimated cost could be up to £400,000.

**Purpose**

The purpose of this report is to set out potential areas for increasing charges for Car Parking for 2010/2011.

**Priorities and Targets**

The Car Parks service contributes to the following Council priorities:

CP2: Create the conditions for the growth and maintenance of quality economic activity.

CP5: Working with others to improve access to key services.

CP6: Improve core service performance in a cost effective way.

**Recommendations**

**That the Group RECOMMEND that the Executive RECOMMEND to Council that:-**

- a. The proposed increase in Pay and Display charges for 2010/11 should be as set out in this report; and**
- b. That the charge for the concessionary residents permit should be either**
  - (i) £22 charge including VAT assuming the pay and display charge increases for 2010/11 as set out in this report are agreed, including the charge of £2 for the overnight charge; or**
  - (ii) £17 charge including VAT assuming the pay and display charge increases for 2010/11 as set out in this report are agreed, but not the charge of £2 for the overnight charge; or**
  - (iii) £16 charge including VAT assuming the pay and display charges are not increased; or**
  - (iv) £0 but at an indeterminable cost to the council.**

## Background

- 1) For the financial year 2009/2010 the Council did not increase pay and display car parking charges. Calculations for proposed increases for 2010/2011 are based on data from 2008/2009. This is due to the fact that given the timing of this report, data for this year's activity is not complete.
- 2) The PPDG met on the 21 October 2009 to consider a report entitled Review of Car Park and Pannier Market charges 2010/11. The group resolved
  - That the Head of Environment Services be asked to present a new option that would generate £100,000 in pay and display car parking revenue, with increases that were evenly distributed across the various categories of car parks and for this to be presented at the next Group meeting on 18 November 2009;
  - That the Head of Environment Services be asked to attend the next Group meeting and report on the viability of:
    - a) Extending the resident's concessionary parking scheme district wide at a zero charge; and
    - b) Maintaining the existing scheme but at a revised price of between £15.00 and £20.00.
- 3) **Pay and display income** – The following table demonstrates how, by increasing charges by 10p, may generate £104,000 from the daytime tariffs. In addition by increasing the overnight tariff by £1 this may increase the income by £35,000.

### 2009/10 tariffs

		0.5	1	2	3	4	6	Day	Overnight
Standard	1	£0.30	£0.60	£1.20	£1.80	£2.40		£4.40	£1.00
Standard	2	£0.30	£0.70	£1.40	£2.10	£2.80	£3.50	£4.80	£1.00
Premium	1	£0.30	£0.80	£1.60	£2.40	£3.20		£5.40	£1.00
Premium	2	£0.40	£0.90	£1.80	£2.70	£4.20		£5.90	£1.00
Coastal P		£0.50	£1.20	£2.40	£3.60	£4.80		£5.90	£1.00

### Proposed 2010/11 tariffs

		0.5	1	2	3	4	6	Day	Overnight
Standard	1	<b>£0.40</b>	<b>£0.70</b>	<b>£1.30</b>	<b>£1.90</b>	<b>£2.50</b>		<b>£4.50</b>	<b>£2.00</b>
Standard	2	<b>£0.40</b>	<b>£0.80</b>	<b>£1.50</b>	<b>£2.20</b>	<b>£2.90</b>	<b>£3.60</b>	<b>£4.90</b>	<b>£2.00</b>
Premium	1	<b>£0.40</b>	<b>£0.90</b>	<b>£1.70</b>	<b>£2.50</b>	<b>£3.30</b>		<b>£5.50</b>	<b>£2.00</b>
Premium	2	<b>£0.50</b>	<b>£1.00</b>	<b>£1.90</b>	<b>£2.80</b>	<b>£4.30</b>		<b>£6.00</b>	<b>£2.00</b>
Coastal P		<b>£0.60</b>	<b>£1.30</b>	<b>£2.50</b>	<b>£3.70</b>	<b>£4.90</b>		<b>£6.00</b>	<b>£2.00</b>

- 4) It must be noted that of all the tickets purchased for an overnight stay 80% of the overnight ticket sales are purchased between the months of April and September. This could be interpreted that the majority of these tickets are purchased by visitors. Should a decision be made to keep the concessionary residents permit in place then the increase in charge for an overnight ticket would have a minimal effect on residents as regular users would have a cheaper means for parking overnight.
- 5) **Charge for Concessionary Residents Permit** – A concessionary resident's permit was introduced in February 2009 for a 12 month trial. The charge for each permit is £10 (including VAT) and is only valid for one vehicle. At present 3509 permits have been purchased. The permit is valid from 16:00 to 10:00 the next day. An analysis of ticket sales between the hours of periods 16:00 – 10:00 has been undertaken to see if there has been a marked drop in tickets purchased within the allocated time band.

Ticket tariff	Feb – Aug 2008	Feb – Aug 2009	Difference	£ charge	Total
.5 hour	40362	32977	- 7385	30p	£2,216
1 hour	70865	62805	- 8060	.80p	£6,448
2 hours	40058	38505	- 1553	£1.60	£2,485
Overnight	31621	19368	- 12253	£1.00	£12,253
				Grand total	£23,402
				Excluding VAT	£19,917

**Note:** It is assumed that the VAT rate for 2010/11 will be 17.5%

- 6) The cost of the trial as of the end of August is as follows.

	£
Administration and stationery	£12,500
Loss of income from pay and display	£19,917
Total	<u>£32,417</u>

- 7) Assuming there will be no marked increase in the take up of the scheme then the estimated net cost of the scheme if it runs the full term will be £16,780. This makes the assumption that there is no significant increase in administration and stationery costs and that the loss of pay and display income is of the same magnitude as the period February to the end of August.

Administration and stationery	£12,500
Loss of income from pay and display (12 months)	£34,142
Total	<u>£ 46,642</u>
Income 3509 passes * £8.51 (excluding VAT)	- £ 29,862
<b>Net cost of scheme</b>	<b><u>£16,780</u></b>

- 8) The calculation shows that there is a clear cost for the service as the fee for each permit is not covering the total cost of loss of income and administration. The true cost for each pass should be £16 including VAT.

- 9) If the proposal for increasing pay and display charges is adopted as set out in this report then the loss of income for twelve months would increase to £54,500 per annum. The charge for the pass would have to be £22 including VAT. It must be noted that from the data we have, the greatest reduction in any one tariff is the overnight charge. This therefore means that residents are purchasing the passes for off street overnight parking.
- 10) If the proposal for increasing pay and display charges are adopted but not the overnight charge then the loss of income for twelve months would be £36,600 per annum. The charge for the pass would have to be £17 including VAT.
- 11) **No Charge for Concessionary Residents Permit** – There are some issues that have to be considered if the option of not charging for a permit is adopted.
- If the issuing of permits were based on application then the cost of the permit would be proportional to the take up. For instance if half the households in the district took up the offer then the cost could be 21000 households @ £22 = £393,000 excluding VAT.
  - If the issuing of permits were based on sending each household a pass then there would be the initial postage cost of about £8,000 together with the stationery costs of £3,000. The loss of pay and display income would again be proportional to the take up. It is however thought that the take up will be greater than on the application example so proportionally the cost to the Council will be greater.
  - If the permits are sent out to all households then there would be a reliance on the resident to write the registration of their vehicle onto the pass. The analogy would be that when one buys a car tax disc you are given a blank disc. The issue will be that a number will be spoilt or incorrectly completed. This would then create issues for enforcement. It may be that if there were substantives issue then the initiative could not be regulated as the associated work load would be unmanageable. Either way the Council's reputation could suffer.
  - The intention is that the residents of South Hams receive and make use of the permit. If the scheme is not regulated effectively the permits may be passed to individuals who are not residents within the district.

## Risk Assessment

Risk Identified	Mitigating Action
Not all the recommended increases in charges are adopted	The Council will have to find income from other sources.
The actual number of customers using the car parks is not in line with the projected activity. Thus projected income levels are not achieved	The Council will have to find income from other sources
The Council has to fund the cost of a no charge policy for the residents permit.	The Council will have to find income from other sources

## **Human Rights Act**

- 12) There are no significant Human Rights Act implications that we are aware of in this report.

## **Conclusion**

- 13) There are a number of influences that can affect the estimated income. It is important that this is recognised when committing the projected income into the overall budget.
- 14) It must also be noted that VAT is charged on car parking charges. When the government altered the present rate from 17.5% to 15% the Council made the decision not to alter the level of charges by the 2.5% VAT reduction. The VAT rate will be reverting back to 17.5%. Thus the Council will see a shortfall in net revenue from this VAT increase.

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Prosperity Policy Development Group  
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