

Working for you

Agenda Item No.

REPORT TO:	Cabinet
DATE:	18 September 2013
DEPARTMENT:	Community Services
REPORTING OFFICER:	Director of Community Services (Report written by Susan McGarry Parking Services Manager)
SUBJECT:	CAR PARK INCOME AND USAGE 2013/14 MEDIUM-TERM ASSUMPTIONS
WARD/S AFFECTED:	ALL DISTRICT
FORWARD PLAN REF:	N/A

1.0 PURPOSE OF REPORT

- 1.1 This report demonstrates and explains the trends of car park usage and income in recent years and the effect on the Medium Term Financial Strategy (MTFS) if these trends continue.
- 1.2 The report is presented in accordance with Cabinet's instructions when considering the MTFS on 24 July 2013.

2.0 RECOMMENDATION

- 2.1 The decision on a future fee increases be taken within the context of the 2014/15 budget with consideration to the contents of this report.

3.0 RECOMMENDED REASON/S FOR DECISION/S

- 3.1 To review current and future MTFS assumptions about car parking income.

4.0 ALTERNATIVE OPTION/S CONSIDERED AND RECOMMENDED FOR REJECTION

- 4.1 None. It is prudent that the current trends and the risks to the Council's income are understood and acted upon to prevent a detrimental effect on the Council's budget.

5.0 BACKGROUND

Legal Background

- 5.1 Harrogate Borough Council (HBC) has responsibility for the setting of charges for off-street car parks and North Yorkshire County Council (NYCC) is responsible for managing the on-street parking provision. Whilst the on-street surplus (NYCC) should be ring-fenced for traffic management schemes, the off-street surplus (HBC) can legally be included in the Council's General Fund for general Council expenditure.
- 5.2 However, the Road Traffic Regulation Act 1984 (which gives the Council the right to charge) is not a fiscal measure and the Council has a duty imposed on it to only amend/increase fees for the expeditious, convenient and safe movement of vehicular and other traffic as required in section 122 of the 1984 Act. The Council must ensure that changes to charges do not result in detrimental displacement, increased congestion or any other negative traffic management effect.
- 5.3 It is good practice to review fees and charges annually but any amendments must reflect traffic management policies and not be for fiscal reasons. This principle was recently highlighted in a case in the High Court when a Council's reasoning for increasing car parking charges was held to be ultra vires. The High Court held that the Council's attempt to generate additional income to meet projected expenditure for road maintenance and improvement, concessionary fares and other road transport costs with the intention to reduce the need to raise income from other sources, such as charges and council tax, was unlawful.

Off-street car parking income

- 5.4 Whilst the impact of the economic recession is generally thought to be lower in the Harrogate district than in other parts of Yorkshire and the country, the Council has still seen an impact on several of its income generating services in recent years, as well as parking.
- 5.5 The last major tariff increase was in January 2012 when most of the car park tariffs across the district were increased by an average of 10 pence per hour which equates to 17% in Harrogate Town which is where the significant proportion of income is collected. The other significant change was the implementation of tariffs at the previously free Ripon Market Place car park.

- 5.6 A number of changes are currently being progressed this year but it is not anticipated that these will achieve the 3% requirement of the 2013/14 General Fund budget-setting process. Appendices A and C demonstrates the income received throughout the district over the last three years in relation to the Original Estimates. In all years, the forecast income has not been achieved and the forecast for this year is that, once again, there will be a significant shortfall. Broken down annually, the shortfalls are as follows:
- 5.6.1 In 2011/12, the Original Estimate (OE) for daily ticket income was £2,713,680 and the final outturn was £2,577,031 which was £136,649 (5.04%) below OE. This shortfall was mainly due to the delayed implementation of all tariff increases but this does not account for the entire shortfall. An element of this shortfall was covered by underspends in the controllable expenditure and miscellaneous income of the parking budget.
- 5.6.2 In 2012/13 the Original Estimate for daily ticket income was £2,824,860 and the final outturn was £2,725,820, this was £ £99,040 (3.51%) below OE. Again most of this shortfall was covered by the Service-led underspends and increases in miscellaneous income.
- 5.6.3 In 2013/14, the Original Estimate for daily ticket income is £2,855,330 and at this stage (July), it is anticipated that the 2013/14 shortfall will be at least £89,502 (3.13%).
- 5.7 A number of tariff increases have been implemented over the last three years which has masked the reduction in income (since the income has increased due to tariff increases). However, if the changes are adjusted to remove the effect of the tariff variances, there has been a base line reduction in income since 2010/11 of 4.13% (£125,308).
- 5.8 Where car parks have had tariff increases, the reduction in base line income is significantly higher. This suggests that tariff increases do have an effect on usage and subsequent related income. Victoria car park also reflects this and the base line income has reduced by 11.55% since the tariffs were increased in September 2010. See Appendix B for further information. The impact of tariff increases is also demonstrated with on-street income (see 5.14).

Car Park Usage

- 5.9 During this same period, the usage of car parks has decreased which has been a trend in most towns and cities across the country. Locally, Harrogate has fared better than other towns but the downward trend is increasing and worrying.
- 5.10 Officers have asked other Council's to provide data on their usage but this has not being received at the time of writing. Only York has provided any feedback which is that usage last year was down by 5.54% and the income had reduced by approx. 2.5%.

- 5.11 Appendix C shows the usage in recent years of the car parks and, whilst there has been a small improvement in Ripon, Knaresborough and Pateley Bridge so far this year, the usage is still well below previous years. Further graphs are available showing each town if needed.
- 5.12 There are a number of factors out of the Council's control that have influenced this such as the general economic climate, bad winters, last year's wet summer and the Olympics. There is also a frequently reported trend in increasing internet shopping thus affecting the High Street and our car park usage. It is difficult to pinpoint and prove the exact reasons for the reduction since many factors have played a contributory factor to some degree. The only factor that can be 'proven' is the effect of tariff increases as discussed in 5.7 and 5.8 previously.
- 5.13 All of our towns have free on street disc parking within easy walking distance to the town centre and anecdotally (probably due to decreased footfall), there is easier availability of these spaces than in previous years and this displacement to on-street parking would have an effect on our car park usage.
- 5.14 This trend is not unique to off street income, the on-street income also had a shortfall of £161,065 when comparing 2012/13 outturn to OE 12/13 (8.27%). This was following the on-street tariff increase implemented in September 2011. NYCC have reduced their OE for 2013/14 to £1,768,000 to reflect what is realistically achievable (a reduction of £180,430 from OE 2012/13).

Other Information

- 5.15 The Economic Development Unit have confirmed that there is no local statistical data available in relation to 'footfall' in Harrogate Town centre and therefore it is not possible to assess whether there is a correlation between footfall and decreasing parking income in the town. However statistics at a national level indicate that footfall in town centres is estimated to have reduced by an average of 5% since 2009.
- 5.16 National economic analysis/commentary on town centre trends also identifies that increases in the cost of petrol coupled with a reduction in consumer spending power during recent years (due to impact of the recession) are thought to have influenced consumer behaviour in relation to travel, with many people choosing to use their car less. This trend could in turn lead to a decreased demand for parking as people opt to travel via public transport or decrease the number of times that they make car-based trips as a result. Other national impacts on consumer behaviour include reductions in "dwell time" (i.e. consumers reducing the length of their shopping trips to keep their parking costs down) and changes in parking location (i.e. consumers choosing to park further out of the town centre where parking is cheaper or free), both of which would also impact upon parking income.

- 5.17 All that being said there is actually very little statistical evidence to prove that the relationship between economic performance and parking is strongly linked. Indeed some national level research indicates that external visitors to town centres (i.e. those who do not know the town well) are thought to be more strongly influenced by a variety of other factors (availability of parking spaces, ease of parking, signage to parking, length of stay, quality of parking and location of car parks) than they are the actual price of parking.
- 5.18 The Council is in the process of commissioning a Masterplan study for Harrogate town centre, the scope of which does include parking. It is hoped that this work will provide useful information and insight that could help inform the Councils future approach to parking management in the town.
- 5.19 Officers are also working on amending the parking tariffs/opening times around West Park MSCP in order to be more available to new customers following a number of developments on Tower St. Officers are also currently negotiating three potential lease agreements connected with West Park. These changes/leases will hopefully increase usage/income but no final agreements are in place at the time of writing.
- 5.20 There has also been engagement with the relevant Cabinet Member where ideas for the utilisation of unused capacity will be considered in more detail.

6.0 FINANCIAL IMPLICATIONS

- 6.1 Finance staff have been consulted during preparation of this report and their comments are:
- 6.2 In Appendix B , to enable a direct comparison of income across financial years, the daily ticket income figures have been adjusted to remove the effect of:
- Tariff increases
 - Changes in VAT rates
 - CCTV surcharge changes from 10p per ticket to 14p per ticket.
 - No adjustment has been undertaken to try and remove the effects of varying winter conditions over the last few years.
- 6.3 The expectation for 2014/15, if the MTFs increases in fees and charges of 2.5%, is applied to daily ticket income, is that a further £69,500 would need to be generated from this income stream.

7.0 HUMAN RESOURCES IMPLICATIONS

- 7.1 Consultation with the Human Resources Section was not necessary during the preparation of this report.

8.0 LEGAL IMPLICATIONS

8.1 The Legal Section has been consulted during preparation of this report and comments are incorporated in Section 5 of the report.

9.0 ICT IMPLICATIONS

9.1 Consultation with ICT was not necessary during preparation of this report.

10.0 RISK ASSESSMENT

10.1 A risk assessment has been undertaken and the major risks are outlined below.

- 10.2
 - That the shortfall in anticipated income is viewed as a one off and future financial assumptions continue to be unachievable.

11.0 EQUALITY

11.1 The Public Sector Equality Duty and impact upon people with protected characteristics has been considered during the preparation of this report.

11.2 People with protected characteristics are unaffected by the proposals in this report.

12.0 CONCLUSIONS

12.1 Most of the reasons for the fall in usage and income cannot be easily defined but figures included in this report indicate there is a link between tariff increases and the decrease in base line income.

12.2 The Service has not met daily ticket income budgets over the last three years and is forecast to shortfall again this year.

12.3 These factors need to be taken into account in terms of the MTFS when setting the expectations for the Parking Services budget.

Background Papers – None

OFFICER CONTACT: Please contact Mrs Susan McGarry, Parking Services Manager, if you require any further information on the contents of this report. The officer can be contacted 01423-556971 or by e-mail – susan.mcgarry@harrogate.gov.uk

SUSTAINABILITY ASSESSMENT/CRIME AND DISORDER

		Implications are		
		Positive	Neutral	Negative
A	Economy		x	
B	Environment		x	
C	Social Equity			
i)	General		x	
ii)	Customer Care/People with Disabilities		x	
iii)	Health Implications		x	
D	Crime and Disorder Implications		x	
E	Business Transformation		x	
F	Communications		x	

If all comments lie within the shaded areas, the proposal is sustainable