

Car Parking Proposals

Report of the Planning Portfolio Holder

Recommended:

- 1. That the schedule of fees and charges proposed with effect from 1 April 2020 shown at Annex 6 to the report be approved.**
- 2. That the schedule of car parking tariffs proposed with effect from 1 April 2020 shown at Annex 7 to the report be approved.**

SUMMARY:

- This report proposes new tariff arrangements arising from a review of car parking in the Council's car parks.
- The proposed new tariffs maintain the current position of free parking after 4pm Monday to Saturday and free parking on Sundays and Bank Holidays.
- Changes to the car parking tariffs are proposed with the aim of increasing dwell time in the town centres and, in the case of Andover, introducing a period of free parking in Shepherds Spring Lane car park.
- The report includes details of the current tariff arrangements for comparison purposes.
- There has been no inflationary uplift since charges were last increased with effect from 1 April 2016.
- Car Parking charges were not considered as part of the annual Fees and Charges report, pending the outcome of the review. Aside from the proposed tariff changes contained in this report there are a number of other charges that require approval that would usually have been included in the annual Fees and Charges report. These are shown at Annex 6, are unchanged from the charges for the current year, and are recommended for approval above.

1 Introduction

- 1.1 The Council operates a number of pay and display car parks in Andover and Romsey. Maps of the location of the car parks are shown at Annex 1. Car parks are shown as short, medium or long stay.
- 1.2 Short stay car parks tend to be those located closest to the town centre. In order to prevent these spaces being occupied all day by commuters, maximum stay periods are limited to 2 hours and it is anticipated that an individual parking space will be occupied by several different vehicles in a day. This supports the economy of the town centres.
- 1.3 Medium stay car parks are a bit further from the town centre with long stay car parks a bit further still. All are within walking distance of the town centres.

- 1.4 All day parking is still available in the town centres. The all day car parks closest to the town centres are currently referred to as 'Medium stay' car parks, and our edge of town all day car parks are referred to as 'Long Stay.' The all day tariff is lower in the long stay car parks than in the medium stay car parks reflecting that they are a little further from the town centres. All day parking is permitted in some but not all car parks designated as medium stay. It is planned to revisit these 'labels' to make it clearer to motorists what the car parks actually offer as the labels "Medium" and "Long Stay" do not reflect that you can stay for short periods or all day in both these type of car park, the only difference being the tariff payable.
- 1.5 Car parking tariffs for short, medium and long stay car parks offer different options to serve different groups of users.

2 Background

- 2.1 The Council has developed its strategy in relation to the setting of car park tariffs over many years. One of the core aims of our approach has been to enhance the economic development of both the Andover and Romsey town centres.
- 2.2 Andover and Romsey have their own distinct identities and share a common bond in that they are very near other towns and cities which arguably offer a more extensive retail, commercial and leisure/evening experience.
- 2.3 In response the Council has developed niche policies which have become a key part of the Test Valley "offer". These have included:
- A clear pricing policy which means that we undercut our main competitor towns and cities in pricing terms, generally
 - Free parking after 4pm (Monday to Saturday)
 - Free parking on Sundays and Bank Holidays.
- 2.4 In Romsey the Council also delivered a new parking offer at the Romsey Rapids. Free parking had always been available at the Romsey Rapids car park for a maximum of four hours, but the car park suffered from capacity issues at its busiest times such as school holidays etc. The existing car park was expanded significantly to address this issue and to include the provision of a new long stay car park.

The tariff for all day parking in this new car park was set at a cheaper rate reflecting the distance of the car park from the town centre and intended to make it an attractive option for commuters parking all day.

This was part of a number of changes made to increase the availability of short stay parking in those Council car parks closest to Romsey town centre in order that spaces were available to visitors/shoppers. The approach was that these short spaces would turn over a number of times in the day rather than be occupied all day by town centre workers. This was enabled by those car parks closest to the town centre shopping being designated short stay, those car parks slightly further out becoming medium and/or long stay and the delivery of a new long stay car park at Romsey Rapids.

- 2.5 In Andover the Andover Summit (2012/13) established a work stream to look at parking in the town. Our core parking offer received a 'clean bill of health' as part of the review and the Test Valley approach was enhanced further by the addition of:
- A 'buy one hour get one hour free' parking incentive scheme to encourage visitors to the town centre to stay for a longer period of time during the Christmas period. (This was also introduced in Romsey car parks at the same time)
 - Provision of on street ultra-short stay 'Dash & Go' parking in Andover to encourage impulse shopping in the town, as well as making it easier for people who wish to pop in to the town for a short period to visit one or two shops.
 - The introduction of reduced cost Season Tickets at Shepherds Spring Lane car park.
 - Provision of 'Pay on Foot' ('Clock in Clock out') parking in the Chantry Centre Car Park. This system has suffered some reliability problems to date and officers are exploring whether there are alternative providers with a more reliable proven track record.

The Summit also recommended that the ticket machines be upgraded to accept card and contactless payments.

- 2.6 In 2015 as a result of works to improve the facilities at Andover College, special rates were introduced at Shepherds Spring Lane car park for Student Permits.
- 2.7 In recent weeks the Council has introduced new car parking machines into the pay and display car parks. These machines offer contactless payment facilities including Apple Pay, Android Pay and Google Pay and the initial response to the introduction of these facilities has been extremely positive. There is a transaction charge made by the banks for processing these payments. This is calculated as follows:

Components of transaction charge		Fixed or Variable	Example of Card Charge
Tariff			£1.00
Payment Service Provider Fee <i>A fee applied by the PSP for capturing the card data, and passing it securely to the merchant bank for processing.</i>	£0.03	Fixed	£0.0300

Components of transaction charge		Fixed or Variable	Example of Card Charge
Acquirer Fee <i>A fee applied by the Merchant bank for the processing of the payment and settlement of each transaction to TVBC</i>	£0.045	Fixed	£0.0450
*Interchange <i>A fee applied to all card transactions by the cardholder's issuing bank</i>	0.20%	Variable	£0.0020
*Scheme <i>A fee applied to all card transactions by Visa/Mastercard as appropriate</i>	1.23%	Variable	£0.0123
Total Transaction Charge for £1 tariff			£0.0893

* These percentages vary dependant of the type of card used, and may be changed by the Banks / Card Schemes at any point. The percentages given in this example are for consumer Visa/Debit cards which account for approximately 80% of all card transactions. (Our merchant bank have confirmed our current percentage on parking ticket card use to date is 79.95%)

These 4 components combined make up the total cost to TVBC for processing a transaction.

Annex 2 to this report shows the transaction charges applicable to each of the tariffs, expanding on the £1 example shown in the table above.

Self evidently, the fixed fee element of the transaction charge (7.5p) represents a higher percentage of the lowest price tariffs.

- 2.8 The Council has seen some fluctuation in parking ticket sales and car park occupancy in the last few years. The trend is that our ticket sales and car parking income are decreasing. The rate of decrease is higher in Andover than in Romsey, reflecting perhaps that Andover has lost both Marks and Spencer and Tesco from the town centre.
- 2.9 Andover and Romsey are now involved in town centre masterplanning processes. This will involve a strategic review of the current and future car parking needs in both of the towns.

- 2.10 Pending the outcome of that longer term masterplanning process, the Planning Portfolio Holder has requested a review of the current car parking arrangements and tariffs leading to the proposal considered in this report.
- 2.11 Alongside car parking tariffs in the Council's pay and display car parks, there are a number of other parking related matters that would usually have been considered as part of the annual Fees and Charges report. These include parking penalty charges and season ticket charges. Due to the review of car parking arrangements, these were not considered as part of this year's Fees and Charges report to Cabinet on 6 November 2019 and therefore are dealt with in this report. These are shown at Annex 6, are unchanged from the charges for the current year, and are recommended for approval to come into effect from 1 April 2020.

3 Corporate Objectives and Priorities

- 3.1 The Council has identified as one of its corporate priorities growing the potential of our town centres. This involves responding to the changing face of the High Street and the purpose of town centres in the future.
- 3.2 The towns of Andover and Romsey are increasing in size and new communities are being developed. It is important that new residents are encouraged and enabled to get into an early habit of using their local town centres and one element of that is to offer reasonably priced and accessible car parking.
- 3.3 Initiatives that encourage dwell time will help support the economy of town centre businesses.

4 Consultations/ Communications

- 4.1 The annual consultation with businesses as part of the budget setting process and the review of parking arrangements by the Andover Summit have all informed the current parking offer.
- 4.2 The current town centre masterplanning exercises underway in both Andover and Romsey will consider the longer term strategic issues for car parking provision and help inform future policies for car parking.

5 Option Appraisal

- 5.1 **Proposed Option - changes to the car parking tariffs with the aim of increasing dwell time in the town centres and, in the case of Andover, introducing up to 2 hours of free parking in Shepherds Spring Lane car park.**
 - 5.1.1 The table below sets out the changes in tariff arising from this option. Those tariffs where changes are proposed are shown highlighted in grey.

	All TVBC car parks (except Romsey Rapids and Shepherds Spring Lane)		Shepherds Spring Lane (Andover)		Romsey Rapids	
	Current	Proposed	Current	Proposed	Current	Proposed
Up to 30 mins	50p	Up to 2 hours £1.00	50p	Up to 2 hours free	Up to 4 hours free	Up to 4 hours free
Up to 45 Mins	70p		70p			
Up to 60 mins	£1.00		£1.00			
Up to 2 Hours	£1.60		£1.10			
Up to 3 hours	£2.00	£2.00	£1.20	£1.20		
Up to 4 hours (medium stay car park)	£2.70	£3.00	N/A SSL not a medium stay car park			
Up to 4 hours (long stay car park)	£2.40	£3.00	£2.40	£3.00		
Up to 5 hours (medium stay car parks)	£3.40	£4.00	N/A SSL not a medium stay car park		Over 4 hours £2.10	Over 4 hours £2.10
Up to 5 hours (long stay car parks)	£2.80	£4.00	£2.80	£4.00		
Over 5 hour (medium stay car parks)	£5.90	£5.90	N/A SSL not a medium stay car park			
Over 5 hour (long stay car parks)	£4.40	£4.40	£4.40	£4.40		

5.1.2 Under this proposal the shortest stay ticket available will be up to two hours and the cost of a two hour stay will reduce by 37.5% from £1.60 to £1. This is designed to encourage those people who currently purchase tickets for very short stays to dwell for longer in the town centre. The thinking behind this is that, having purchased a ticket for up to two hours, people may take the opportunity to explore in a shop that catches their eye or have a coffee with a friend they meet in town; their time not being constrained by their 30 minute parking ticket as it may be now.

- 5.1.3 The introduction of a free up to 2 hour stay at Shepherds Spring Lane has the potential to encourage use of this car park which is currently under utilised. Increasing familiarity with this car park may also be of assistance with addressing issues of traffic congestion in the area as customers of The Lights and Andover Leisure Centre seek parking.
- 5.1.4 As well as the loss of income from the Shepherds Spring Lane car park itself, the introduction of two hours free parking may also result in a reduction in car parking income from other car parks in Andover. Motorists may move to Shepherds Spring Lane to take advantage of the free offer there, this is impossible to predict or quantify in terms of the financial impact and is a matter which, if this option is approved, will be closely monitored. It is proposed that a no return in 3 hours period be introduced in order to manage potential abuse of the system by motorists. This can be introduced within the delegations to the Head of Property and Asset Management. This will deter an individual returning to their vehicles to obtain a further two hour free ticket when their first two hour free period expires.
- 5.1.5 The proposed two hour free period for Shepherds Spring Lane in Andover will reflect similar arrangements already offered at Romsey Rapids and, if approved, will result in both towns having a period of free parking available.
- 5.1.6 New car parking machines enabling payment of car parking charges by debit/credit card, Apple Pay, Android Pay and Google Pay have been introduced. It is estimated that approximately 60% of car parking tickets will be purchased in this way when people become used to this facility. There are transaction charges for the Council to bear associated with this payment method and these were estimated and built into the Council's budget at the time the decision was taken to progress with the new machines. The latest estimates for these transaction charges for both the proposed option and the current tariffs are shown in detail at Annex 3 to this report.

The comparable totals are:

	Proposed Option	Current Tariff	Difference
	£	£	
Estimated total transaction fees for payments by Credit/Debit card and Contactless	60,803	61,338	(535)

There is therefore no significant difference in transaction charges between the two options.

- 5.1.7 This option does propose increases to some but not all of the medium/longer stay tariffs in all car parks except for Romsey Rapids where no changes are proposed. This reflects the fact that the car park at Romsey Rapids is on the very outskirts of the town centre and is more akin to a “park and walk” car park. There is no directly comparable car park in Andover.

5.2 Current arrangements for comparison purposes.

- 5.2.1 The table at 5.1.1 above includes the current tariff amounts.

6 Risk Management

6.1 Changes to On-Street Parking Arrangements from April 2020

- 6.1.1 In April 2020 responsibility for the administration and enforcement of on-street parking will revert to Hampshire County Council. For many years this function has been carried out by Test Valley Borough Council on behalf of Hampshire County Council under an agency agreement. The County Council have ended this agency arrangement as part of their T19 change programme.
- 6.1.2 Services provided under this arrangement include the enforcement of maximum stay periods in on-street parking bays in the two town centres, administration and enforcement of resident permit schemes and assistance with resolving car parking issues around schools.
- 6.1.3 At this stage it is not clear how the County Council intend to deliver these services from April 2020 and what impact if any this will have on the use of the Council’s pay and display car parks in the two town centres.

7 Resource Implications

- 7.1 There are currently a number of risk factors that impede officers’ ability to be able to accurately predict car parking income for 2020/21 and future years.

7.2 Ticket sales

- 7.2.1 The financial appraisals contained in this report reflect the actual ticket sales achieved in 2018/19. As set out earlier in this report car parking ticket sales have been declining year on year.
- 7.2.2 It is unlikely that the masterplanning projects underway in the two town centres will result in any changes in the short term that will reverse this trend. In the medium to longer term a more attractive town centre offer may halt or reverse this trend.
- 7.2.3 Any impact is likely to apply to both the proposed and current arrangements.

7.3 Change in parking habits

- 7.3.1 It is impossible to accurately predict what impact if any the changes proposed will have on the parking habits of motorists.

- 7.3.2 The estimates are based on 2018/19 ticket sales. No allowance has been made for any reduction in ticket sales as a result of migration from other car parks to the proposed up to 2 hour free period at Shepherds Spring Lane car park. The extent to which motorists who currently use other car parks may choose to move, attracted by the free up to two hour stay, is impossible to predict with any degree of certainty.

7.4 Proposed Tariff

- 7.4.1 The estimate for the proposed tariffs is compared below to the ticket sales income achieved in 2018/19 and the current assumption for ticket sales income in the budget estimates for 2020/21:

	Actual vs Forecast	Budget vs Forecast
	£	£
Ticket sale income Achieved 2018/19	2,040,670	
Current assumption for ticket sale income in budget estimates for 2020/21		2,169,800
Forecast income for proposed option based on like for like ticket sales as 2018/19	2,008,663	2,008,663
Difference	32,037	161,167

These estimates are based on 100% of motorists who currently purchase a 50p, 70p, £1 and £1.60 all purchasing the new proposed £1 tariff.

A detailed worksheet supporting these estimates is shown at Annex 4.

7.5 Current Tariffs

- 7.5.1 As a point of comparison, the same forecast based on the current tariffs is compared below to the car parking income achieved in 2018/19 and the current assumption for car parking income in the budget estimates for 2020/21:

	Actual vs Forecast	Budget vs Forecast
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	£	£
Ticket sales income Achieved 2018/19	2,040,670	
Current assumption for ticket sales income in budget estimates for 2020/21		2,169,800
Forecast income based on current tariffs and like for like ticket sales as 2018/19	2,040,670	2,040,670
Difference	0	129,130

A detailed worksheet supporting these estimates is shown at Annex 5.

- 7.6 As set out earlier in this report the trend over recent years has been for a year on year decrease in ticket sales and car parking income. This is not reflected in the figures in the table above. No adjustment has been made (in either the proposed option or in forecasting the current arrangements) to the 2018/19 figures when estimating income for 2020/21 in respect of the trend of decreasing ticket sales.
- 7.7 For all of the reasons set out above, forecasting the likely financial impact of the proposed changes to tariffs is speculative as, although there is a direct correlation between income and demand, the demand for car parking depends on much more than price alone. For the purposes of assessing the financial implications of the proposed changes to fees and charges in this report, the following assumptions have been made:
- 60% of all payments will be made by contactless methods and
 - Parking demand will remain constant at 2018/19 levels
- 7.8 **Impact on transaction costs** - When the Council approved the purchase of new car parking ticket machines, it anticipated that there would be a saving in cash collection costs and an increase in banking transaction costs. A net budget pressure of £62,000 was built into the revenue forecasts and this was approved by Council on 25th February 2019 (Minute 279.2.1.2 refers). Current forecasts based on the proposed tariffs are set out in Annex 3 of this report and show a revised net cost of £60,800, a small budgetary saving of £1,200.
- 7.9 **Impact on Income** – The stated policy objective of making these tariff changes is to encourage dwell time in the town centres to support the local economy and it is hoped that there will be an increase in demand that will help to offset the loss of income as a result of reducing charges by nearly 40% in the up to 2 hour range (see scenario 2 below). In order to demonstrate how volatile car parking income is (even with very small changes in demand), a sensitivity analysis has been carried out and the table below shows a range of possible outcomes from the proposed change in tariffs:

Scenario Planner - Possible Financial Impact of tariff changes

Scenario	Impact (£)	Loss/(Gain)	Assumption
1	32,036	Loss	No change in demand from 2018/19
2	(17,108)	(Gain)	5% increase in demand in £1 tariff band
3	36,484	Loss	10% increase in £1 tariff band and 10% decrease in all other bands
4	233,060	Loss	10% decrease in demand in all bands

7.10 Annex 4 to this report is based on scenario 1 above and is considered a reasonable middle case for forecasting purposes. It is therefore recommended that this anticipated budget pressure of £32,000 is included in the 2020/21 budget forecast and the “cost” is met from the Income Equalisation Reserve. However, it will be important to monitor the position carefully throughout next year and take corrective budgetary action if necessary. From 2021/22, the impact on income should be easier to forecast and the Council will be able to build any shortfall (or surplus) into the base budget at that time.

7.11 **Overall Car Parking Income Budget** – Irrespective of the changes being recommended in this report, it is an opportune time to think about rebasing the Car Parking Income Budget to a more realistic level. The approved estimate for 2019/20 is £2.17M and this was set in the hope that income would recover to previous years’ levels. Regular corporate budget monitoring reports to Cabinet have highlighted this as a problem area, where income regularly falls short of expectations. The last monitoring report to Cabinet on 6th November, 2019, showed a continuing decline and showed that income was £60,000 behind budget profile at the half year point and it is expected that the shortfall may reach £129,000 by the year end. It should be stressed that this is a separate issue to the matters under consideration in this report, but has been included to give contextual information to the overall car parking income budget:

	£000s
2019/20 Budget	2,170
Less: Rebasing	(129)
Less: Tariff Change Impact	(32)
2020/21 Budget Guide	<u>2,009</u>

As we approach the year end for 2019/20, more work will be done on assessing the right level of adjustment that needs to be made to this income budget to ensure that it is both realistic and achievable. This issue will be picked up in the budget report to Council in February 2020.

8 Legal Implications

8.1 The setting of the proposed car parking tariffs for the Council’s pay and display car parks and the associated fees and charges shown at Annexes 6 and 7 are a matter that require approval by Cabinet.

9 Equality Issues

- 9.1 Disabled parking bays are provided in all Council car parks and Blue Badge holders are able to park in these spaces for free (and in standard spaces if no disabled bays are available).

10 Conclusion and reasons for recommendation

- 10.1 Following a review of car parking arrangements, this report sets out proposals for 2020/21 which are intended to support the economy of the two town centres.

<u>Background Papers (Local Government Act 1972 Section 100D)</u>			
None			
<u>Confidentiality</u>			
It is considered that this report does not contain exempt information within the meaning of Schedule 12A of the Local Government Act 1972, as amended, and can be made public.			
No of Annexes:	7	File Ref:	N/A
Annex 1 - Location maps showing car parks in Andover and Romsey town centres Annex 2 – Transaction Charges per tariff for card/contactless payments Annex 3 – Total estimated transaction fees for the proposed option and current tariffs Annex 4 – Proposed Option detailed costing spreadsheet Annex 5 – Current Tariff detailed costing spreadsheet Annex 6 – Schedule of Fees and Charges wef 1 April 2020 for approval Annex 7 – Schedule of Car Parking Tariffs wef 1 April 2020 for approval			
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Report to:	Cabinet	Date:	15 January 2020