

# REPORT TO COUNCIL

REPORT OF: INTERIM CORPORATE HEAD (SECTION 151 OFFICER)

REPORT NO.: CHFR118

DATE: 4<sup>TH</sup> September 2008

<b>TITLE:</b>	<b>SUPPLEMENTARY ESTIMATE FOR THE INTRODUCTION OF CAR PARKING CHARGES IN BOURNE</b>
<b>FORWARD PLAN ITEM:</b>	YES
<b>DATE WHEN FIRST APPEARED IN FORWARD PLAN:</b>	15 <sup>th</sup> August 2008
<b>KEY DECISION OR POLICY FRAMEWORK PROPOSAL:</b>	Budget Policy Framework

<b>COUNCIL AIMS/PORTFOLIO HOLDER NAME AND DESIGNATION:</b>	Cllr M Spencer-Gregson O.B.E. Finance and Assets Portfolio Holder	
<b>CORPORATE PRIORITY:</b>	Effective Use of Resources	
<b>CRIME AND DISORDER IMPLICATIONS:</b>	None	
<b>FREEDOM OF INFORMATION ACT IMPLICATIONS:</b>	This report is publicly available on the Council's web site <a href="http://www.southkesteven.gov.uk">www.southkesteven.gov.uk</a> via the local democracy link	
<b>INITIAL EQUALITY IMPACT ASSESSMENT</b>	<b>Carried out and appended to report?</b>  <b>Not Applicable</b>	<b>Full impact assessment required?</b>  <b>No</b>
<b>BACKGROUND PAPERS:</b>	DPM228, DPM241, CHFR91	

## 1. INTRODUCTION

This report presents the business case for the consideration of the introduction of car parking charges in respect of the Council car parks located in Bourne including the financial evaluation of the set-up costs and projected running costs. It seeks the approval of a supplementary estimate for 2008/09 necessary for the parking order and consultation process to commence plus the costs associated with the infrastructure work that will be required to be carried out prior to the introduction of charges from 1 April 2009. The spending of this supplementary estimate in respect of the infrastructure costs will not be incurred until the Council has considered any objections as a result of the consultation process.

## 2. RECOMMENDATIONS

It is recommended that Council:

- Consider and approve the introduction of the car parking charging policy in respect of Bourne Council operated car parks
- Approve the supplementary estimate of £120K for 2008/09 in respect of the costs associated with the introduction of car parking charges. The spending of the supplementary estimate will only be carried out after the decision to proceed following the consultation process
- Consider and agree the most appropriate charging tariff to be introduced from 1 April 2009 (and reviewed every two years thereafter) which will be subject to consultation in accordance with the Road Traffic Act 1984.
- Approve the commencement of the procedure for the making of a new Off-Street Parking Order for Bourne (which will be subject to consultation in accordance with the Road Traffic Act 1984)

## 3. DETAILS OF REPORT

### Background

This matter has been debated on a number of occasions in recent years and in February 2004 the following Cabinet decision was made:

**‘That the Cabinet recommends that the Council agrees to the new policy of introducing car parking charges in Bourne and that survey work to investigate and capture user behaviour be undertaken at the earliest opportunity if deemed necessary’.**

Report DPM 241 was presented to Cabinet on 5 April 2004 which sought the approval of additional expenditure to enable the infrastructure to be introduced in Bourne car parks. The following decision was made:

**The Council be recommended to approve a supplementary estimate to the 2004/05 Budget in order to facilitate the necessary infrastructure work required to implement a car park charging regime in Bourne.**

This subject was then debated by Council on 29 April 2004 when the following decision was agreed:

**‘To defer the supplementary estimate for infrastructure provision within the car parks in Bourne until Bourne is on a par with other towns within the care of South Kesteven’**

### **Bourne Core Area**

The largest and most utilised Council car park in Bourne is Burghley Street which is mainly used as a shoppers car park. Whilst the proposal within the report is to introduce car parking charges at this car park, the site is included within the Bourne Core Area redevelopment project. Therefore should the development project proceed then there will be abortive costs associated with the removal of the charging infrastructure. It is for this reason that the business case proposal does not include the full costs associated with achieving ‘Park Mark’ standard for Burghley Street but only includes the costs of introducing ‘pay and display’.

### **Business Case**

It is not a statutory requirement to provide car parking services. It is a discretionary service that this Council has always provided as it recognises that car parks are an integral part of any towns’ economic viability. Car parking supports business, leisure and community activity within each town.

The Council also has discretion on whether to charge users for making use of the car parks. If charges are not levied then all costs associated with providing the service fall onto the general tax payers of the district. For 2007/08 the cost of the Bourne car parking service was £21,800. At the present time the Council charges at its car parks in Grantham and Stamford but does not charge at Market Deeping or Bourne. The Council only owns one car park in Market Deeping which is situated some distance from the centre and so there is not a strong business case for proposing a charging regime.

Car park charges are also a management tool to ensure car park spaces are used in the most efficient way to maximise their effectiveness. An example of this is having short stay charging rates for car parks that are located within the centre of town to encourage a high turnover of spaces and thereby discourage all day parkers which otherwise would monopolise the spaces. Without charges on car parks such as these could be detrimental to the economic performance of the town. In addition charging can be a positive tool to assist traffic management in the town by routing traffic to the desired locations thus reducing unnecessary cross-town movements.

## Financial Evaluation

- **Investment required to bring the car parks in Bourne (excluding Burghley Street) up to “Park Mark” standard**

The Interim Corporate Head (Assets and Facilities) has produced estimates of the investment required to bring the car parks in Bourne up to “Park Mark” standard. The capital investment includes: Pay and Display Machines; Lighting upgrade; Drainage and Surface Dressing works; and CCTV.

	Burghley Street £k	South Street £k	Market Square £k	Total £k
Capital Investment	25.00*	70.00	15.00	110.00

\*This amount is in respect of pay and display machines, lighting and re-lining only

A further amount of £10K will be required in respect of the work necessary for the Parking Order.

- **Income generation potential**

The Interim Corporate Head (Assets and Facilities) and the s151 officer have identified the potential for income generation and calculated a payback period based on the above level of investment.

For the purposes of the calculations the following assumptions have been made:

- South Street Car Park to be designated long stay
- Market Square and Burghley Street to be designated short stay
- **Usage assumptions based on similar sized car parks at Grantham and Stamford have been taken and discounted by 50% in order to reflect the anticipated usage of the Bourne car parks following the introduction of charges. The discount also reflects the availability of free parking close to the town centre which could be utilised by the displaced current car park users if charging were introduced.**

**For comparison purposes (based on 2007/08)**

**Watergate car park Grantham annual users 100,674 (100 spaces)**

**Guildhall St Grantham annual users 125,873 (93 spaces)**

**Bath Row Stamford annual users 73,848 (94 spaces)**

**Scotgate Stamford annual users 58,440 (65 spaces)**

**The income figures below have been calculated on the basis of:**

**Burghley Street 52,000 users (100 spaces)**

**South Street 26,000 users (66 spaces)**

**Market Square 25,000 users (50 spaces)**

**It must be stated that no detailed on-site analysis has been undertaken in respect of user behaviour at the car park sites and therefore the usage predictions are hypothetical based on certain assumptions (stated above). It is important members are aware that if the predicted usage is not achieved then the payback period given in this report will not be accurate.**

**Sensitivity analysis has been carried out in respect of the predicted payback to identify a range of payback scenarios. Therefore should the proposal to introduce car parking charges proceed then the payback period would need to be regularly reviewed.**

- Option 1 based on the current tariffs for Grantham and Stamford car parks
- Option 2 based on comparable tariffs in neighbouring towns in South Holland
- Option 3 based on comparable tariffs in neighbouring towns in North Kesteven
- Option 4 based on a discounted 50% figure of the current charges operating in Grantham and Stamford

The following table identifies the income generation potential from each of the 3 charging options together with the potential payback period. Sensitivity has also been calculated based on -5%, -10% and -20% of the net surplus.

	<b>Option 1 £</b>	<b>Option 2 £</b>	<b>Option 3 £</b>	<b>Option 4</b>
Annual Running costs*	56,200	56,200	56,200	56,200
Annual Income	139,780	70,167	102,230	70,986
<b>Annual surplus</b>	<b>83,580</b>	<b>13,967</b>	<b>46,030</b>	<b>14,786</b>
<b>Payback based on total investment of £120,000</b>	<b>1.4 years</b>	<b>8.4 years</b>	<b>2.6 years</b>	<b>8.1 years</b>
Payback based on -5% sensitivity	1.5 years	8.9 years	2.7 years	8.4 years
Payback based on -10% sensitivity	1.6 years	9.4 years	2.9 years	8.9 years
Payback based on -20% sensitivity	1.7 years	10.6 years	3.2 years	10.1 years

\*running costs include attendant salary, business rates, electricity, pay and display tickets and management support.

The charging options used above are set out below:

	<b>Option 1</b>	<b>Option 2</b>	<b>Option 3</b>	<b>Option 4</b>
<b>Short Stay</b>				
Up to 1 hour	80p	50p	Free	40p
Up to 2 hours	£1.30	70p	£1.00	70p
Up to 3 hours	£1.80	£1.00	£1.00	90p
Up to 4 hours	£6.00	£1.20	£3.00	£3.00
All Day	£8.00	£1.40	£3.00	£4.00
<b>Long Stay</b>				
All Day	£2.60	£1.20	£3.00	£1.30

## **Summary**

It can be seen that based on the estimated level of investment required and the assumptions for annual running costs and income, that the payback period ranges between 16 months to over 10 years dependent upon the charging option applied and upon the level of sensitivity in the income assumptions. The payback period has been calculated assuming no increase in car parking charges over the stated period. Therefore any increase in future charges may have an impact on the projected payback period.

Based on the above calculations and in order to ensure the Council's achieves the shortest payback period of the return for capital investment employed, option 1 is the preferred tariff structure.

## **Market Square Issues**

Members will be aware that Market Square is fully utilised for the traditional town market each Thursday (and a smaller market on Saturdays). Therefore this car park will not be available for paid parking on these days. A further area for consideration is in respect of the users of the Corn Exchange facility and whether users should be expected to pay for parking or exempt (for the purposes of the business case it is assumed no exemption will apply).

## **Availability of alternative Parking**

Members will be aware that there is a large number of free on-street parking close to and within walking distance of the town centre. It is difficult to accurately predict the change in user behaviour of the Council car parks if paid parking is introduced but clearly there will be some loss of current users who will seek alternative free parking. The extent of this 'loss' will affect the income generation proposals. A shorter term issue is the current availability of the former 'Budgens' car park for all day free parking. This will seriously affect the viability of the Market Square car parking operation.

## **4. OTHER OPTIONS CONSIDERED AND ASSESSED**

### **Alternative way forward for the proposal**

There is a high level of uncertainty surrounding the proposal due to a lack of actual user information and behaviour patterns and the impact the proposal could have on displacing vehicles on the surrounding town centre. An alternative way forward is for Council to refer the matter to a Policy Development Group for the subject to be considered in detail. In any event the proposal is for the results of the consultation process to be presented and considered in the first instance by a Policy Development Group.

## **5. COMMENTS OF SECTION 151 OFFICER**

My comments are contained within the body of the report. However it is important members are aware that the financial evaluation undertaken in respect of this proposal has been prepared based on a number of assumptions (stated in the report). Therefore should the actual usage and behaviour patterns vary from the assumptions made then the payback and viability of the proposal will be affected. If the proposal proceeds to implementation then a robust monitoring process should be implemented in order to regularly review the financial viability of the service.

## **6. COMMENTS OF THE DEPUTY MONITORING OFFICER**

As part of the budget policy framework it is essential that the recommendation for review of the capital programme is approved by full Council.

Section 35 of the Road Traffic Regulation Act 1984 and the Local Authorities Traffic Orders (Procedure) England and Wales) Regulations 1996 provides the procedure to be adopted when introducing a new off street Parking Order. The following sets out the procedure to be adopted in light of the Council's own decision making processes:

1. As noted above part of the budget policy framework it is essential the recommendation for review of the capital programme is approved by full council. Consequently, in the first instance Full Council is to give permission to:
  - i) Introduce charging for off street parking at those sites identified in the report;
  - ii) Commence the procedure for the making of a new off street Parking Order;
  - iii) Draft an Order.
2. Thereafter, the Council must consult with relevant statutory authorities on the draft Order. Once the statutory consultees have approved the draft Order a Notice must be placed in the local press, all car parks concerned and on notice boards in Customer Services of all Council offices. The Notice must be placed for a period of 21 days.
3. The right to lodge an objection runs during this 21 day period.
4. At same time as publishing the Notice, the Council must place a copy of the draft Order on deposit for 6 weeks in all Council offices. Stipulate on Notice the times and days that the Order is available for inspection.
5. After the time for objections has passed, the matter needs to be placed back before the resources PDG and Cabinet to consider all objections and decide whether to recommend the making of the Order.
6. Thereafter Cabinet may bring the matter back to full Council with recommendation to either:
  - a) approve the Order as drafted; or
  - b) to amend the Order in light of objections and to approve an amended version.

7. If the Order is subsequently approved by full Council a copy must be placed on deposit. If it is different to the Draft Order, a copy of the draft must be placed with it.
8. Within 14 days of the Order being made (by full Council) a Notice must be placed in the local press for Bourne and in the car parks concerned. The Notice must be in a similar form to the Notice to inform of the intention of making a new Order. In particular it must also state that the Order has been made and contain the following particulars, which the original Notice did not:
  - a. date the Order came or comes into force;
  - b. state, if any person wishes to question the validity of the Order or of any of its provisions on the grounds that it or they are not within the powers conferred by the Road Traffic Regulation Act 1984 or that any requirements under the Act or of any instrument made under the Act has not been complied with and that a person may within 6 weeks from the date the Order is made apply for the purpose to the High Court.
9. Finally, in the event the Order is approved, the Council must write to objectors to inform them that the Order made and when comes into effect

## **7. COMMENTS OF INTERIM CORPORATE HEAD (ASSET & FACILITIES)**

I have been fully involved in the preparation of the business case in respect of Bourne car parking charges. The Asset Management Plan illustrates the importance of maximising our utilisation of assets and the business case details alternative pay back periods to cover the initial investment required in instigating charges at the various car parks in the town. Ultimately fees recovered can be invested in the planned maintenance of these important assets. Operational issues will be somewhat restrictive at the Market Square due to the Thursday & Saturday markets, the Corn Exchange usage and the current plethora of alternative free space within the immediate location.

## **9. CONTACT OFFICERS**

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