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FINANCE & RESOURCES Overview and Scrutiny Committee

Report for:	Finance and Resources Overview and Scrutiny Committee
Title of report:	Parking Service tariff & Business Case proposals
Date:	4 July 2023
Report on behalf of:	Councillor Sally Symington, Portfolio Holder for Corporate & Commercial Services
Part:	I
If Part II, reason:	N/A
Appendices:	Appendix 1 – Neighbouring Local Authority Town Centre Car Park Tariffs Appendix 2 - Privately Owned Car Park Tariffs
Background papers:	5 July 2022 Finance & Resources OSC – Commercial Programme Update 27 Sep 2022 Cabinet – Commercial Strategy 1 Feb 2023 Finance & Resources OSC – Commercial Programme Update 21 Mar 2023 Cabinet – Commercial Strategy Update
Glossary of acronyms and any other abbreviations used in this report:	IBC - Initial Business Case FBC – Full Business Case MTFS – Medium Term Financial Strategy EVCP – Electric Vehicle Charge Point TRO – Traffic Regulation Order

Report Author / Responsible Officer

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Corporate Priorities	A clean, safe and enjoyable environment Building strong and vibrant communities Ensuring economic growth and prosperity Ensuring efficient, effective and modern service delivery Climate and ecological emergency
Wards affected	All
Purpose of the report:	1. To update committee on recommendations for parking tariffs and the outcome of the Parking Full Business Case
Recommendation (s) to the decision maker (s):	1. That the committee considers and notes: (a) the proposed parking tariff increases as set out in section 2.2; (b) the proposed changes to parking policy as set out in section 2.3; and (c) the proposals for 'smart' technology as set out in section 2.4 and their inclusion in a future commissioning as part of the wider parking enforcement contract.
Period for post policy/project review:	12 months

1. Background

- 1.1 Dacorum Borough Council (the Council) launched its Commercial Strategy in 2022, to support the Council's ongoing financial sustainability and delivery of services and strategic objectives for the Borough, which include housing, regeneration and responding to climate change.
- 1.2 In 2021, the Council approved its Climate and Ecological Emergency Strategy and made this one of its six corporate priorities. Although the majority of the Borough's emissions are outside of the Council's direct control, it pledged to support the Borough to become net zero by 2050 and to work alongside individuals, community groups, businesses and schools to help achieve this.
- 1.3 The Commercial Strategy adopted a broad definition of 'commercial', including a change in culture to focus on regular assessments of ways in which the Council might be able to use its assets and capabilities more effectively; to improve service and financial outcomes. It is recognised that continued financial pressures mean that focussing on cost reduction measures alone will not be a sustainable strategy, if the Council wishes to continue delivering its ambitions and services to those that live and work in the Borough. There are various themes within the Commercial Strategy, including how the Council can drive value, income and efficiencies through careful consideration of a range of service models, procurement, contract management, and how it can maximise the value of its assets and investments.

- 1.4 As part of a new more commercial focus, a range of potential opportunities were assessed early in 2022. Twelve Initial Business Cases (IBCs) were developed at high level, and then taken forward for development into Full Business Cases (FBCs), during the course of 2022 and 2023. The outcomes of these FBCs have been the subject of previous reports to the Finance & Resources Overview and Scrutiny Committee, and reports will continue as appropriate in the future.
- 1.5 This report outlines the outcomes from the FBC for Parking Services, and sets out the proposals that will be presented to Cabinet in July 2023, with a recommendation for approval. The FBC focused on changes to Council parking policy to ensure fair and equitable access to Council services and assets, appropriate pricing and cost recovery that reflect the value and costs of the Parking service and assets, and to support wider strategic objectives relating to promoting active travel and sustainable transport, the environment and climate change.
- 1.6 The FBC investigated the following areas:
- a) A review of tariffs and charging policies across the Council's car parks, to reflect inflation and cost increases, make better use of the Council's parking assets, identify opportunities for the Council to amend and improve charging policies, and introduce more equitable charges across the borough.
 - b) Consideration of the introduction of 'smart' technology, to improve the parking experience and allow for flexible and targeted parking tariffs that support environmental or other strategic objectives; for example tariffs that contribute to a reduction in local air pollution.
- 1.7 This paper sets out each of the above areas in more detail and provides recommendations for each.

2. Issue/Proposal

2.1 Context and drivers for changes to parking tariffs and charging policies

The Council has the ability to make better use of its parking assets and utilise them in a more strategic manner, to improve parking services from an operational, commercial and environmental perspective and deliver a more consistent approach on parking tariffs and charging policies. There are a range of considerations as to why it is necessary to increase tariffs and update parking charging policies. These include the following:

- The Council's parking charges are significantly lower than public sector averages, and local private sector parking. Benchmarking parking tariffs with other Local Authority car parks shows the Council's parking tariffs are in the lower quartile of prices charged, with tariffs varying between 20% to over 100% lower (see appendix 1). Further benchmarking with privately operated car parks in the vicinity also show that the Council's parking tariffs are lower (see appendix 2).
- Parking tariffs across the Borough were last reviewed and increased in 2019. During this period, inflation has increased by c. 25%, so the current proposals for tariff increases in off-street car parks only bring the Council's tariffs in line with the cost of inflation, and will warrant further reviews going forward to ensure tariffs keep pace with costs of service.
- Proposals for increases to on-street parking reflect the value of the on-street parking resource for those who choose to park closer to their intended destination, rather than using a nearby off-street car park.
- The Council has ongoing financial pressures arising from reduced parking income since the onset of the pandemic. In 2022-23, there was a deficit in parking income of £600k. Thus there

is an ongoing need to set appropriate tariffs that maximise income and reflect the cost of the assets and parking service, given the ongoing pressures to parking income. The Council cannot afford to subsidise any part of its parking services as it would have a negative impact on the ability to maintain its assets and on wider delivery of Council services.

- The Council has a range of parking charging policies that have built up over many years and require a comprehensive review and update, to improve the consistency and equitability of approach to parking charges throughout the borough. As noted above, it is not equitable or financially sustainable for the Council to subsidise part of its parking services. Hence the proposal to remove free parking across the Borough to reflect the true cost of parking provision, and to also encourage where possible changes in behaviour with regard to transport options, that will support wider environmental benefits.

The proposals relating to charging policies resulting from the work of the FBC include the following:

- Removing free/partially free parking to ensure consistency of approach
 - Change of charging policies relating to chargeable hours
 - Overhaul and rationalisation of long and short stay parking tariffs
 - Re-open the upper level of the Water Gardens North car park to increase capacity.
- The modest adjustments proposed to bring tariffs closer to other Local Authorities, and a more consistent application of charging policies across Council car parks could provide the following benefits:
 - Provide an appropriate and more equitable charging basis that reflects the value of assets and cost of the services provided
 - Provide a more equitable charging basis for users across the Borough, with consistency as to charging policies (e.g. removing free parking in certain areas which effectively means that those parking in certain areas of the Borough are receiving a subsidised parking service, while those in other areas aren't).
 - Drive additional income that will contribute to parking income pressures, and contribute to the Council's wider financial sustainability and delivery of services
 - Contribute to longer term objectives relating to sustainability and climate change, as part of a holistic approach to encouraging behaviour change in relation to travel and sustainable transport options.

2.2 Proposals for Parking Tariff Increases

It is proposed that the following tariff increases are considered prior to recommending approval to Cabinet:

- 1) A 40p increase on all off-street parking tariffs, which will result in c.25% increase in off-street income
- 2) An introduction of a standard hourly charge across all on-street parking, and increase of the on-street charge across the Borough to £2 for an hour (currently on-street tariffs range from the equivalent of 50p an hour to £1 an hour and are not charged by the hour in all instances. An hour is the maximum parking limit for on-street parking).

The table below demonstrates the estimated impact to Council income of an overall 40p increase to each off-street parking tariff. The table also demonstrates the impact of an on-street tariff increase to a standardised £2 hourly rate.

The usage figures in the table below that have been used to estimate the level of income that could be generated, were calculated to reflect uncertainty as to the effects of parking tariff changes on parking behaviour. Given the Council's current pricing is less than other public and private

sector parking as shown by the benchmarking, this is not expected to be significant for off-street parking. Changes to on-street parking could result in a certain amount of customers switching to use of the Council’s off-street car parks or deciding to use more active transport options (e.g. walking or cycling where journeys are short).

Table 1 – Recommended Parking Tariff Increases

Description	2023/24 (part year)	2024/25 (full year)	2025/26	2026/27
40p Tariff Increase across all car parks	£115,771	£463,083	£463,083	£463,083
On-street parking - increase to standardised hourly rate	£13,514	£54,056	£54,056	£54,056
Implementation costs	-£27,000			
MTFS Inflation Expectation 2%	-£100,000	-£138,401	-£177,571	-£218,292
Total	£2,285	£378,738	£339,568	£298,847

The Medium Term Financial Strategy (MTFS) already assumes £100k of additional parking income in 2023/24 as part of the review of parking tariffs and charging policies and a 2% increase in parking income built in from 2024/25 onwards.

The estimates of additional income have taken the MTFS assumption into consideration, meaning net additional income over budget of £2k for the last 3 months of 2023/24, £379k full year impact for 2024/25, £340k for 2025/26 and £299k for 2026/27.

Even after implementing the increases as set out in this report, the Council’s car parks would still be in the lower quartile of prices charged in similar car parks managed by other Councils and also less expensive than similar nearby private car parks, so would still offer value for money for residents and visitors.

This additional income would contribute to the Council’s overall financial sustainability and delivery of essential services.

2.3 Review of the Parking Charging Policies:

The Council’s Commercial Strategy supports maximising use of Council assets to contribute to financial sustainability and service delivery. It is timely to review charging policies now, to ensure the Council’s charges are reasonable and consistent with the wider parking sector, and deliver optimum levels of income that will support the Parking Service and wider Council service delivery.

The proposed removal of free parking as part of a wider update to Council car parking charging policies will also provide a more equitable approach to charging across the Borough, and ensure that the charging policies support the effective and efficient use of valuable Council assets, and reflect the cost of parking services. There is a cost for provision of all parking assets and services and by removing instances of free parking, the Council is ensuring there is a consistent approach to cost recovery and there is no subsidising of parking service delivery in certain areas of the Borough and not others. Residents who choose to walk, cycle or use public transport will not be subsidising those who choose to drive.

A properly and consistently priced parking resource forms part of a holistic framework for transport in the Borough, and should reflect the fact that people have choices about their means of transport. It is hoped that as part of the collective public approach to combatting climate change and air pollution, people will make choices and changes that include avoiding using their cars for short trips where they can use other more sustainable and active means of transport.

The Council aims, with partners, to help provide support for people to change their behaviours and means of transport in the longer term. For those who are planning a short local trip for example, they might choose an active transport method – walking, or cycling – rather than taking their car for a short journey. The Council is looking to support this by currently considering plans for the introduction of e-bikes in certain areas of Dacorum. It is also installing Electric Vehicle Charging Points in certain Council car parks during 2023-24 in order to support residents to play their part in switching to electric vehicles and reducing emissions. The implementation of Electric Vehicle Charge Points (EVCPs) will require the charging policies to reflect the potential change in motorist’s behaviour in terms of how they will use the Council’s car parks in the future.

The review of parking charging policies has taken place to ensure there is consistency across the Borough and to bring them closer to other Local Authority charging policies. A range of measures are proposed to be implemented, which include:

- Free parking – removal of free parking to avoid subsidising some parking services and not others, and reflect the cost of providing parking services. Removal of ‘first hour free’ parking should also increase dwell time at local shops and businesses by removing incentives to leave after just one hour.
- Operating hours – extending charging hours to reflect the cost of providing parking services
- Long stay tariffs – introduce additional long stay tariffs to ensure cost recovery is maintained
- Short stay tariffs – consolidate short stay parking tariffs to a minimum of 2 hours
- Car park capacity – open up the top deck of Water Gardens North car park for public use.

All proposals will be subject to the appropriate statutory consultation before introduction and approval of Traffic Regulation Orders.

The table below shows the potential additional parking income that could be generated by application of a revised and more consistent set of charging policies that are in line with other relevant benchmarks.

As also noted above, the usage figures in the table below have been calculated allowing for some uncertainty as to the effects of parking tariff changes on parking behaviour.

Table 2 – Additional Parking from Charging Policies

Description	2023/24 (part year)	2024/25 (full year)	2025/26	2026/27
Removal of Free Parking throughout the Borough	£60,500	£242,000	£242,000	£242,000
Amended charging policies (extended charging hours, new long stay parking tariffs, consolidation of short stay parking tariffs, payment method changes and opening Water Gardens North upper level for public use)	£79,500	£318,000	£358,000	£358,000
Total	£140,000	£560,000	£600,000	£600,000

The table below demonstrates the estimated financial outcome of the combined proposals for parking tariff increases and changes to the parking charge policies over the 4 years MTFS. It shows that this could potentially generate an additional £2.9M over the current MTFS assumptions, which could help alleviate financial pressures, maximise income from valuable parking assets at a time when parking income has seen significant reductions, and contribute to the Council's ongoing financial sustainability and wider delivery of services to residents and businesses.

Table 3 – Overall Financial Position

Description	2023/24 (part year)	2024/25 (full year)	2025/26	2026/27
40p Tariff Increase across all car parks	£115,771	£463,083	£463,083	£463,083
Increase on-street parking to standard hourly rate	£13,514	£54,056	£54,056	£54,056
Free Parking	£60,500	£242,000	£242,000	£242,000
Amended charging policies	£79,500	£318,000	£358,000	£358,000
Implementation costs	-£27,000			
MTFS Inflation Expectation 2%	-£100,000	-£138,401	-£177,571	-£218,292
Total	£128,771	£938,738	£939,568	£898,847
Cumulative	£129k	£1,068k	£2,007k	£2,906k

2.4 'Smart' technology in Parking

The concept of 'smart' technology in parking involves using digital technologies to optimise vehicle parking and allow for flexible and targeted tariffs that can contribute to strategic objectives. Many cities and towns, as well as the wider highways infrastructure, have now introduced smart technology as part of a basket of measures to improve transport and parking initiatives, support the climate change agenda and other strategic objectives.

'Smart' technology provides the Council with the opportunity to support the use of 'cleaner' vehicles by more 'agile' differentiated parking tariffs e.g. for lower polluting vehicles, which would improve local air pollution.

In an increasingly digital environment, the introduction of 'smart' technology will provide motorists with the option to take advantage of a cashless environment, enabling a quicker and improved experience.

Studies show that the introduction of 'smart' technology can increase compliance with the local parking tariffs, enabling the Council to benefit from increased revenue and reduce operational costs.

Studies also show that dwell time can increase when 'smart' technology is implemented as motorists do not need to choose a return time and rush back to their vehicles, which should benefit retail for local businesses.

The recommendation is that 'smart' technology is included in the re-commissioning of the parking enforcement contract commencing this year in time for a contract start in April 2025, to develop a procurement strategy on whether it should form part of the new parking enforcement contract or be a stand-alone contract.

2.5 Project Structure Key Milestones

The table below highlights the key stages required to implement changes to tariffs and charging policies:

Table 4 – Indicative timeframe for tariff and policy review

Process	Timeline
Develop proposed changes to parking tariffs and charging policies	May/ June 2023
Obtain quotation for making changes to Traffic Regulation Orders & Signage	July 2023
Present to Scrutiny and secure Cabinet approval for proposals	July 2023
Produce draft documentation (Traffic Regulation Order, Traffic Order, Notice of Variation, press notice etc.)	July 2023
Formal Consultation	Aug – Sep 2023
Respond to consultation & produce report upon conclusion of allotted time frame	Sep 2023
Signing & sealing of Traffic Regulation Order	Oct 2023
Information board proofing sign off, manufacture and installation by third party	Nov 2023
Update website, pay and display machines and pay by phone applications	Dec 2023

This is a long process and it should be noted that there are several external factors that may impact on the minimum timeframe; such as statutory stakeholder consultation, the Traffic Regulation Order process and the lead-time for the manufacture and installation of the car park information boards and updating pay and display equipment.

The table below highlights the key stages required to implement 'smart' technology. The overall timescale for achieving this is approximately 19 months.

Table 5 - Indicative timeline for introducing 'smart' technology

Process	Timeline
Commissioning & Procurement	Jul 2023 – Jul 2024
Consultation on proposed implementation of 'smart' technology	Jul 2024
Quotation for undertaking changes to Traffic Regulation Orders, Signage etc.	Jul 2024
Produce draft documentation (Traffic Regulation Order, Traffic Order, Notice of Variation, press notice etc.)	Aug 2024
Respond to consultation & produce report upon conclusion of allotted time frame	Oct 2024
Signing & sealing of Traffic Regulation Order (TRO)	Nov 2025
Install Equipment and signage	Jan 2025
Staff Training	Mar 2025

3 Options and alternatives considered

Many options were analysed as part of the process of reviewing parking tariff increases and the charging policies. The modelling for each of the options was reviewed by officers from finance and commercial teams and presented to the Portfolio Holder and Leader and to SLT and other Portfolio Holders.

The proposed implementation of 'smart' technology has been developed as part of the Parking FBC and has investigated a few different options, to help understand the different technologies in the market. Any implementation of 'smart' technology will first need to follow a robust commissioning and procurement process where different solutions will be analysed to evaluate the optimum outcome. Recommendations will be made accordingly.

4 Consultation

Any changes to parking tariffs and charging policies will need to undertake formal consultation with stakeholders and members of the public. Any required changes would need to be incorporated into a Traffic Regulation Order. A final decision to implement any changes is then made by the Portfolio Holder, if Cabinet grants delegated authority to make such decisions. This will be requested in July 2023.

Likewise, the implementation of 'smart' technology will need to follow a formal consultation process with stakeholders and members of the public, so that any changes are incorporated in to a TRO for enforcement purposes. Again a final decision to implement 'smart' technology will be made by the Portfolio Holder who will have requested delegated authority to make such decisions.

5 Financial and value for money implications

The recommended changes to parking tariffs and charging policies will have a positive financial impact for the MTFS as set out in the report.

There are some implementation costs and some assumptions in the MTFS over a 4 year period, and these have been taken in to consideration when carrying out financial modelling.

The development of the Parking FBC in terms of the implementation of 'smart' technology suggests that it could deliver a positive financial impact in terms of greater compliance and increased dwell time. However this will not be known until the commissioning and procurement of any technology has been concluded.

6 Legal Implications

Any changes to parking tariffs, charging policies and the introduction of 'smart' technology will need to be incorporated in to the TRO for enforcement purposes. This will also ensure that the Council is fully compliant with any legislation.

7 Risk implications:

There are no key risks that have been identified for the review of the parking tariffs or charging policies. The Council is the land owner of the car park assets and has control over making any changes to tariffs and charging policies.

There is a risk of complaints about any changes to current tariffs and charging policies, but the increases and proposals are reasonable, no increases have taken place in four years, and prices still compare favourably with neighbouring Authorities and local privately managed car parks.

At this stage, no key risks have been identified for the implementation of 'smart' technology, however, this will be further analysed as part of the commissioning and procurement process.

8 Equalities, Community Impact and Human Rights:

A Community Impact Assessment will be completed once this report has been to Overview and Scrutiny committee to ensure that the assessment considers any matters raised by the committee. The CIA will then be presented to Cabinet as part of the final report.

9 Sustainability implications (including climate change, health and wellbeing, community safety)

The recommended changes in parking tariffs and charging policies are to support and instigate behavioural change that will have positive sustainability implications.

10 Council infrastructure (including Health and Safety, HR/OD, assets and other resources)

Consultation with statutory stakeholders will ensure that any implications on Council infrastructure are considered.

11 Conclusions:

Parking Tariffs & Charging Policies

It is proposed that the recommendations set out in this report for increases to on-street and off-street parking tariffs and changes to charging policies are presented to Cabinet in July 2023.

The financial and non-financial benefits of this approach will be as set out in this report.

Introducing 'smart' technology

It is proposed that the recommendation be presented to Cabinet for 'smart' technology to be included in the re-commissioning exercise commencing this year, which will include the parking enforcement contract due for renewal in April 2025. A commissioning review will develop a procurement strategy on whether it should form part of the new parking enforcement contract or be a stand-alone contract.

If the outcome of the commissioning process is consistent with the estimates in the FBC, and supports the introduction of 'smart' technology, then the benefits will deliver the following:

Financial - The introduction of 'smart' parking might generate a small level of additional income each year – this would be investigated through commissioning and procurement

Non-Financial - The ability to change parking tariffs in an agile fashion in support of strategic considerations such as pollution and peak travel times. The technology can support the reduction in local air pollution levels and deliver an improved and more convenient service for motorists.

Appendix 1

Neighbouring Local Authority Town Centre Car Park Tariffs

	Dacorum WGN Lower Deck	Watford	St Albans	Three Rivers	Stevenage	East Herts	Luton	Aylesbury	
30 minutes	n/a	n/a	n/a	Free	£1.00	n/a	n/a	n/a	
1 Hour	£1.00	£2.00	£2.00	Free	£2.00	£1.00	£1.00	£1.10	
2 Hours	£1.60		£3.50	£2.00	£3.00	£2.00	£1.50	£2.10	
3 Hours	£2.20	£3.10	£4.20	£2.50	£4.00	£2.60	£2.00		
4 Hours	£2.70	£4.10	£5.50	£4.00	£5.00	£3.50	£2.50	£3.60	
5 Hours	£4.00	£5.10	£7.50	n/a	£11.00	£4.30	£3.50	£5.10	
6 Hours		£6.10		n/a					
7 hours		£10.50	£15.00	n/a					£8.10
10 Hours				n/a					
12 Hours		n/a		n/a					
14 Hours	n/a	£15.00	£15.00	n/a	£5.20	£5.50	n/a		
24 Hours	n/a			n/a			n/a		
24+ Hours	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	

Appendix 2
Privately Owned Car Park Tariffs

	WGN Lower Deck	Riverside	Hillfield Road NCP	Marlowes	Hemel Hospital	Hemel Station	Apsley Station	Berkhamsted Station	Tring Station
1 Hour	£1.00	n/a	£1.45	n/a	£3.50	£9.10 (£5.10 after 10am)	£9.10	£9.10 (£6.40 after 10am)	£9.10 (£6.40 after 10am)
2 Hours	£1.60	£2.00	£2.90	£2.00	£5.00				
3 Hours	£2.20	n/a	£4.35	n/a	£7.00				
4 Hours	£2.70	£2.50	£5.80	£2.50	£8.00				
5 Hours	£4.00	£5.00	£6.95	n/a	£9.00				
6 Hours				£5.00	£10.00				
10 Hours				£6.50	£12.00				