



# FINANCE & RESOURCES

## Overview and Scrutiny Committee

<b>Report for:</b>	Finance and Resources Overview and Scrutiny Committee
<b>Title of report:</b>	Parking Service Tariff & Business Case proposals
<b>Date:</b>	5 <sup>th</sup> September 2023
<b>Report on behalf of:</b>	Cllr Ron Tindall, Leader of the Council Cllr Sally Symington, Portfolio Holder for Corporate & Commercial Services
<b>Part:</b>	I
<b>If Part II, reason:</b>	N/A
<b>Appendices:</b>	Appendix 1 – Neighbouring Local Authority Town Centre Car Park Tariffs  Appendix 2 - Privately Owned Car Park Tariffs
<b>Background papers:</b>	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 4 July 2023 Finance & Resources OSC – Parking Tariff & Business Case Proposals
<b>Glossary of acronyms and any other abbreviations used in this report:</b>	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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<b>Corporate Priorities</b>	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
<b>Wards affected</b>	All
<b>Purpose of the report:</b>	1. To update committee on the development and recommendations of the Parking Tariff and Smart Parking approach
<b>Recommendation (s) to the decision maker (s):</b>	1. That the committee considers and notes the proposal to informally consult businesses and residents on the proposed changes to parking policy as set out in the report, these include: <ul style="list-style-type: none"> <li>• Off-Street Parking tariff changes for 2024</li> <li>• On-Street tariff changes for 2024 – Minimum tariff for on street parking to be set at £2,</li> <li>• Changing on-street Limited Wait Bays to chargeable spaces,</li> <li>• Extending the current operating hours of the car parks,</li> <li>• Introducing new longer stay off-street tariffs to support extended car park operating hours</li> <li>• Consolidating off-street (car parks) short stay sessions to introduce a new minimum stay of 2 hours</li> <li>• Opening up part of the upper level of the Water Gardens North car park for public use Mon – Fri.</li> <li>• Reducing free parking sessions from 1hr to 45 minutes</li> </ul> 2. That the committee considers and notes 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.
<b>Period for post policy/project review:</b>	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, allow it to continue to invest in and deliver services to its residents, and deliver wider strategic objectives for the Borough, which include housing, regeneration and responding to climate change.
- 1.2 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.
- 1.3 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.
- 1.4 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.
- 1.5 This report outlines the outcomes from the FBC for Parking Services, and sets out the proposals that will be presented to Cabinet in September 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 both on-street and off-street parking locations, 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 is legally obliged to present a balanced budget, in the context of a challenging economic environment and with de facto sector constraints on its means of doing this, with income generation being a significant tool to enabling this process, of which parking is a major consideration.

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 existing parking charges are significantly lower than public sector averages and local private sector parking. Benchmarking the new proposed 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 100% lower (see appendix 1). Further benchmarking with privately operated car parks in the vicinity also show that the Council's proposed parking tariffs are comparative or lower (see appendix 2).
- Parking tariffs across the Borough were last reviewed and increased in 2019. During this 5 year period, inflation has increased by c.28%, so the current proposals for tariff increases in off-street car parks only bring the Council's parking income in line with the impact of inflation, and will warrant further reviews going forward to ensure income supports the costs of service delivery. Where applying these increases the Council have also been minded to ensure new fees mean the Council is still the most cost effective solution.
- 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. It will also incentivise the use of car parks as an alternative.
- 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 proposals to be informally consulted on over a 6 week period;
  - a) Car parking tariffs increased by circa 28% rounded to the nearest 10 pence,
  - b) On-Street tariff increases – Minimum cost for on street parking set at £2 per hour,
  - c) Changing on-street Limited Wait Bays to chargeable spaces,
  - d) Extending the operating hours of the car parks,
  - e) Introducing new longer stay off-street tariffs as a result of the extended operating hours,
  - f) Consolidating short stay parking sessions in off-street car parks to introduce a new minimum 2 hour stay (only in car parks that are chargeable for the first hour),
  - g) Open the upper level of the Water Gardens car park for public use during Mon-Fri

- h) Reducing free parking sessions from 1hr to 45 minutes.
- These proposals are aimed to provide the following benefits:
  - Retention of free parking in car parks where this already exists,
  - A gradual downward adjustment of the 'free 1<sup>st</sup> hour, where this already exists,
  - Provide an appropriate and more equitable charging basis that reflects the value of assets and cost of the services provided,
  - 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

The proposed changes to parking tariffs that are outlined in this report will achieve circa £660k from 2024/25 onwards, in additional income for the parking service:

Table 1 – Projected Budgetary Position

Description	2024/25 (full year)
Tariff Increase across all car parks (Circa 28%), Including 2 hour minimum stay.	£500k
On-street parking – increased hourly rate and chargeable waiting bays	£85k
Extended Car Park Hours and Long Stay Tariffs	£75k
<b>Total</b>	<b>£660k</b>
<b>Cumulative Commercial Income Projection (MTFS 2023-25)</b>	<b>(£850k)</b>
<b>Cumulative Parking Inflation Assumption (23/24 – 24/25)</b>	<b>(£140k)</b>
<b>Budget (Surplus)/Shortfall</b>	<b>£330k</b>

The 2022 Medium Term Financial Strategy (MTFS) assumes a 2023 increase in Commercial Income of £850k and the standard parking inflationary uplift of £140k over the 2023-25 period.

The increases proposed in this report have considered relevant benchmarking data, the Council's car parks would still be very competitive/lowest in most tariffs of prices charged in similar car parks managed by other Councils and similar nearby private car parks, so would still offer value for money for residents and visitors.

It is worth noting that a 28% increase in the parking tariffs for Water Gardens North & South and Moor End Road car parks results in them becoming less competitive than parking tariffs in privately owned car parks in the vicinity (these car parks account for approx. 49% of the Council's total off-street parking income), it is therefore proposed that to encourage users to continue to use the Council's car parks, that the tariffs in these car parks are increased, but only to match that of the tariffs in the privately owned car parks.

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 proposals as part of a wider update to Council car parking charging policies ensure the effective and efficient use of valuable Council assets, and reflect the cost of parking services.

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. There is a significant body of evidence that demonstrates how parking policies influence car use and so environmentally-based choices.

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.

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

## **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 that will be proposed to Cabinet 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 2 – Indicative timeframe for tariff and policy review

Process	Timeline
Agree proposed Informal Consultation Proposals	Sept 2023
Undertake Informal public consultation with residents and businesses	Sept – Oct 2023
Respond to Consultation and Produce a revised Car Parking Tariff policy to cabinet.	Nov 2023
Formal Statutory Consultation Process	Nov – Jan 2024
Respond to consultation feedback & produce report to Cabinet	Feb 2024
Signing & sealing of Traffic Regulation Order	Feb 2024
Information board proofing sign off, manufacture and installation by third party	Mar 2024
Update website, pay and display machines and pay by phone applications	Mar 2024

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 TRO 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 3 - Indicative timeline for introducing 'smart' technology

Process	Timeline
Commissioning & Procurement	Aug 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 any consultation feedback & produce report to Cabinet	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, Leader, Overview and Scrutiny and the wider Administration group, as well as to SLT.

The informal consultation is an opportunity for public feedback to adjust and build on the pitch of the proposals.

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 undertake informal consultation during the autumn prior to the required formal consultation with stakeholders and members of the public. Any required changes would need to be incorporated into a TRO and a final decision to implement any changes will be made by Cabinet which is anticipated to be in February 2024.

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 on the Council's ability to raise its own income and achieve some of the MTFS income generating targets. These proposals do still leave a shortfall in the expected additional income achieved through the commercial programme and further work will be required to achieve this shortfall.

There are low level implementation costs that will be incurred in implementing these proposals, but these were projected as part of the councils MTFS.

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 are fully compliant with any legislation.

#### **7 Risk implications:**

There are risks that can be attributed to a review of parking tariffs and charging policies, higher parking tariffs may lead to reduced usage, which may result in a loss of parking income and reduced footfall in the town centre locations. To mitigate these risks, the modelling takes into consideration other car park tariffs and alternative parking arrangements in the vicinity and the likelihood of alternative travel options and hence has reduced the projected usage figures.

The Council is the land owner of the car park assets and has full 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 will have taken place in five years by 2024, 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 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 nudge behavioural change that will have a positive sustainability implication.

## **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 September 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' technology should 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

### Proposed Parking Tariffs Compared to Neighbouring Local Authority Town Centre Car Parks

	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	n/a	£2.00	£2.00	Free	£2.00	£1.00	£1.00	£1.10	
2 Hours	£2.00		£3.50	£2.00	£3.00	£2.00	£1.50	£2.10	
3 Hours	£2.30	£3.10	£4.20	£2.50	£4.00	£2.60	£2.00		
4 Hours	£2.50	£4.10	£5.50	£4.00	£5.00	£3.50	£2.50	£3.60	
5 Hours	n/a	£5.10	£7.50	n/a	£11.00	£4.30	£3.50	£5.10	
6 Hours	£4.00	£6.10		n/a		£5.20	£5.50	£8.10	
8 hours	£5.00	£10.50	n/a						
10 Hours	n/a	£15.00	£15.00	n/a					
12 Hours	£6.00			n/a					n/a
15+ Hours	£7.50			n/a					n/a
24 Hours	n/a			n/a					n/a

## Appendix 2

### Proposed Parking Tariffs Compared to Privately Owned Car Parks

	WGN Lower Deck	Riverside	Hillfield Road NCP	Marlowes	Hemel Hospital	Hemel Station	Apsley Station	Berkhamsted Station	Tring Station
1 Hour	n/a	n/a	£1.45	n/a	£3.50	£9.10 (£5.10 after 10am)	£9.10	£9.10 (£6.40 after 10am)	£8.50 (£6.40 after 10am)
2 Hours	£2.00	£2.00	£2.90	£2.00	£5.00				
3 Hours	£2.30	n/a	£4.35	n/a	£7.00				
4 Hours	£2.50	£2.50	£5.80	£2.50	£8.00				
6 Hours	£4.00	£5.00	£6.95	£6.50	£9.00				
8 Hours	£5.00				£10.00				
12 Hours	£6.00			£8.00	£12.00				
15+ Hours	£7.50	£10		£15.00	£15.00				