

ABERDEEN CITY COUNCIL

COMMITTEE	Enterprise, Planning and Infrastructure
DATE	18 January 2011
DIRECTOR	Gordon McIntosh
TITLE OF REPORT	Car Parking Charges 2011 - 2013
REPORT NUMBER:	EPI/11/038

1. PURPOSE OF REPORT

The purpose of this report is to obtain approval to implement revised car parking charges for 2011 - 2013. The report also seeks approval for the introduction of a mobile telephone payment system for off-street car parks and agreement to begin a 'pay and display' machine replacement programme. Approval in respect of charges for the removal, storage and disposal of vehicles, and charges for the release of vehicles from immobilisation devices, is also sought.

2. RECOMMENDATIONS

It is recommended that the Committee:

- a) Approves the revised car parking charges as set out in Option C within Appendix A, said revised charges to take effect from 1 April 2011 or as soon as practicable thereafter.
- b) Approves the setting under section 74 of the Road Traffic Act 1991 (as modified) of the levels of charges proposed in this report for the removal, storage and disposal of vehicles and the release of vehicles from immobilisation devices fixed under section 69 of the said Act, in relation to the parking area and with immediate effect.
- c) Approves that the Head of Asset Management and Operations may use any Car Parking Trading Account surplus above budgeted income for investment in replacement 'pay and display' machines during 2011 - 2013.
- d) Approves implementation of a mobile telephone payment system to operate in relation to off-street car parks.
- e) Approves remittance of this report to the Finance and Resources Committee on 1 February 2011 for final approval of the revised car parking charges.

3 FINANCIAL IMPLICATIONS

Implementation of the recommendations to introduce revised car parking charges is projected to result in £658k additional income to the Car Parking trading account in both 2011/12 and 2012/13.

Anticipated user resistance to the increased charges has been considered and income projections take account of potential reductions in customer demand. There is a significant risk that income targets will not be achieved if customer demand falls lower than has been anticipated. This shall be monitored through existing budget monitoring processes.

The implementation of a mobile telephone payment system should cost around £15k during an 18 month trial period. However improving customer convenience should help sustain custom to car parks, potentially offsetting this cost. The net cost of introducing a mobile telephone payment system would be contained within the car parking trading account base budget.

Achieving £658k additional income through the proposed revised car parking charges would enable approximately £90k to be invested in replacement 'pay and display' machines. This would allow for replacement of 25 machines in both 2011/12 and 2012/13. However, the actual amount available to be reinvested in machines would be reduced if the budget target cannot be achieved. Due to the budgetary pressures for the Non-Housing Capital Plan it is being proposed to fund machine replacement costs from additional revenue income achieved on the parking trading account rather than by seeking resources from the capital plan.

These recommendations have no implications for the capital budget.

4. OTHER IMPLICATIONS

Revised car parking charges can be implemented following advertisement of same by a Statutory Notice.

Increasing charges is likely to result in a high volume of complaints and negative publicity. Businesses in controlled areas might suggest that increased charges will reduce visitors to these areas.

Increased charges may encourage people to use more environmentally friendly modes of transport to visit the city centre. Higher pay and display charges may assist resident permit holders to secure parking in areas where demand for parking can be very high at particular times.

In relation to the proposal to introduce a mobile telephone payment system, the Local Authorities' Traffic Orders (Procedures)(Scotland) Regulations 1999 provides that an order to vary the method by which parking charges are to be paid is subject to a simplified procedure which avoids the public objection process. The amendment order is advertised as being made not unlike a notification procedure.

5. BACKGROUND/MAIN ISSUES

Car Parking Charges 2011 - 2013

At its meeting on 15 December 2010 the Council accepted recommendations on its 5 year business plan that had been agreed at the Finance and Resources Committee on 2 December 2010. This business plan includes an action to increase car parking trading account income by £1.9M over the 5 year period. To achieve this, car parking charges should be reviewed every 2 years. Raising income is also essential to fund a 'pay and display' machine replacement programme.

Three main charging options have been assessed in making proposals for increasing car parking income for 2011 - 2013. Current charges and the proposed revised charges are detailed at Appendix A.

Option A (ref Appendix A) - Maintain Current Charges.

Maintaining current charges with current levels of customer demand would result in a projected decrease in income to the Council of £45k in 2011/12. There are two main reasons for this projected decrease in income. Firstly, the closure of St Nicholas House car parks which will happen in the first quarter of the financial year. Secondly, standard rate VAT (Value Added Tax) increased to 20% from 4 January 2011 and charges have not been increased to take account of this. In effect this means by not raising car parking charges the Council is paying the increase in VAT. The option to maintain current charging levels should be dismissed because it would not result in increased income as required to meet our target within the 5 year business plan. Furthermore, it would not provide funds for replacement 'pay and display' machines.

Option B (ref Appendix A) – Mainly Applying a 10% Increase to Current Charges (then rounding charges up to the nearest 10p).

Calculations took account of anticipated drops in customer demand due to increased charges, increased VAT rates and the closing of St Nicholas House car park as explained above. Using this charging model the projected increase in income would be £150k. This additional increase is insufficient to enable achievement of the 5 year business plan target and meet investment requirements. This option included increasing the cost of residents' permits by 10% from 2011. Applying an increase to the cost of residents' permits at this time is considered undesirable given the substantial increases to residents' permits in 2009.

Option C (ref Appendix A) - Economy Pricing Approach (with premium prices applying for on-street parking in the zones in and around the City Centre).

The revised charges have been set to be competitive with privately operated car parks situated around the City Centre. Premium prices, along with shorter maximum stay periods, apply to on-street parking around the City Centre to help maximise parking turnover therefore increasing the opportunity for subsequent drivers to park.

The revised charges would also introduce a more standardised and simplified tariff structure with incremental increases of £1 applying to most charging bands.

This more standardised approach would remove the price differential between one hour and two hour parking bays. This was set up to encourage parking turnover. Similarly, short stay off-street car parks currently have slightly higher charges in comparison with long stay off-street car parks which generally have significantly more parking spaces. However, it is unclear whether driver decisions are influenced by the relatively small differences in current prices.

It is proposed that there should be no increase to the cost of residents' permits from 2011/12.

Any proposed changes to voucher charges which are available to use at Forresterhill and Garthdee zones would be included in the wider car parking review report to be made to the March Committee.

Anticipated user resistance has been considered and income projections take account of potential reductions in customer demand. There is a significant risk that income targets will not be achieved if customer demand falls lower than has been anticipated. This shall be monitored through existing budget monitoring processes. The state of the local economy, weather conditions and increased availability of parking spaces from alternative operators (Union Square and Bon Accord Centre) are external factors creating further risks to achieving budget targets.

Implementation of the proposed revised charges should increase car parking income by £658k in both 2011/12 and 2012/13. These revised charges and the resulting additional income will support the Council to achieve the £1.9M target for increased income in the 5 year business plan and enable us to begin investing in replacement 'pay and display' machines.

Overnight Charges

In relation to off-street car parks, the overnight charge introduced in 2010 has led to significant negative feedback from customers. In addition, current tariff rates do not allow parking throughout the entire 'daytime' charging period and this has also resulted in complaints from our customers. A report will be made to the next Committee meeting setting out options to alter these charges to address the concerns that have been raised. It is likely that any changes would require a traffic order process.

Immobilisation, Removal, Storage and Disposal

At its meeting on 31 May 2010, the Committee approved the commissioning of a service for the immobilisation, removal, storage and disposal of illegally-parked vehicles.

To correct and clarify what was stated in the report to that Committee, in terms of section 74 of the Road Traffic Act 1991 (as modified by the Road Traffic (Permitted Parking Area and Special Parking Area) (Aberdeen City Council) Designation Order 2003) the Council has a duty to set the levels of “*additional parking charges*” (which means penalty charges, charges for the removal, storage and disposal of vehicles and charges for the release of vehicles from immobilisation devices fixed under section 69 of the 1991 Act) to apply in the parking area. Such levels must accord with any guidance given by the Scottish Ministers. No such guidance has been given by the Scottish Ministers.

It is therefore proposed that the following charge levels apply with immediate effect:

Removal of vehicle: £150

Storage: £20 for each period of 24 hours or a part thereof during which the vehicle is in the custody of the Council

Disposal: £150

These charge levels are consistent with those set by other Scottish local authorities which operate a decriminalised parking regime and match the amounts prescribed by the Removal, Storage and Disposal of Vehicles (Prescribed Sums and Charges etc.) Regulations 1989, as amended by the Removal, Storage and Disposal of Vehicles (Prescribed Sums and Charges etc.) Amendment (Scotland) Regulations 2005.

It is also proposed that the charge level for release of a vehicle from an immobilisation device fixed under section 69 of the 1991 Act be set, with immediate effect, at £50. This is slightly higher than the £40 charge used by City of Edinburgh Council. A £50 charge should ensure that charges made by the contractor would be met by drivers of immobilised vehicles.

The contract for providing a service for the immobilisation, removal, storage and disposal of illegally-parked vehicles is currently at the tender stage and will commence by 1 April 2011.

Parking ‘Pay and Display’ Machine Replacements

There are 685 Council operated ‘pay and display’ machines in the city collecting approximately £4.3M per year. The oldest machines were installed in the early to mid 1990s. Their exposure to the elements means that many are corroding which will eventually make them fail and potentially present a safety risk to the public. Approximately 530 ‘pay and display’ machines are now obsolete and it is uncertain how long replacement parts may continue to

be available from the manufacturer. Older types of 'pay and display' machines are not integrated to our 'back office' management system therefore we cannot remotely monitor breakdown, audit income and amend charges. Older 'pay and display' machines are less reliable than current models resulting in more staff time maintaining them and costs for replacement parts. They have a lower limit on the number of coins which can be processed in a single transaction and this is an increasing inconvenience to customers as charges rise. New machines should offer security enhancements, are more vandal resistant, increased energy efficiency and additional functionality. For example, with adaption they should support 'Squid' payments.

Investment in replacement 'pay and display' machines is essential to reduce the risks and operational inefficiencies explained above. The proposal is to use budget surplus to fund replacement machines to address immediate requirement in the next two years but it is recommended that a phased replacement programme funded from revenue income is incorporated into the forward planning of the service for future years in a more structured way and officers should report back on options to secure the level of income from off street car parks and possible funding sources.

Mobile Telephone Payment System

Currently non-permit holders must insert coins into a 'pay and display' machine to pay car parking charges. It is desirable to increase payment options for our customers to offer them greater convenience. Better customer service should also help sustain and increase customer demand to use Council car parks.

Key benefits for our customers will include not having to find the correct change for parking machines. Systems can also be set up to send automatic reminders to let customers know that the period they have paid for is about to expire. Customers would be able to pay for extra time without having to return to their vehicle. This functionality would assist customers avoid penalty charges due to expiry of parking tickets.

Mobile telephone payment systems are increasingly being used by local authorities and other car parking operators as an alternative to cash payments.

Typical systems operate by customers registering with the service provider to use the telephone payment system. Thereafter parking customers telephone or text the service provider to pay for parking. In addition to the usual car parking charges, customers pay an additional charge for paying by telephone. Payment records are sent electronically to the city wardens' handheld computers to enable them to monitor parking compliance. A bank charge averaging £0.18 per transaction would apply for processing card payments. This would be met by the Council however some service providers would meet these charges during a trial period.

It is proposed that the Council appoint a service provider through standard procurement processes to deliver a mobile telephone payment system for an 18 month trial period. A trial period is desirable to gain more understanding of customer demands for this type of service and to inform decisions on long term permanent solutions for cashless payments. It is intended that cashless car parking systems align with corporate approaches to cashless systems.

This payment system would be available in all off-street car parks during the trial period.

The estimated cost to the Council of introducing a mobile telephone payment system should be no more than £15k over an 18 month period. There is a possibility that these costs could be met in part or fully by the service provider during the trial period.

Further benefits of utilising a mobile telephone payment system include less requirement to collect cash from machines and reduction in paper tickets. These have yet to be built into the cost model but will form part of the findings and recommendations from the pilot scheme.

Using a mobile telephone system is more desirable than adapting existing machines to accept cash and debit/credit cards due to the costs which would be incurred in purchasing and installing additional machine parts.

6. IMPACT

These proposals accord with National Outcomes 12 and 14 and especially the local outcome to minimise the global impact of transport within the Single Outcome Agreement 2009/10.

The pertinent policies within the Local Transport Strategy are as follows:

MAN CP1 ACC is committed to implementing a more comprehensive parking policy and charging regimes aimed at discouraging parking for non-priority users and providing an adequate supply of short stay parking to satisfy the needs of business, shoppers and visitors.

MAN CP2 ACC will undertake a review of parking policy, charges and systems. This will include reviewing charges with respect to both inflation and comparison with bus fares. On-street parking which reduces network capacity along major corridors will also be reviewed.

The 5 year business plan includes an action to increase net car parking trading account surplus by £1.9M over the 5 year period.

This report is likely to attract substantial interest from the public and media.

7. BACKGROUND PAPERS

Aberdeen City Council Priority Based Budgeting: Final Draft Report (version 1.4a)

8. REPORT AUTHOR DETAILS

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