

Committee(s)	Dated:
Residents Consultation Committee – For Information Barbican Residential Committee – For decision	10/06/2019 17/06/2019
Subject: Charging Policy for Car Parking and Stores – Annual Review	Public
Report of: Director of Community and Children's Services	For Decision by Barbican Residential Committee
Report authors: Michael Bennett Head of Barbican Estates	

Summary

The context for the review of the Charging Policy for Car Parking and Stores on the Barbican Estate includes the following:

- Expenditure on car parking on the Barbican Estate has for some years significantly exceeded income;
- The Barbican car parks are underused with a large number of vacant car parking spaces that could be put to much better use (including the provision of storage units for residents);
- The City Corporation has begun the process of a 'Fundamental Review' of its operations, as part of which Efficiency Savings and further Income Generation from its property assets will need to be looked at;
- The City Corporation is carrying out a general review of all its car parks within the City.

At its meeting on 21 June 2018, the BRC received a report on the Charging Policy for Car Parking on the Barbican Estate. The Committee agreed a number of reviews and that the Member/Officer Working Party convene further meetings, before bringing a report back for an annual review to the BRC. The Working Party has met and made recommendations for the 2019-2020 year and, this report comprises an overview of its considerations and its recommendations.

Recommendations

The Barbican Residential Committee is asked to endorse the work and recommendations of the Member/Officer Working Party and specifically, to:

Car Parking

1. Pause the Barbican car park charge per parking space for the ensuing year at £1,340 per annum and review charges again in 2020.

Stores

2. Increase the rents for Stores within Barbican buildings (that is, Stores not constructed in the car parks) from £25 to £27.50 per square foot per annum (which are all classed as small/standard Stores) over the next 2 years to £358 (and from £326 to £336 from September 2019) and subject to review again in 2020.
3. To pause rents for the resident new Stores in the car parks at £20.00 per square foot per annum and subject to review in 2020.
4. To pause rents for the non-resident new Stores in the car parks at £40.00 including vat per square foot per annum and subject to review in 2020.

Main Report

Background

1. Expenditure on car parking on the Barbican Estate has for some years significantly exceeded income. In 2016, the BRC instructed officers to review the underused Barbican car parking spaces and subsequently agreed that they could and should be put to other uses including the provision of additional storage space in order to generate additional income.
2. In 2017 Members also agreed that a Member/Officer Working Party be established to carry out further work on the Charging Policy including a study of car park usage and cost allocation, bringing reports back to the BRC.
3. The Planning and Transportation Committee at its meeting in 2018 approved the planning application for new Stores in the car parks for residents and non-residents, subject to conditions and the approval of a management plan.
4. At its meeting in June 2018 the BRC approved the following:

Car Parking

- The Barbican car park charge, per parking space and for the ensuing year, be increased to £1,340 per annum, as part of a three-year phased increase to £1,500 per annum, subject to a review in one year.

Stores

- The rents for Stores within Barbican buildings (that is, Stores not constructed in the car parks) be increased to £25.00 per square foot, per annum (which are all classed as small/standard Stores) and be subject to review after one year
- The increase of rents for existing Stores in the car parks, currently let to existing users, be phased in over a three-year period (expires in September 2021) and that they be let at £14.00 per square foot, per annum for the ensuing year

- Rents for all Stores constructed in the car parks (new and previously existing), be charged at £20.00 per square foot, per annum and subject to review after one year
5. The BRC also approved a lettings policy for new Stores in the car parks in order that:
 - Stores be first offered to Barbican residents and not offered to non-Barbican residents for at least 6 months after the first letting of a new Store;
 - The minimum Barbican resident use of the new Stores be set at 90 per cent (subject to review and depending on the take up of the new Stores);
 - Non-resident users be restricted to City residents whose home is not more than one half mile from the entrance to the car parks containing the Store such residents would use;
 - The minimum rent to be charged to non-resident users be set at £40.00 including vat per square foot per annum, subject to review;
 6. The new additional Stores were completed in April and are currently over 50% occupied by Barbican residents. 10% of the new Stores (thirty-one) will be offered to non-Barbican residents from July 2019.
 7. The current 1-year Charging Policy for non-residents new Stores in the car parks expires in September 2019 and is due for review.
 8. The Management Plan has subsequently been approved by the City Planning Department.

Other Reviews

9. The BRC also asked that a number of other reviews take place and the current position is that:
 - An Equalities Impact Assessment was carried out for disabled car park users in order for Members to consider whether a reduced charge could apply. The BRC approved a Policy for Disabled Car Park Users and also Miscellaneous Car Park Charges in March 2019.
 - The City Solicitor advised that to bring the provision of free short-term parking within the service charge may not be an exercise of reasonable discretion. The Working Party also noted that the BRC had strongly resisted reducing the concession of 5-hours free car parking.
 - Work related to Leaseholder consultation on the allocation of Estate Concierge services to the service charge is ongoing.
10. The members of the Working Party are:

- Michael Hudson (Chairman) – Chairman of the BRC
- Mark Wheatley – Deputy Chairman of the BRC
- Randall Anderson – Member of the BRC
- John Tomlinson – Member of the BRC
- Paul Murtagh – Assistant Director Barbican & Property Services
- Michael Bennett – Head of Barbican Estates

Current Position

11. The Working Party met in October and April and this report comprises an overview of its considerations and its recommendations.

Options

Car Parking

12. The Working Party took into consideration a number of factors with regards to Car Park charges:

- Occupancy history (see Appendix 1);
- Elasticity of demand (see Appendix 2);
- A report of the Director of the Built Environment (DBE) in respect of the short, medium and long-term strategies on Public Car Parks which included the decision not to increase charges at Baynard House, London Wall, Minorities and Tower Hill Car Parks until 2022;
- The City of London Corporation's Transport Strategy to discourage car use in the City;
- The reason for the establishment of the Working Party; i.e. the deficit on the car park account and the objective of raising revenue;
- Offering premium car parking bays, which would be subject to consultation with residents and an appraisal of the costs of repainting the bays.

13. There are 2 options for car park charges:

- Pause the Barbican car park charge per parking space for the ensuing year at £1,340 per annum and review charges again in 2020;
- Increase the current charge in line with CPI (based on 17 April CPI of 1.8%) to £1,364 per annum and review charges again in 2020.

Stores

14. The Working Party also took into consideration a number of factors with regards to Store rents:

- There had been no surrenders due to the rent increases in September 2018 (see Appendices 2 and 4);
- The very large Stores had been the most popular (see Appendix 3). Work is ongoing to review the possibility of converting some of the large Stores into very large Stores and the ensuing conversion costs;
- Thirty-one large Stores (10%) had been blocked off for non-residential use, in two sections (one area in Breton and the other in Bunyan Car Park);
- Non-resident take-up was likely to be high, given the Stores' close proximity to the new development at for example, St Barts as well as Heron Tower;
- A comparison of the non-resident Store user rent of £40.00 including vat per square foot per annum to local commercial rates has been carried out by City Surveyors. This review has confirmed that rates have remained mostly level overall.

15. The options for Store rents are:

- As the new Stores had only been let since January 2019, the review be deferred until 2020;
- Increase the rents for Stores within Barbican buildings (that is, Stores not constructed in the car parks) from £25 to £27.50 per square foot per annum (which are all classed as small/standard Stores) to £358 over the next 2 years (and from £326 to £336 from September 2019) and subject to review again in 2020. This would be a direction of travel which was the original recommendation to Members in 2018.

Proposals from the Working Party

Car Parking

16. Pause the Barbican car park charge per parking space for the ensuing year at £1,340 per annum and review charges again in 2020.

Stores

17. Increase the rents for Stores within Barbican buildings (that is, Stores not constructed in the car parks) from £25 to £27.50 per square foot per annum (which are all classed as small/standard Stores) to £358 over the next 2 years (and from £326 to £336 from September 2019) and subject to review again in 2020.

18. Review the rents for new Stores in the car parks in 2020.

Corporate & Strategic Implications

19. In terms of the relevant policies incorporated in the City Corporation's Corporate Asset Management Strategy, the proposals contained in this report will ensure that:

- Operational assets remain in a good, safe and statutory compliant condition;
- Operational assets are fit for purpose and meet service delivery needs;
- Annual revenue expenditure is efficiently managed to ensure value for money and operational asset running costs are reduced wherever possible;
- Opportunities to create added value and maximise income generation be pursued.

Implications

20. The Car Parking account (which includes the new stores) had a budgeted deficit for 2019-20 of £238k. The effect of pausing the increase in the uplift of the car park charging will be a reduction in income of some £17k in 2019/20, with the full year effect being £34k. It should also be noted that the overall income expected from stores within the car park is £51k lower than forecast in the Original Budget, mainly because of much lower levels of occupancy of the large stores. However, it is expected that higher than expected income from commercial units may partially offset this shortfall.

21. The Stores outside the Car Park had an expected deficit of £75k in the Original Budget for 2019-20. The actual level of occupancy is much higher than forecast in the budget and with the price increase proposed in this report the deficit is now expected to be £47k lower at £28k (assuming no changes in costs). Please see Appendix 5 for details.

Conclusions

22. The Member/Officer Working Party, set up at the instruction of the Barbican Residential Committee, has carried an annual review of its work and their recommendations are laid out in paragraphs 1-4 of this report.

Appendices

- Appendix 1 – Car Park Occupancy
- Appendix 2 – Elasticity of demand
- Appendix 3 – New Stores rents and occupancy
- Appendix 4 – Current Stores rents and occupancy
- Appendix 5 – Financial Forecasts

Background Papers

Car Park Strategy Stage One 2009

Car Park Strategy Update 2009

Barbican Estate Car Park Efficiency Strategy Working Party 2011

Baggage Stores Charging Policy 2011

Car Park Charging Policy February 2013

Car Park Charging Policy December 2013

Car Park and Baggage Stores Charging Policy January 2014

Revenue and Capital Budgets – Latest Approved Budget 2013/14 and Original Budget 2014/15

Service Based Review Proposals – Department of Community & Children's Services 2014

Car Park Charging Policy 2015

Car Park Charging Policy March 2016

Service Based Review March 2016

Review of Public Car Park Provision in the City November 2016

Charging Policy for Car Parking and Stores November 2016

Charging Policy for Car Parking June 2017

Charging Policy for Car Parking and Stores June 2018

Charging Policy for Disable Car Park Users March 2019

Policy for Miscellaneous Car Park Charges March 2019

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