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| Committee(s) | Dated: |
| Residents' Consultation Committee - For Information Barbican Residential Committee – For decision | 22/05/2017 05/06/2017 |
| Subject: Charging Policy for Car Parking | Public |
| Report of: Director of Community and Children's Services | For Decision by Barbican Residential Committee |
| Report author: Michael Bennett, Department of Community and Children's Services | |

Summary

The context of the review is that Barbican car parking expenditure has exceeded income for some years, that underused Barbican car parking spaces should be put to other uses (primarily storage) and that the Service Based Review, which seeks to maximise the City's income from its property assets, is currently taking place, along with a general review of city car parking charges.

Following a report on the charging policy for car parking and stores the Barbican Residential Committee at its meeting in December 2016 instructed officers to obtain independent valuations of car parking and storage spaces and bring forward recommended charges to the Barbican Residential Committee. A report on the Stores Charging Policy will be presented later in the year. The current Charging Policy for existing stores expires in March 2018.

Recommendation(s)

The Residents Consultation Committee are asked to note and comment on the Charging Policy for Car Parking.

The Barbican Residential Committee are asked to:

- 1) Agree the car park charging policy based on market valuations on the mid-range rate of £2,000 per car parking space per annum for new car parking users
- 2) Agree the phasing of charges to the mid-range rate for current car parking users over a period of three years
- 3) Agree the policy that these charges are reviewed annually based on the Retail Price Index (estimated at 2%)
- 4) Agree the policy that there is a 5 year review of charges based on market valuations

- 5) Agree that if any further car parking spaces become unused following a further reduction in car park occupancy that officers make these spaces available for further storage

Main Report

Background

1. Barbican car parking expenditure has exceeded income for some years and the Barbican Residential Committee asked officers to review the underused Barbican car parking spaces and agreed that they should be put to other uses (primarily storage) in order to obtain additional income to meet the Service Based Review targets of £154k for 2017/18 for the Barbican Estate.
2. Following a report on the charging policy for car parking and stores the Barbican Residential Committee at its meeting in December 2016 instructed officers to obtain independent valuations of car parking and storage spaces and bring forward recommended charges to the Barbican Residential Committee.
3. A report on the Stores Charging Policy will be presented later in the year. The current Charging Policy for existing stores expires in March 2018.
4. Market rents for car parking are one of the main means to achieve the Service Based Review targets and make best use of the City's assets by maximising income generation.

Current Position

5. Independent advice was obtained from Kinney and Green, Chartered Surveyors, to advise on the current open market rental levels for car parking. The brief issued to them is attached in Appendix 1, their report and advice is in Appendix 2, and their schedule of local market comparisons is included in Appendix 3.
6. Their report sets out the rental range for the Barbican residential car parking spaces based on the evidence of open market transactions elsewhere and taking into account the unique factors relevant to the Barbican car parks. The leaseholders with a long term agreement licence for car parking will continue to pay a service charge in the normal way and are not affected by the recommendations in this report.
7. Kinney and Green's advice is that the car spaces should be rented at a rate range of between £1,750 to £2,250 per car parking space per annum.

Options

8. The potential car park charges and income based on the market valuation report can be found in Appendix 4.
9. There are a number of options based on appendix 4:

10. **Option 1.** Charging based on the low range rate of £1,750 per car parking space per annum for new car park users reviewed annually based on the Retail Price Index with a 5 year review of charges based on market valuations.
11. **Option 2.** Charging based on the mid-range range rate of £2,000 per car parking space per annum for new car park users reviewed annually based on the Retail Price Index with a 5 year review of charges based on market valuations.
12. **Option 3.** Charging based on the upper range rate of £2,250 per car parking space per annum for new car park users reviewed annually based the Retail Price Index with a 5 year review of charges based on market valuations.
13. **Option 4.** Charging based on phasing the rates over a period of 3 years for current car park users to the proposed rate in this report reviewed annually based the Retail Price Index with a 5 year review of charges based on market valuations.
14. The option would be to utilise further car parking spaces for storage as unused spaces become available and if the income didn't give a sufficient yield.

Proposals

15. **Option 1.** This option is not recommended as it only takes account of the low range rate in the market valuation report. Although the additional income would contribute to the Service Based Review the City would not be making the best use of the asset in terms of the market valuation.
16. **Option 2.** This is the recommended option for new car park users as it takes account of the market valuation report at the mid-range rate. At the Barbican Residential Committee at its meeting in December 2016 it was agreed to utilise market rates as a basis for a charging policy and this option is based on the mid-range rate included in the valuation report. The City would therefore be making a good use of the asset in terms of the market valuation. The additional income would help in achieving the Service Based Review targets and could potentially ensure that a significant budget is available for Estate works.
17. **Option 3.** This option is not recommended as it only takes account of the upper range rate in the market valuation report, although the additional income would contribute to the Service Based Review. There could also be a further reduction in occupancy and subsequent income to the Car Park Account.
18. **Option 4.** This is the recommended option for existing car park users as it was stated in the Charging Policy presented to the Barbican Residential Committee in December 2016 that if the proposed charges are significantly higher than current ones, recommendations will be made regarding the phasing in of these increased payments.
19. It is proposed to utilise further car parking spaces for storage as unused spaces become available resulting from a further reduction in car park occupancy.

Corporate & Strategic Implications

20. This policy supports the City's aim to provide modern, efficient and high quality local services and policing within the Square Mile for workers, residents and visitors with a view to delivering sustainable outcomes. In particular, this incorporates:

- **KPP2:** Maintaining the quality of our public services whilst reducing our expenditure and improving our efficiency
- **KPP4:** Maximising the opportunities and benefits afforded by our role in supporting London's communities

21. In terms of relevant policies incorporated in the City's Corporate Asset Management Strategy, this approach covers:

- **SO1** – Operational Assets remain in a good, safe and statutory compliant condition
- **SO2** – Operational Assets are fit for purpose and meet service delivery needs
- **SO4** – Annual revenue expenditure is reduced
- **SO5** – Opportunities to maximise income generation be explored and promoted where feasible
- **SO8** – Service Committees Business Plans properly reflect not only short term objectives but medium and long term ones, to enable effective forward planning

Implications

22. As the principle of utilising market valuations as a basis for charging has been accepted the additional income would help in achieving the Service Based Review targets and could potentially ensure that a significant budget is available for Estate works.

23. The forecasted reduction in car park occupancy due to the increased charges would also present the option to utilise further car parking spaces for storage as unused spaces become available.

24. The Financial implications are set out in the main body of the report and are included in Appendix 4 and 5.

25. Additional resources will be required to manage and administer the potential considerable changes that are expected to result from implementing the recommendations (see Appendix 5).

Conclusion

26. As the principle of utilising market valuations as a basis for charging has been accepted this additional income would be making a good use of the City's assets,

would help to achieve the Service Based Review targets and could potentially ensure that a significant budget is available for Estate works.

27. Furthermore, any reduction in car park occupancy due to the increased charges would also present the option to utilise further car parking spaces for storage as unused spaces become available.

Appendices

- Appendix 1 – Market valuation brief
- Appendix 2 – Market valuation report
- Appendix 3 – Market valuation report – local market comparisons
- Appendix 4 – Car Park charges & income based on market valuations
- Appendix 5 – Car Parking Budget 2017/18
- Appendix 6 - Draft minute from the meeting of the Barbican Residents Consultation Committee on 22 May 2017 which also considered this report

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

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