

Committee(s): Barbican Residents Committee Car Park Working Party – For Information Planning & Transportation Committee – For Decision Markets Committee – For Decision Corporate Asset Sub Committee – For Information	Date(s): TBC 29 January 2019 30 January 2019 30 January 2019
Subject: Public Car Parks Update	Public
Report of: Director of the Built Environment	For Decision/ For Information
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Summary

This report updates Members on the short, medium and long-term strategies approved in the last major report on public off-street car parking in November 2016.

Since that report, the financial position of the car parks has improved following the first of two agreed tariff increases, and the responsible departments have worked more closely together through a joint steering group to co-operate and harmonise their respective approaches to managing these facilities.

In terms of this report, there are three major issues of note:

- The second of two agreed tariff increases will be implemented in April 2019;
- A significant review of fire safety and roles & responsibilities has resulted in a series of safety-related works within the car parks. Further reinvestment is still required over & above standard cyclical works programme budgets as part of a series of revised Life Care Plans, with the additional revenue generated from the tariff increase helping to fund these works.
- There is a significant difference in rate between residential season ticket tariffs at the Barbican Estate car park and the City's public car parks. It is proposed to harmonise these tariffs over the long term, but with the option to offer a discount for zero emission capable vehicles in the public car parks.

Recommendation(s)

Planning & Transportation Committee (in relation to Baynard House, London Wall, Minories and Tower Hill car parks) and **Markets Committee** (in relation to Smithfield car park) are asked to:

- Note that the second phase of the hourly tariff increase (previously agreed by your Committee) will take place in April 2019;

- For non-zero-emission capable vehicles, agree to introduce a three-year phased increase in residential season tickets to align them with the rate per m² (currently £335 per quarter).

Markets Committee (in relation to Smithfield car park) are asked to:

- Amend the overnight parking rate so that it applies seven days a week.

Main Report

Background

1. The Department of the Built Environment (DBE) manages five public car parks on behalf of the Planning & Transportation and Markets Committees, namely:
 - Baynard House, Queen Victoria St (P&T)
 - London Wall (P&T)
 - Minorities (P&T)
 - Tower Hill coach & car park (P&T)
 - Smithfield (Markets)
2. Roles & responsibilities for managing and maintaining these car parks are split between DBE, Markets & the City Surveyors, and are set out in more detail in **Appendix 4**. There are also City Corporation car parks operated in the Square Mile by the Barbican Centre and Barbican Estate, and a location plan for all these facilities is shown in **Appendix 5**.
3. The last major report on the City's car park operation was in November 2016, with the key aspects being noted as:
 - Usage of the City's car parks had changed over time, with traditional commuter parking declining but other uses such as motorcycle parking and the night-time economy becoming more prevalent;
 - Many of these new uses did not generate sufficient revenue to meet their proportionate costs, so that only Minorities car park consistently operated at a profit;
 - It had been over ten years since the last tariff review, so the City's tariffs were generally much lower than those of our competitors.
4. As a result, a series of short, medium and long-term strategies were approved to address these and other issues. Taken together, they were intended to ensure the City's car parks were operated in a way that reflected:
 - The City's long-term transport, parking and air quality policies;
 - The City's current financial considerations, maintenance responsibilities and property management opportunities;
 - The needs of the public, whether business, resident or visitor.

5. In particular, it was proposed to find ways to ensure DBE, Markets & Consumer Protection, the City Surveyor's, the Chamberlain's, the Barbican Estate and the Barbican Centre worked more closely together to understand the interdependencies of different aspects of the operation, driving a more integrated approach to the service. It was expected this would also facilitate a wider review of how off-street parking fitted into the future planning & transportation context, from electric vehicles and consolidation centres to congestion reduction and air quality.

Current Position, including Options

6. A summary of the short, medium and long-term actions agreed in 2016 are set out in the table below:

Timescale	Action
Short Term	<ul style="list-style-type: none"> • Maintain the car parks as fit for purpose facilities, including a review of the cyclical works programme • Adopt a two-step strategy for adjusting the tariffs, with step one likely around June 2017 • Upgrade & increase electric vehicle charging infrastructure
Medium Term	<ul style="list-style-type: none"> • Complete long-term Life Care Plans for each car park • Monitor the results of the tariff increase, helped by better data from new barrier equipment • Consider better promotion & alternative uses of the car parks such as consolidation centres • Review motorcycle provision • Facilitate the needs of the City Police at London Wall • Continue to benchmark tariffs against competitors
Long Term	<ul style="list-style-type: none"> • Monitor the structure at Minories car park • Review the long-term role of off-street car parking in the future revised Local Plan and Transport Strategy • Consider development opportunities in light of this long-term approach • Summarise and bring back future reviews to Members as appropriate.

7. Since that report, significant progress has been made on these actions, albeit with London Wall now descoped from the Police accommodation project. The following paragraphs summarise that progress & next steps in four key areas:
- Fire safety;
 - Parking tariffs;
 - Parking policy;
 - Development planning.

Fire safety

8. Members will clearly be aware of the implications of the Grenfell Tower fire, with local authorities across the country reviewing their premises to ensure they are

fundamentally safe and that fire precautions are fit for purpose. The City's public car parks have been no different, and an overall review of fire safety has been carried out, resulting in a general raised awareness of fire safety issues, a review of policies & procedures, and a number of minor safety-related works being expedited.

9. However, Members may not be aware of a major fire on New Year's Eve 2017 at the King's Dock car park next to the Echo Arena in Liverpool. Although no-one was injured, the fire destroyed over 1,000 cars and the car park itself may now have to be demolished. That car park met current building regulations, but the implications of a fire spreading rapidly from vehicle to vehicle & floor to floor, accelerated by the failure of plastic fuels tanks, re-emphasised the need for effective sprinkler systems, ventilation and fire management procedures to underpin an integrated risk management plan.
10. Given these incidents and the interdependencies between different City departments responsible for various aspects of the car park function, it is critical that DBE, City Surveyors, Markets and their respective contractors work closely together to ensure the safety of staff and the public. To that end, a review is well underway to ensure that roles & responsibilities are fully understood, procedures are followed and that safety-critical work is identified and delivered.
11. To that end, the City Surveyor and District Surveyor (for building control purposes) recently undertook a further fire safety review, taking on board the findings from the Merseyside Fire & Rescue Service in relation to the King's Dock fire. This highlighted a further set of safety works without which safety risks could escalate in the medium term to impact the safety of each car park as a functioning facility.
12. Each car park has different requirements, but these items include new safety signage, vent system refurbishment, fire alarm replacement, sprinkler system upgrades and emergency lighting. This will require the respective car park Life Care Plans, the City Surveyor's cyclical work programme and the 20 Year Plan to be updated, prioritised and funding confirmed for each item. At present it is anticipated that the upcoming tariff increases (see below) will provide additional income to help fund this work with any shortfall met from the City's On-Street Parking Account (subject to the necessary Gateway and resource allocation approvals).

Tariffs

Net Profitability

13. Over most of the last ten years, the City's public car parks have operated at an increasing loss funded by the On-Street Parking account. This has been caused by several related trends including the fall in demand for commuter parking, increased usage by residents & motorcycles (who park at discounted or free rates) and the introduction of the London Living Wage for car park attendants.

14. In this context, the previous 2016 report highlighted the lack of a justification for having three different hourly rates across five public car parks, and that these rates (between £2 and £3 per hour) were well below the market rate (**see Appendix 3**). The report therefore recommended a two-step approach, firstly harmonising the various rates at £3 per hour, then increasing that new single rate to £3.50 per hour (**see Appendix 2**).

15. This change was felt justified because it would involve:

- Simplification & closing the gap with our competitors;
- Reducing the financial loss made by the car parks;
- Reinforcing the City's policy of discouraging commuting by car

16. In addition, using a two-step approach would allow time to assess the impact of the first increase before introducing the second change.

17. The first tariff change was subsequently implemented in July 2017, and as a result, the financial position of DBE's four car parks has markedly improved. In the first full year since the increase, DBE's four car parks are budgeted to operate at an overall surplus of £189k for 2018/19 compared to a loss of £495k in 2016/17 (**see Appendix 1**). However, only Minorities remains significantly in profit, and with the need to invest in further fire safety works and the City's tariffs still well below our competitors, the second planned tariff increase remains fully justified.

Residential season ticket rates

18. As noted in the 2016 report, season tickets rates for residents in the City's public car parks had not changed for over 15 years. In that time, the cost base of the car parks had changed completely, and it was argued that residents were not covering their share of the cost to the City of operating and maintaining the car parks. However, with only 185 permits currently in use, no tariff increase would generate sufficient revenue to do so.

19. Nevertheless, in 2016 Members of Planning & Transportation and Markets Committees agreed to increase tariffs for residential season ticket holders from their historic cost of £740 pa to £1000 pa (discounted by 20% if paid in one payment). This change appears to have had little impact on the number of season tickets issued, albeit some residents & Members to the east of the City did ask whether a form of means testing could be adopted to allow the 20% discount to be offered to those who couldn't afford to pay in one go.

20. However, this change has served to highlight one considerable anomaly in that residential season tickets for the Barbican Estate's on-site car park are charged the equivalent of a rate per m² for the parking bay they occupy, set by the City Surveyor on the basis of commercial benchmarking.

21. This is intended to make the rate more closely match the cost of the floorspace occupied, resulting in the residents at the Barbican currently being charged £1,340 pa to park in the Estate car park. Over time this had led to around 15

residents choosing London Wall and Smithfield car parks for their parking, thereby saving between £340 and £600pa.

22. The City currently has no policy to prevent any resident who has access to pre-existing on-site parking facilities from choosing to pay for season tickets in a public car park at this lower rate. However, in the context of a recent commercial review of parking rates by the Barbican Residential Committee, it is now thought appropriate to consider whether this price differential should be accepted and continued, or whether other alternatives should be adopted.

23. In other words, although both London Wall and Smithfield car parks have enough space to accommodate these extra residents, is it appropriate to maintain a differential tariff that effectively drives parking occupancy & income from the Department of Community & Children's Services to DBE and Markets, and should wider policy considerations also be brought to bear?

24. A number of options could be available to Members of the Planning & Transportation and Markets Committees to address this disparity.

Option 1: No Change

25. The disparity could be left in place, with some residents with existing on-site parking facilities choosing to take up season tickets elsewhere.

Option 2: Stop residents with existing on-site facilities from purchasing season tickets in the City's public car parks

26. This maintains the cost differential but requires residents to use the on-site facilities they already have available. As a concession, existing season tickets could be honoured to minimise the impact on those who have had this facility for some time.

Option 3a: Introduce a phased increase to bring the residential tariff in line with the rate per m²

27. If it's accepted that these rates should be aligned at the rate per m², the cost of the residential tariff could be increased in phases over time (say three years).

Option 3b: Align the residential tariff & the rate per m², but maintain a differential for zero emission capable vehicles

28. This option adds the concept of emissions-based tariffs to the phased increase of Option 3a, and would be similar to the change made last year to introduce differential tariffs based on emissions for the City's on-street pay & display bays.

Smithfield Market tariffs

29. Of all the tariff changes implemented in 2017, the changes at Smithfield Market were the most fundamental. This replaced a paper-based discount system for

market traders and customers with a fully time-based tariff that linked discounts to the market's operational hours.

30. Under the new system:

- Market customers pay £1.50 and are defined as those arriving & leaving during market hours & staying up to three hours;
- Market traders pay £3 and are defined as those arriving & leaving during market hours & staying more than three hours.

31. This change in tariff structure has been highly successful, with few issues & complaints. The new format has simplified the payment process, also ensuring a more auditable and accountable system without the need to check and manage a paper-based pass system.

32. However, one anomaly has been identified in the tariff structure due to the fact these discounts only apply to overnight parking when the market is in operation (ie Sunday night to Friday morning). Most other car parks in the local vicinity (including those under the control of the Planning & Transportation Committee) apply some form of overnight parking discount, so whereas any 24-parking period at Smithfield from Friday morning to Sunday night costs £72, the equivalent period elsewhere can cost between £22.50 and £40.

33. As a result, Smithfield is highly unattractive to casual users during this period and is virtually empty. It is therefore recommended to apply the overnight parking discount at Smithfield seven nights a week, which would result in that 24-hour cost being reduced to £36. This will make the car park far more competitive and is likely to result in a net increase in revenue during these periods.

Transport Strategy

34. The City Corporation's draft Transport Strategy is out for consultation until 13 January 2019. The Strategy, once adopted in spring 2019, will set out the 25-year framework for future investment in and management of the City's streets.

35. In the context of this report, the Strategy proposes a City-wide kerbside and car park review to be undertaken during 2019 in order to deliver more efficient & effective use of both types of parking facility. This will consider:

- Opportunities to reallocate space from on-street car and motorcycle parking to increase the space available for people walking, cycling and public space
- Provision for short stay commercial parking, disabled bays, taxi ranks, loading bays and coach bays
- Alternative uses for spare capacity in City car parks
- Changes to the current operation of parking and loading on-street, including;
 - introducing variable charging for motorcycles based on engine size and emissions;

- encouraging the use of car parks for long stay parking by reducing the maximum parking time for cars and vans on-street and introducing a maximum on-street parking time for motorcycles.

Electric Vehicle Charging

36. At present, fast charge points are available in all City Corporation public car parks as well as the Barbican residents' car park. Officers are working in partnership with TfL to deliver a rapid charging hub for taxis in Baynard House car park and a single taxi-only rapid charge point on-street in Noble Street.
37. To help deliver a cleaner and quieter City, the draft Transport Strategy proposes to install additional publicly accessible electric vehicle (EV) rapid charge points by 2025 to support the transition to zero emission capable vehicles. Locations will be identified through engagement with the TfL EV Infrastructure Taskforce as the changes in the market and available technology mean that we want to ensure new charge points go in to the most suitable locations around the City.
38. Given the narrowness of the City's footways, this means the first preference for these charge points is likely to be in the City's car parks or other suitable off-street locations, ensuring they have a role to play in the longer term.

Last Mile Logistics

39. The draft Transport Strategy proposes to deliver two last mile logistic hubs in underutilised City Corporation assets by 2022, and a further three hubs by 2025. This is part of a package of proposals to minimise the impact of freight by reducing the number of motorised freight vehicles in the City. Any provision of last mile logistics space would not close the car park to the public but repurpose underutilised space to maximise the efficiency and revenue of the site whilst delivering the objectives of the draft Transport Strategy.
40. The City Corporation is already scoping opportunities to deliver last mile logistics facilities, with soft market testing with the freight industry undertaken in November 2018 to establish requirements for last mile logistics infrastructure. London Wall appears to be the most suitable site given its spare capacity, access points and location, with the initial preference being for secure storage facilities for cargo cycles to help enable couriers companies to transition from diesel vans. A freight update paper detailing this work is expected to be brought forward in March 2019.

Development Planning

41. In terms of property issues, the City Surveyors continue to work with DBE and the Chamberlains in terms of sharing information on the redevelopment potential of the City's car parks. At the time of writing, only Minories has attracted recent redevelopment interest. The car park had been a leasehold from Societe Generale who occupy the adjacent building, but in 2016 Societe Generale completed a sale of their interest to China Minsheng Bank subject to a leaseback

until around 2020, and this could make redevelopment of the overall site more likely in the medium to long term.

42. If driven forward by a development opportunity, this will be of particular note given that Minories remains the City's most profitable car park, effectively supporting the rest of the car park function. However, the draft Local Plan (also currently undergoing public consultation) suggests that if car park facilities in general are deemed surplus to requirements as car parks, then they would be considered for transport uses before necessarily being made available for redevelopment.
43. Finally, Members may also recall that Minories is still subject to special structural monitoring as a result of cracks and concrete spalling being identified during previous routine structural checks. This is to gain a full understanding of how the building structure is performing before a decision is taken on whether more extensive repairs are required.

Proposals

44. Based on the above, this report makes recommendations for decision in just two areas, namely the tariff for residential season ticket holders (see paragraphs 18-28 above) and the overnight parking tariff at Smithfield (see paragraphs 32 & 33 above).
45. On balance, Option 3b (aligning the residential tariff with the cost per m² whilst maintaining a discount for zero-emission capable vehicles) is thought to be the option that most closely meets the City Corporation's wider transport strategy and air quality objectives. A phased increase over three years would allow residents time to reconsider their choice of vehicle in light of this tariff change, and a 20% discount for those making a full one-off annual payment (compared to instalments) would be retained.
46. As for the Smithfield overnight tariff, it is proposed to amend the current five-night a week tariff to apply seven nights a week, making the weekend tariff more competitive and thereby helping to increase net revenue by attracting more custom.

Corporate & Strategic Implications

47. Management of the City's car parks is now fully integrated into its long-term Transport Strategy and Local Plan as outlined earlier in this report. The provision of car parking facilities also contributes to the City's thriving economy and flourishing society in accordance with the Corporate Plan, and the fire safety work helps satisfy the need to ensure people are safe and feel safe by protecting the consumers & users of our buildings.
48. In terms of relevant policies incorporated in the City's Corporate Asset Management Strategy, the actions outlined in this report also cover:
 - **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

49. There is power in Section 32 of the Road Traffic Regulation Act 1984 for a local authority to provide off-street parking places for relief of congestion, and power in Section 33 of the 1984 Act to let parts of buildings not used for parking

Conclusion

50. This report updates Members on the short, medium and long-term strategies for the City's public car parks with a view to ensuring that they reflect current transport, parking and air quality policies, as well as the City's financial considerations, maintenance responsibilities and property management opportunities.

Appendices

- Appendix 1 – Financial Position 2016/17 and 2018/19
- Appendix 2 – Summary of Tariff Changes
- Appendix 3 – Car Park Daily Rate: Central London Benchmarking
- Appendix 4 – Car Park Roles, Responsibilities & Hierarchy
- Appendix 5 – Car Park Location Plan

Background Papers

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Appendix 1 – Financial Budgeted Position 2016/17 and 2018/19

Prior to the tariff increase in June 2017, the overall budgeted financial position for each car park in 2016/17 is set out below.

The Sub-Total line reflects DBE's local risk budget and takes into account income, contractor & DBE costs, rates & utilities. At that level, the profitability of Minorities allowed the car parks as a whole (excluding Smithfield) to make an overall profit to DBE of £290k. However, taking into account overheads and the cost of maintaining these buildings, they made an overall loss of £495k.

Car Park Financial budgeted position (2016/17)

Car Park	Baynard House	London Wall	Minorities	Tower Hill	Smithfield
Income	520	518	1001	521	894
Expenditure	-530	-548	-473	-719	-588
Sub-Total	-10	-30	528	-198	306
O/H & Recharge	-304	-180	-144	-157	-112
TOTAL	-314	-210	384	-355	194

* (£000), £ = income / profit, -£ = expenditure / loss, O/H = Overheads

The financial implications of the tariff change in June 2017 resulted in a much more positive net position as set out below for the current financial year. The operating position (excluding Smithfield) represents a profit of £667k, and taking into account overheads and maintenance recharges, an overall profit of £189k has been budgeted for.

Car Park Financial budgeted position (2018/19)

Car Park	Baynard House	London Wall	Minorities	Tower Hill	Smithfield
Income	466	656	1355	619	868
Expenditure	-511	-546	-560	-812	-639
Sub-Total	-45	110	795	-193	229
O/H & Recharge	-142	-116	-122	-98	-294
TOTAL	-187	-6	673	-291	-65

* (£000), £ = income / profit, -£ = expenditure / loss, O/H = Overheads

Appendix 2 – Summary of Tariff Changes

Hourly Car Park Tariff Proposals

Car Park	2016	July 2017	April 2019
Baynard Hse	£2.50	£3	£3.50
London Wall	£3	£3	£3.50
Minories	£2	£3	£3.50
Smithfield	£2	£3	£3.50
Tower Hill	£2.50	£3	£3.50

Planning & Transportation Committee Tariff Proposals (Baynard House, London Wall, Minories, Tower Hill)

User	2016	July 2017	April 2019
Commercial Season Tickets	£4,264 to £6,396	£6,396 to £7,462	£7,462
Resident	£740	£1000 (Discounted to £800 if paid in one payment)	Change in 2022
Coaches	<ul style="list-style-type: none"> • First 15mins free • £10 1st hour (9am-5pm, Apr-Sept only) • £6 per hour (9am-5pm) • £20 flat rate (5pm to 9am) 	<ul style="list-style-type: none"> • First 15mins free • £10 per hour (9am – 5pm) • £25 cap (5pm to 9am) 	No change

Markets Committee Tariff Proposals (Smithfield Only)

User	2016	July 2017	April 2019
Market Customers	£1.50 per visit	£1.50 for up to 3hrs; £3 for 3hrs or more (9pm-10am Sun-Fri)	To apply seven days a week
Market Traders	£2.75 per day		
Market Season Tickets	£712 pa	£720 pa	No Change
Commercial Season Tickets	£2,000 pa	£4,000 pa	
Resident	£740 pa	£1000 (Discounted to £800 if paid in one payment)	Change in 2022

Appendix 3 - Car Parking Daily Rate: Central London Benchmarking

Location	Capacity (no.)	2 hours (£)	8 hours (£)
EC1			
Charterhouse Square (Euro Car Park)	14	£4	£11
Farringdon (NCP)	294	£12.80	£34
Saffron Hill (NCP)	353	£14.95	£19.95
Aldersgate (NCP)	670	£12	£38
Smithfield (CoL)	581	£6	£24
EC2			
Finsbury Square (NCP)	258	£38	£55
Barbican (CoL)	388	£7.50	£24
London Wall (CoL)	218	£6	£24
EC3			
Minories (CoL)	321	£6	£24
Tower Hill (CoL)	110	£6	£24
EC4			
Baynard House (CoL)	233	£6	£24
Vintry, Bell Wharf Lane (NCP)	466	£34	£45
E1			
Whitechapel High Street (NCP)	100	£22.95	£27.95
Plumbers Row	10	£10	£10
SE1			
London Bridge (NCP)	250	£25	£35
Gainsford Street (Q Park)	115	Not hourly	£25
SW1			
Spring Gardens (Q Park)	205	Not hourly	£41
WC1			
Judd Street (NCP)	35	£9.95	£28
WC2			
Covent Garden (NCP)	330	£15.75	£21.50

Appendix 4 – Car Park Roles, Responsibility & Hierarchy

The Director of the Built Environment is responsible for:

- Managing the delivery of the off-street parking service, including the contract to manage the facilities day-to-day, currently held by Indigo until 2021;
- The City's Local Plan and Transport Strategy, including the overarching policy towards parking provision;
- Reviewing & recommending any changes to the car park tariff structure for Planning & Transportation Committee approval, taking into account operational, financial and policy considerations;
- Fire safety management in DBE's car parks;
- Technical structural inspections & advice on all the car parks;
- The overall Asset Management Plan for London Wall underground car park which is managed as a highway structure.

As Client for DBE at Smithfield car park, the Director of Markets & Consumer Protection is responsible for:

- Reviewing & recommending any changes to the tariff structure for that car park for Markets Committee approval;
- Fire safety management in Smithfield car park;
- Various minor improvement initiatives such as signage;
- Those aspects of the car park's building services that are combined with the market above (eg mechanical & electrical systems).

In turn, the City Surveyor is responsible for:

- Facility Management services, including general repairs & maintenance and the cyclical works programme;
- The long-term Life Care Plan for maintaining the car parks (with the exception of London Wall car park as noted above);
- Corporate property asset management, including non-parking related commercial leases within the facilities and ultimate redevelopment potential for these buildings.



