

Committee(s)	Dated:
Planning & Transportation Committee (For Decision) Markets Committee (For Decision)	6 October 2020 25 November 2020
Subject: Car Park & On-Street Parking Bay Tariffs	Public
Report of: Director of the Built Environment	For Decision
Report Author: Ian Hughes Deputy Director (Transportation & Public Realm)	

Summary

It has been over three years since the last full-scale parking tariff review, and with demand for parking places increasing as the City moves towards recovery from Covid-19, it appears timely to review both our on-street and off-street parking tariffs.

The changes recommended in this report take into account various key considerations, namely:

- The pivotal role parking still plays in delivering key service amenities to enable the Square Mile to function effectively, including recovery from Covid-19;
- How tariffs should remain in line with the direction of both the Transport Strategy & Air Quality Strategy, in particular discouraging unnecessary car usage in general, and supporting the use of zero emission vehicles where other modes of transport are not possible;
- That tariffs should be competitive with our neighbouring authorities & commercial competitors;
- That car parks represent an important income stream for both DBE and the Department of Markets & Consumer Protection;
- That on-street parking bay income contributes to the On-Street Parking Account that funds major highway-related projects and highway maintenance.

In response to these key policy and economic drivers, this report recommends a three-year pricing strategy of annual changes to both the car park and on-street parking tariffs, with the first of those recommended to be implemented in January 2021. Adopting a three-year pricing strategy allows the impact of the respective year-on-year changes to be monitored and then subsequently adjusted as necessary.

Recommendations

Planning & Transportation Committee are asked to approve the three-year pricing strategy for on-street parking bays as set out in paragraph 19 of this report from January 2021

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 approve the three-year pricing strategy for parking charges in these public car parks as set out in paragraph 19 of this report from January / February 2021

Main Report

Background

Responsibilities

1. Excluding the Barbican Centre, the City Corporation operates five public car parks in the Square Mile, four of which (Baynard House, London Wall, Minories and Tower Hill) fall under the responsibility of the Planning & Transportation Committee, with the fifth at Smithfield being the responsibility of the Markets Committee.
2. In parallel, DBE and Markets & Consumer Protection are the responsible departments for the two Committees and their respective car parks, albeit DBE employs the contractor who manages all five facilities together for the public.
3. Given to all intents and purposes that both sets of car parks function in the same way and are aligned to the same overall corporate policies, hourly parking tariffs and residential parking rates in all five facilities have been aligned for several years, with the exception of specific tariffs offered at Smithfield for market traders, customers & commercial season tickets.
4. In terms of on-street parking bays, these are the responsibility of the Planning & Transportation Committee alone and authority for setting tariffs for those bays lies solely with that Committee.

Policy

5. The City's car parks and on-street parking bays provide essential facilities for those who need to service the Square Mile, and the City's long-standing policy of actively discouraging commuting by car was reiterated as a core element of its long-term Transport Strategy. That Strategy also reflected the City's Air Quality Strategy by emphasising that where other modes of transport were not possible, zero emission vehicles should be encouraged over high polluting diesel and petrol vehicles.
6. A review of the use of the City's kerbside space is currently being undertaken in accordance with Proposal 14 of the Transport Strategy, and alongside the actions in this report, further measures may be proposed to encourage longer stay parking to take place off-street and to reduce private vehicle traffic levels. A report detailing an action plan to complete the review is expected for the next meeting of the Planning & Transportation Committee to consider.

7. In terms of the relationship between car park and on-street tariffs, the balance remains to encourage longer-term parking off-street, recognising that on-street bays may be located more conveniently for individual users but typically require a higher turnover of vehicles to meet these needs. As a result, hourly tariffs in the City's car parks are lower with unlimited durations of stay, whereas on-street parking bays are higher with a four-hour maximum stay period.

Current Position

On-Street Parking Bays

8. Members may recall that the City introduced one of the very first emissions-based tariffs for on street parking in August 2017 with the aim of encouraging the use of more environmentally friendly vehicles and to help improve air quality in the Square Mile. The tariff set a lower charge for zero emission capable vehicles (£4 per hour), a medium charge for newer petrol and diesel vehicles (£5.20) and a higher charge for more polluting older petrol and diesel vehicles (£6.80).
9. This approach was recognised by an innovation Award from the European Parking Association and recent analysis suggests that the number of higher polluting vehicles parking in the City since the tariff was introduced has fallen by 150 a day. Whilst this success cannot be wholly attributed to the City's emissions-based tariff, it is likely to have contributed to this shift in behaviour.

Car Parks

10. The City's public car park tariffs were last reviewed in November 2016, when Members approved a two-stage pricing strategy that first harmonised and then increased the tariffs in each of the facilities. The second of those two increases was implemented in April 2019, with the hourly rate set at £3.50 per hour at all five car parks.
11. As a result of those tariff changes, total car park income (prior to Covid-19) increased by around £350k pa for DBE's four car parks, helping to move those car parks into operational profit. However, benchmarking against the car parks run by the City's commercial competitors in the Square Mile as well as those across the rest of central London suggest that the City's tariffs remain well below those offered elsewhere (see Appendix 1), making them a relatively attractive parking option somewhat in conflict with the City's wider transport objectives.
12. In terms of the potential for emission-based tariffs in the car parks, the current barrier equipment, CCTV and 'pay on foot' machines are not sufficiently integrated with on-line information regarding vehicle emissions to deliver this proposal just yet. However, as part of the upcoming process to tender for a new car park management contractor by April 2022, the successful bidder will be expected to install new equipment that will have the sophistication to introduce variable charges linked to vehicle emissions.

Occupancy & Usage

13. Prior to the start of the Covid health emergency, the City's car parks operated at around 65% occupancy, predicted to generate an annual operational profit of £430k in total across the four DBE car parks. This reduced the need to draw down on the On-Street Parking Account to cover the overheads of running the facilities and was a considerable improvement on the position prior to the last tariff change. However, a contribution from the OSPA was still expected, meaning that a further tariff increase would be appropriate to continue this trend toward generating a net profit.
14. During the lockdown period for Covid-19, demand for both on and off-street parking fell away considerably, but now both are recovering well as a proportion of the City's working population continue to avoid public transport and prefer to drive in.
15. In the short term, that makes our parking facilities more attractive, with some of the City's car parks now full and parking bays running at over 90% occupancy during peak times.
16. However, as the City moves towards a return to 'normal', there is simply not enough parking spaces for that recovery to be led by car travel, meaning the City's overarching Transport Strategy objective of encouraging travel by public transport (taking appropriate safety precautions) must return to the fore. It also suggests it is now appropriate to reconsider pricing as a means of managing demand.

Options

17. For both on-street bays and car parks, three general options are possible:
 - a. Reduce Tariffs – This might seem an attractive option during the Covid-19 recovery period but given that demand for parking is already reaching capacity, such incentives do not appear necessary and would not be aligned to the Transport Strategy. Given the loss in income during the lockdown period, this would also result in further unsustainable losses for the car parks in particular, and as a result, this is not recommended.
 - b. Do Nothing (retain the current tariff structures) - This would not help manage the increasing level of demand for our parking facilities, nor would it be aligned to the direction of the Transport Strategy. It would also fail to address the need to cover the net cost of running the City's car parks, and as a result, this is not recommended.
 - c. Increase Tariffs – Setting a three-year pricing strategy to gradually raise tariffs will serve to manage demand over the medium term in line with the objectives of the Transport Strategy, as well as move the car park operation further towards a net profit. In terms of the on-street parking bays, increasing the differentiation between clean & polluting vehicle tariffs will also help meet the City's air quality objectives. As a result, this option is recommended.

Proposals

18. The proposal is to adopt a three-year pricing strategy, allowing the impact of the respective year-on-year changes to be monitored and then subsequently adjusted if necessary. The first step could be implemented from January / February 2021, with the intention that by 2023 parking for zero emission vehicles on-street would be half the cost of high polluting vehicles, whilst parking in our car parks would remain the cheaper option throughout.
19. On this basis, the following tariff structure is proposed:

Car Parks rates (£)	Current	Jan 2021	Jan 2022	Jan 2023
Hourly rate	3.50	4.00	4.20	4.50
Commercial Season Tickets*	1,865.50	1,980	2,200	2,500
Coach Parking (Tower Hill)	10	11	12	14

*Commercial season tickets are based on the hourly tariff, scaled up to a full year basis.

Parking Bay Hourly rates (£)	Current	Jan 2021	Jan 2022	Jan 2023
Zero Emission Capable	4.00	4.40	4.80	5.00
Petrol post-2005	5.20	6.00	6.60	7.20
Diesel post-2015	5.20	6.00	6.60	7.20
Other	6.80	8.00	9.00	10.00
Coaches	6.00	8.00	9.00	10.00

20. Whilst the car park tariffs are not subject to formal Traffic Management Orders, they are required for on-street parking & coach bays. These can be made under the Director of the Built Environment's existing delegated authority subject to a public advertisement & notification exercise. If any major objections or significant concerns emerge, this proposal would then be brought back to the Planning & Transportation Committee for Members to decide whether to continue to make the Order or to amend the proposal.
21. In terms of financial implications, it is difficult to predict income levels because changes in tariffs can lead to changes in demand plus there is obvious uncertainty regarding the long-term demand for parking spaces as the City recovers from Covid-19. Nevertheless, based on previous experience, it is thought that such changes are likely to result in an additional £575k pa contribution towards the On-Street Parking Reserve in the first year and approximately half that amount being recovered in additional income from car parks. This estimate factors in the recovery of parking activity during recent months as well as the potential for a continued shift away from higher polluting vehicles paying the highest on-street tariff band.

22. Otherwise, to make these changes there will be minor costs of approx. £10k incurred to cover advertising, publicity, signage and IT system alterations, but these will be met from the additional income derived from the tariff changes.

Corporate & Strategic Implications

23. The City is authorised to operate and set parking charges under Section 46 of the Road Traffic Regulation Act 1984. In exercising its functions under the Road Traffic Regulations Act 1984 the City, as traffic authority must have regard to amongst other things, the provision of adequate parking facilities and securing the expeditious, convenient and safe movement of vehicles and other traffic (including pedestrians) having regard to the amenity, the national air quality strategy and any other relevant matters. The environmental benefits of the proposals are consistent with these considerations.
24. In accordance with s55 of the Road Traffic Regulation Act 1984, income received from on-street parking charges is held in the On-Street Parking Account, which can only be used by the City for highway improvements and other traffic related or environmental measures. Additional costs associated with the introduction of emissions-based tariff and removal of the convenience fee can be legitimately covered by this surplus.
25. There is a requirement to publish proposals on changes to on-street parking charges prior to changes made to the Traffic Management Orders. This requirement will be met through publication of the proposals in the local press in accordance with the Local Authorities Traffic Order (Procedure) (England & Wales) Regulations 1996 as well as a coordinated communication strategy to include signage, posting on social media, website information and leaflet distribution.

Conclusion

26. The above proposals enable the continued provision of reliable and effectively managed on & off-street parking places in accordance with the City's Transport & Air Quality Strategies to reduce traffic, encourage motorists to opt for low emission vehicles and improve air quality in the City.

Appendices

Appendix 1	Car Park Tariff Benchmarking
Appendix 2	On-Street Parking Tariff Benchmarking

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Appendix 1 – Car Park Tariff Benchmarking (Feb 2020)

Location	Capacity (no.)	2 hours (£)	8 hours (£)
EC1			
Charterhouse Square (Euro Car Park)	14	£4	£11
Farringdon (NCP)	294	£12	£34
Saffron Hill (NCP)	353	£16	£22.50
Aldersgate (NCP)	670	£12	£24
Smithfield (CoL)	581	£7	£41.50
EC2			
Finsbury Square (NCP)	258	£18	£26
Barbican (CoL)	326	£7.50	£24
London Wall (CoL)	218	£7	£31.50
EC3			
Minories (CoL)	321	£7	£31.50
Tower Hill (CoL)	110	£7	£31.50
EC4			
Baynard House (CoL)	233	£7	£31.50
Vintry, Bell Wharf Lane (NCP)	466	£9.60	£28.80
E1			
Whitechapel High Street (NCP)	90	£16	£28
SE1			
London Bridge (NCP)	460	£9.60	£28.80
Gainsford Street (Q Park)	502	£10	£30
SW1			
Spring Gardens (Q Park)	205	£16	£48
WC1			
Judd Street (NCP)	35	£10	£25
WC2			
Covent Garden (NCP)	330	£24	£30

Appendix 2 – On-Street Parking Tariff Benchmarking (Feb 2020)*

City of London

- Electric or hydrogen or hybrid: £4 per hour
- Petrol vehicles registered from 2005: £5.20
- Diesel vehicles registered from 2015: £5.20
- All other vehicles: £6.80

Westminster

- Pre-2015 Diesel vehicles between £3.75 & £7.35 per hour depending on zone
- Other vehicles between £2.50 and £4.90

Camden

- Diesel vehicles between £2.49 and £6.93 per hour depending on zone
- Non-diesel vehicles between £2.05 and £5.70
- Malet St Zone: £7.20 (all vehicles)

Islington

- All vehicles between £2.40 and £6.20 per hour depending on zone

Southwark

- All vehicles (cash payment): £3.20 to £6.50 per hour depending on zone
- All vehicles (phone payment): £2.75 to £6

Tower Hamlets

- Diesel vehicles between £6 and £7.50 per hour depending on zone
- Non-diesel vehicles between £4 and £5

Hackney

- All vehicles between £1.20 and £4.80 per hour depending on zone

Hammersmith & Fulham

- All vehicles between £2.50 and £3.20 per hour depending on zone

*Note the above figures relate to hourly tariffs Monday to Friday. Different tariffs or free parking often applies at weekends but this is excluded from the above benchmarking for simplicity.