

<b>Committee:</b>	<b>Date:</b>
Residents' Consultation Committee ( <b>for information</b> )	29 February 2016
Barbican Residential Committee ( <b>for decision</b> )	14 March 2016
<b>Subject:</b> Car Park Charging	<b>Public</b>
<b>Report of:</b> Director of Community and Children's Services	<b>For Information/ Decision</b>
<b>Report author:</b> Barry Ashton – Car Park and Security Manager	

### Summary

1. This report, which is for decision, seeks to extend the current charging policy for car parking on the Estate for a further nine months from June 2016 to March 2017.
2. Fees have been reviewed between 2009 and 2014 in relation to the annual increase in the Retail Price Index (RPI) published by the Office of National Statistics in the last available month before committee.
3. It is proposed to extend this charging policy for car parking for a further nine months from June 2016 to March 2017 and to review the policy again in December 2016.
4. This report also includes an analysis of local demand, utilisation, comparisons, income generation and a review of temporary car parking.

### **Recommendation**

5. That all car parking licence fees are to be subject to review from 24 June 2016 to allow appropriate notice to be given to car park users. The increase to be calculated by reference to the increase in RPI published by the Office for National Statistics between December 2014 (257.5) and December 2015 (260.6). The RPI published in December 2015 showed a year on year increase of 1.2%.
6. At current levels of occupancy these measures should increase car park revenue for the period of 24 June 2016 to 24 March 2017 by an estimated £8,855. The charging policy to be reviewed again in December 2016 in order to be in line with the City of London's full financial year.
7. That Temporary Car Parking becomes a cashless system, with payments to be made by Direct Debit, Credit/Debit Cards and Online payments.

## Main Report

### Background

8. Car parking charges were increased only once during the period 1997 to 2008. In 2008 the Car Park Charging report outlined a number of measures which could potentially reduce costs or increase income to the City Fund. The Barbican Residential Committee approved a 2 year Car Parking Charging Policy from 2008/2009 and the Barbican Estate Office was instructed to achieve additional income from the Barbican Estate Car Parks.
9. In 2011 the Barbican Residential Committee approved an annual review of the car park charges due to the highlighted financial pressures on the Barbican Estate Car Parks and on the City Fund.
10. The Barbican Residential Committee in 2014 resolved that the fees for car parking would be subject to an increase for that year; with the increase to be calculated by reference to the increase in RPI.
11. The method of utilising the RPI as a basis for reviewing car parking charges has been accepted by residents and this method of calculation has resulted in the following increases:

June 2010	June 2011	June 2012	June 2013	March 2014	March 2015
4.9%	nil	5.2 %	2.6%	2.4%	2.3%

12. The City's Service Based Review in 2014 detailed a 3 year budget reduction plan of generating income for 2017/18 of £124,000 for car parking and £30,000 for baggage stores which was approved by the Barbican Residential Committee.
  13. In December 2015 a report based on an increase in car park charges of 5% and not the RPI increase was recommended, was not approved by the Barbican Residential Committee. This report has been represented and should be read in conjunction with the Service Based Review report, which is also being presented at this committee.
- Car Park Charging**
14. If RPI uplift is the basis for reviewing car park charges for 2016/17 the increased income would be an estimated £8,855.
  15. There are currently 1508 car bays within the Barbican Estate's car parks. The below table details the current car bay letting figures and by applying the published December 2015 RPI increase of 1.2%, the following car parking charges will apply.

Licence Type	Number of Users	Current Rate	New Rate
Residential Car Bay	682	£1,210	£1,225
Daily Car Parking	7,800	£9.89	£10.00
Commercial Car Bay - excludes other contracts (inc. VAT)	10	£5,314	£5,378
Residential Motorcycle Bay	26	£226	£229
Bicycle Lockers	100	£85	£86

### **Car Park Occupancy**

16. The current car park occupancy rate is included in Appendix 1, with the overall occupancy rate at 67%.
17. The letting of residential car bays has continued to decrease, since 2006, regardless of price change. The history for the Barbican Estate Car Parking Bay usage is shown in Appendix 2.

### **Car Parking Charges Comparisons**

18. Charges for other car parks both public and private in the City of London are included in Appendix 3, together with the level of service provided. In this context it should be noted that although the Barbican Estate's current charges for residential parking of £1,210 p.a. are higher than those of the other City of London Corporation car parks listed (£740- £1,050 p.a.) these alternative car parks are offered on a first come first served basis and in terms of the service offered some are unmanned or only manned at specific times. Charges for car parks which offer similar services to the Barbican Estate are considerably higher (£1,524 - £4,000 p.a.) than those on the Barbican Estate.

### **Income Generation**

19. The Barbican Estate car parks continue to run at a loss and are subsidised by the City Fund, which is against City of London policy for best value for assets. A strategic audit of the car park's income, expenditure and financial viability will be included into our Departmental Audit Plan. Savings in the Barbican Estate car parks are part of the City's Service Based Review targets, with an options report also being presented to this committee, highlighting a way forward for a strategy for the car park account.
20. The financial position for 2015/16 has been helped by Deutsche Bank retaining 24 commercial bays, which are let at market value rates. However, they have surrendered 34 bays over the last two years.

21. The City of London Corporation's policy for the car parks is to balance the objectives of providing well managed and secure parking facilities on the one hand with seeking to fulfil its continuing obligation to obtain value for money in the use of City Fund resources.
22. Officers have been exploring a number of options and opportunities for unused car park areas following the Barbican Residential Committee's approval of the Service Based Review of additional income targets of £124,000 for the financial year 2017/18 for the car parks. These are outlined in the Service Based Review Report.
23. If RPI is the basis for reviewing car park charges for 2016/17 the increased income would be ££8,855. The charging policy will be reviewed again in nine months' time (charges based on 5% increase rather than RPI, in conjunction with a City audit of the Car Park Account).

### **Temporary Car Parking**

24. The Chamberlains Internal Audit Section recommended that Temporary Car Parking become a cashless system, with payments made by Direct Debit, Credit/Debit Cards and Online payments only. Payment for both temporary and permanent parking with cash is resource intensive (in terms of officers' time to issue, record, reconcile and bank the cash) and for that reason it is not at all cost effective when compared with cashless payment systems. The audit recommended that cash payments should be discouraged for Permanent Car Parking and not accepted at all for Temporary Car Parking.
  - Over a 12 month period the Barbican Estate Reception received 101 payments for Temporary Car Parking – less than 9 a month.
  - The total amount of cash/cheque payments received for Temporary Car Parking over this same 12 month period was £1,771 – less than £150 a month.
25. The overall car park income for the Barbican Estate is £1.4 million; however Temporary Car Parking contributes only £70k (5%). Many companies (TfL Buses & Dartford Crossing) have adopted a cashless approach for short term/low level payments and it is recommended that the Barbican Estate does the same.
26. It is also recommended that the Barbican Estate Office investigates further the phasing out of the old carbon paper ticket system in favour of the automated PayByPhone system.
27. The Barbican Estate Office provides the following to assist residents with PayByPhone:-
  - Leaflets
  - Posters/Flyers
  - Website
  - Stickers

- Letters
- Newsletters
- Email Broadcast
- Concierge Training (including how to assist a resident)

28. PayByPhone have confirmed that the marketing detailed above has increased payments to over 50% via this method, with the need to speak to a person now extremely low. The following table provides an analysis of transactions:

Transaction Method	Usage between Apr15 and Sep15
Mobile Web/App	71.43%
IVR (Interactive Voice Response)	25.78%
SMS	1.88%
Customer Services	0.91%

29. The Barbican Estate Office will continue to monitor and review the marketing of the automated PayByPhone system as it looks to phase out the carbon paper ticket system.

### **Financial Implications**

30. As the car park charging review has been delayed it will not be in line with the City of London's full Financial Year and for only nine months up to March 2017. It is anticipated that a review of the Barbican Estate's car park account by a City audit will inform future car park charging strategy in conjunction with the on-going Service Based Review.

31. The Original Budget for 2016-17 shows net expenditure, after capital charges, by the City on Car Parking is expected to be £237,000.

32. Due to an increase in City of London salary, National Insurance and a return to a full complement of concierge staff (including Pensions), financial year 2016/17 will see an increase in staff costs by £29,000.

### **Consultees**

33. The Chamberlain, Town Clerks, Comptroller & City Solicitor and City Surveyor have been consulted in the preparation of this report.

### **Conclusion**

34. The City has a duty to achieve a reasonable return from its assets having regard to market levels and any net surplus generated benefits the City Fund. The next review of car park charging in December 2016 will need to be carried out in conjunction with the Service Based Review and the City audit of the car park account.

**Background Papers:**

Car Park Strategy Stage One report 2009

Barbican Estate Car Park Efficiency Strategy Working Party report 2011

Car Park Charging Policy report 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 and 2016

**Ade Adetosoye**

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