

<b>Committee(s)</b>	<b>Dated:</b>
Residents' Consultation Committee - For Information Barbican Residential Committee – For decision	21/05/2018 04/06/2018
<b>Subject:</b> Charging Policy for Car Parking and Stores	<b>Public</b>
<b>Report of:</b> Director of Community and Children's Services	<b>For Decision by Barbican Residential Committee</b>
<b>Report authors:</b> Paul Murtagh Assistant Director Barbican & Property Services  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);
- There is currently a waiting list for additional storage of over 270 Barbican residents;
- The current 3-year Charging Policy for Stores expired in March 2018 and is due for review;
- The City Corporation has implemented an 'Efficiency Plan', which seeks to maximise income from its property assets;
- The City Corporation is carrying out a general review of all its car parks within the City.

At its meeting on 5 June 2017, the Barbican Residential Committee received a report on the Charging Policy for Car Parking on the Barbican Estate. The Committee agreed that a Member/Officer Working Party be established to carry out further work on the Charging Policy including, commissioning and considering advice from alternative independent consultants in relation to market rental levels for car parking and storage spaces and a study of car park usage and cost allocation, before bringing a report back to the Committee. The Working Party has now completed its task and, this report comprises an overview of the work done and its findings and recommendations.

## **Recommendations**

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

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

1. Agree the lettings policy that storage spaces in the car parks can be let to non-Barbican residents within 'walking distance' (defined as other City residents living within a half mile of the entrance to the car park where the stores are located) should there be insufficient demand from Barbican Estate residents.
2. Agree that this lettings policy comes into effect six months after the completion of the new stores project.
3. Agree that this lettings policy is subject to review 12 months after implementation by the Barbican Residential Committee.
4. Agree the charge of £40 per square foot, per annum, for 'Barbican Resident only' stores in the residential blocks and existing and new stores in the car parks with, the increase for existing users being phased in incrementally over a period of three years.
5. Agree the charge of £44 per square foot, per annum, for 'non-resident' stores in the car parks.
6. Agree the charge of £1,750 per car parking space, per annum, for new car park users.
7. Agree the charge of £1,750 per car parking space, per annum, for existing car park users, to be phased in incrementally over a period of three years.
8. Agree the policy that the above charges are reviewed annually with increases applied in line with the Consumer Price Index (CPI).
9. Further agree the policy that the above charges are reviewed and assessed every three years in line with opinions of value and market rent.
10. Agree that if any further car parking spaces become available as a result of a further reduction in car park occupancy, that officers review the possibility of utilising these spaces for potential further storage.
11. Agree that the Working Party further reviews the work of the Concierge Service (including the allocation of its costs) and the current provision of five 'free' hours temporary car parking for visitors, contractors etc.

## **Main Report**

### **Background**

1. Expenditure on car parking on the Barbican Estate has for some years significantly exceeded income. In 2016, the Barbican Residential Committee 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 (refer to Appendix 1 – New Stores Project Process) in order to generate additional income to meet the Service Based Review targets of £154k and annual efficiency savings from 2017/18 for the Barbican Estate.
2. Following consideration of a report on the charging policy for car parking and stores on the Barbican Estate at its meeting in December 2016, the Barbican Residential Committee instructed officers to obtain advice from an independent consultant on opinions of value of car parking and storage spaces and bring back to Committee the recommended charges.
3. A Charging Policy for Car Parking was subsequently presented to the Barbican Residential Committee at its meeting on 5 June 2017 however, members decided, as an interim measure, to increase the charges for 2017/18 in line with the Consumer Price Index.
4. Members also agreed that a Member/Officer Working Party be established to carry out further work on the Charging Policy including, commissioning and considering advice from alternative independent consultants in relation to market rental levels for car parking and storage spaces and, a study of car park usage and cost allocation, before bringing a report back to the Barbican Residential Committee.
5. The members of the Working Party are:
  - Ann Holmes (Chair) – Chairman of the BRC
  - Sue Pearson – 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
6. A Charging Policy for Stores was not presented to the Barbican Residential Committee on 5 June 2017 as there were unforeseen delays in the delivery of the new stores project and the current policy for existing stores did not in any event expire until March 2018.

### **Current Position**

7. The Member/Officer Working Party, which was set up at the instruction of the Barbican Residential Committee in June 2017, has now completed its work and its findings and recommendations are included at Appendix 2 to this report.

8. The Planning and Transportation Committee at its meeting in April 2018 approved the planning application for new stores in the car parks for residents and non-residents (see Appendix 1 paragraph 7). This report has been prepared on the basis of this decision. However, nothing in this report is detrimental to the granting of this planning consent and the subsequent conditions contained therein.

## **Options**

9. The Working Party considered worked examples of the charges and potential forecasted income for car parking and stores based on the independent opinions received and reviewed a number of options as outlined in Appendix 5 and 6.

## **Proposals**

10. A charge of £1,750 per car parking space per annum for new car park users (see Appendix 5).
11. A charge of £1,750 per car parking space, per annum, for existing car park users, to be phased in incrementally over a period of three years (see Appendix 5).
12. A charge of £40 per square foot, per annum, for existing and new stores in the residential blocks and car parks, phased in incrementally over a period of three years for existing users (see Appendix 6).
13. Although the valuation allows for 10-20% more if non-residents use them, this would not be invoked but a 10% surcharge would apply to cover the additional concierge charges for non-Barbican residents.
14. Charges for car parking spaces and stores to be reviewed annually based on the Consumer Price Index with an additional three-year review of charges based on opinions of value and market rent.
15. 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 these proposals take account of the independent consultants' opinion of value.
16. These proposals also take account of a previous report to the Barbican Residential Committee, which stated that if, the proposed charges are significantly higher than current ones, recommendations will be made regarding the phasing in of these increased payments for existing users.
17. In implementing these proposals, the City Corporation would be making a much better use of its assets (the Barbican car parks) in relation to the independent opinions of value and market rent received. The additional income would not only help in achieving the City Corporation's Efficiencies Savings targets, but would also potentially, provide for significant additional funding for future projects across the City including the Barbican Estate.

18. It is proposed to utilise further car parking spaces for storage as unused spaces become available as a result of, for example, possible further reductions in car park occupancy.
19. It is proposed that the use of the new stores in the car parks would be based on the letting policy as set out in Appendix 1 paragraph 8.
20. It is proposed to review the work of the Concierge Service (including the allocation of its costs) and the current provision of five 'free' hours temporary car parking for visitors, contractors etc.

### **Corporate & Strategic Implications**

21. 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 can be pursued.

### **Implications**

22. As the principle of utilising market rental levels as a basis for charging has been accepted, the additional income would not only help in achieving the City Corporation's Efficiencies Savings targets, but would also potentially, provide for significant additional funding for future projects across the City including the Barbican Estate.
23. The financial implications are set out in the main body of this report and are also included in Appendices 5 and 6.
24. Delays in the new stores project and an agreed charging policy have had a financial impact on the budget position for 2017/18 and will continue to do so for 2018/19. If a charging policy is not agreed by Committee at its meeting today, it will not be possible to give the required notification to licence holders in order to effect the increase from the September quarter (notice has to be given by 24 June). Any later than this and the increases would not come into effect until 25 December 2018.
25. Furthermore, following planning approval for the new stores in the car parks, the latest estimations are that contractors would be on site in the Summer and we would be in a position to commence letting in the Autumn. If a charging policy is not agreed by Committee at its meeting today it will not be possible to market these new stores to residents.

26. Delays in not approving the charging policy recommendations in this report today would result in a potential estimated loss of income of £145k for the quarter September to December 2018/19 based on the worked examples in appendices 5 and 6 (£15k would relate to car parks and £130k relating to stores).
27. The income from the stores in the car parks would be credited to the Car Park Account. Assuming a 15% reduction in overall car park usage as set out in the Appendix 5, the increased car park charges of £1,750 per space would increase net income by £135k per annum by 2020/21. The charge of £40 per square foot of storage would increase net income by £755k per annum by 2020/21 as set out in Appendix 6.
28. Dependent on the Members decision on the policy for surplus storage being available to those within walking distance, further additional income could be obtained
29. The forecasted possible reduction in car park occupancy due to the increased charges of 15% would also present the option to utilise further car parking spaces for storage as unused spaces become available. Note the breakeven point for the higher charges would be a reduction in usage of 28%.
30. Additional resources will be required to manage and administer the potential considerable changes that are expected to result from implementing these recommendations.

## **Conclusions**

31. The Member/Officer Working Party, set up at the instruction of the Barbican Residential Committee, has reviewed advice from independent consultants on opinions of value and market rent for car parking and storage spaces and their recommendations are laid out in paragraphs 1-11 of this report.
32. The Working Party further recommends that there is a review of the work of the Concierge Service (including the allocation of its costs) and the current provision of five 'free' hours temporary car parking for visitors, contractors etc.

## **Appendices**

- Appendix 1 – New stores project process
- Appendix 2 – Car Park Charging Working party report
- Appendix 3 – Brief to independent consultants
- Appendix 4 – Independent consultants' reports
- Appendix 5 – Worked examples of car park charges and potential forecasted income and costs
- Appendix 6 – Worked examples of stores charges and potential forecasted income and costs

## **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

### **Michael Bennett**

Head of Barbican Estates

Department of Community and Children's Services

T: 020 70293923

E: [michael.bennett@cityoflondon.gov.uk](mailto:michael.bennett@cityoflondon.gov.uk)