

Committee(s)	Dated:
Barbican Residential Committee – For decision	21/06/2018
Subject: Charging Policy for Car Parking and Stores	Public
Report of: Director of Community and Children's Services	For Decision by Barbican Residential Committee
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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 current 1-year Charging Policy for Car Parking expires in September 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 4 June 2018, the Barbican Residential Committee received a report on the Charging Policy for Car Parking on the Barbican Estate. The Committee agreed that the Member/Officer Working Party convene a further meeting to consider the comments made on the Charging Policy including representations from Members, residents and officers, before bringing a report back to a Special Meeting of the Barbican Residential Committee. The Working Party has now completed its task and, this report comprises an overview of its considerations and its recommendations.

Recommendations

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

1. Increase the Barbican car park charge per parking space for the ensuing year to £1,340 per annum and review charges again next year.
2. Instruct officers to carry out an Equalities Impact Assessment and report back to the Working Party so that recommendations as to whether a reduced charge should apply to disabled or similar users and, if so what the reduction should be.
3. Ask officers to consider whether the provision of free short-term parking by visitors, tradesmen and others, could, and if so should, be allocated to the service charge account, and whether the free period of parking should be altered, and report to a future meeting of the Working Party.
4. Ask officers to consider how an adjustment can be made, consistent with complying with the lessor's obligations and service charge provisions within the leases, in the way concierge and related services are provided and charged and make recommendations to the Working Party to consider prior to it making recommendations to the Committee.
5. Increase the rents for stores within Barbican buildings (that is, stores not constructed in the car parks) to £27.50 per square foot per annum (which are all classed as small/standard stores) and subject to review after one year.
6. Increase the rents of all existing stores within the car parks to £20.00 per square foot per annum.
7. To phase in the increase of rents for existing stores in the car parks currently let to existing users over a three-year period and that they be let at £14.00 per square foot per annum for the ensuing year.
8. To charge rents for the new stores to be constructed in the car parks at £20.00 per square foot per annum and subject to review after one year.
9. Agree the lettings policy for the new stores in the car parks in order that:
 - stores be first offered to Barbican residents and not offered to non-Barbican residents for at least 6 months after the first letting of a new store;
 - the minimum Barbican resident use of the new stores be set at 90 per cent (subject to review and depending on the take up of the new stores);
 - non-resident users be restricted to City residents whose home is not more than one half mile from the entrance to the car parks containing the store such residents would use;
 - the minimum rent to be charged to non-resident users be set at £40.00 plus vat per square foot per annum, subject to review;
 - officers be instructed to finalise the management plan and submit it to the planning authority for approval.

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 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 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, subject to conditions and the approval of a management plan.
6. A report on the Charging Policy for Car parking was presented to the Barbican Residential Committee on 4 June 2018. The Committee agreed that the Member/Officer Working Party convene a further meeting to consider the comments made on the Charging Policy including representations from Members, residents and officers, before bringing a report back to a Special Meeting of the Barbican Residential Committee.
7. The members of the Working Party are:
 - Michael Hudson (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

Current Position

8. The Member/Officer Working Party reconvened on 11 June and reconsidered all of the extensive communications from Members and residents.

Options

9. The Working Party took into consideration a number of factors with regards to the Car Park charges (see Appendix 1) and Stores charges (see Appendix 2).

Proposals from the Working Party

10. It was approximated that the present charge for residents to use the City public car parks effectively puts a cap on the amount that can currently be charged for the Barbican car parks of £1,500 per annum (that is, less than double the City public parking charge to residents), due to the likely reduction in the number of users of the Barbican car parks if the charge was to be increased beyond £1,500 per annum.
11. Charges should be for a one-year period in view of (i) actual occupancy and demand in the next twelve months and (ii) the officer group's work relating to the City's public car parks and the effect their recommendations (if accepted by the relevant committee) might have on the charges at those car parks.
12. If the direction of travel for Barbican Car Park charges was to move to £1,500 per annum it should be phased over three years. The phasing of such an increase would result in the following charges from September of each year:

Year	Charge (£)
2017/18 Current	1,258
2018/19	1,340
2019/20	1,420
2020/21	1,500

13. It is proposed that an increase to £1,340 per annum for 2018/19 would help establish elasticity of demand.
14. It is proposed that the following be taken into consideration in relation to a Stores charging policy:
- rents for storage accommodation in office buildings are to be included in assessing the price to charge Barbican residents;
 - lets to Barbican residents are generally longer term lets than lets with specialist storage providers;
 - availability of storage in nearby office buildings may limit the rents that can be charged for Barbican storage;

- the historic low level of some storage rents in the Barbican placed a cap on the immediate increase of those rents and the increase should be phased in over a 3-year period;
- increases of the levels considered by the Working Party would help establish elasticity of demand.

15. It is proposed to increase the rents for stores within Barbican buildings (that is, stores not constructed in the car parks) to £27.50 per square foot per annum (which are all classed as small/standard stores). The effect of this would be to increase charges from £313 per annum to £358 per annum.

16. It is proposed to increase the rents of all existing stores within the car parks to £20.00 per square foot per annum.

17. It is proposed that, in view of the current low level of rents for the existing stores in the car parks, to phase in the increase the rents for existing stores in the car parks currently let to existing users over a three-year period.

18. The phasing of such an increase would result in the following charges from September of each year:

Current Stores	Size (sq.ft.)	Current charge (£)	Charge per sq. ft. (£)	2018/19	Charge per sq. ft. (£)	2019/20	Charge per sq. ft. (£)	2020/21	Charge per sq. ft. (£)
Medium	32	373	11.65	448	14	544	17	640	20
Large	41	440	10.73	574	14	697	17	820	20

19. It is proposed to charge rents for the new stores to be constructed in the car parks at £20.00 per square foot per annum. This would result in the following charges for new stores:

New Stores	Size (sq.ft.)	Charge (£)
Large	43	860
Extra Large	61	1,220
Extra Extra Large	86	1,720

20. The following lettings policy be proposed in order to comply with the Planning Permission conditions permitting the new stores to be constructed:

- stores be first offered to Barbican residents and not offered to non-Barbican residents for at least 6 months after the first letting of a new store;
- the minimum Barbican resident use of the all new stores be set at 90 per cent (subject to review and depending on the take up of the new stores);

- non-resident users be restricted to City residents whose home is not more than one half mile from the entrance to the car parks containing the store such resident would use;
- the minimum rent to be charged to non-resident users be set at £40.00 plus vat per square foot per annum, subject to review;
- officers be instructed to finalise the management plan and submit it to the planning authority for approval.

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 be pursued.

Implications

22. 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 included in Appendices 3, 4 and 5.

24. Given the assumptions set out in the report, the adoption of these charging policies over the next three years would result in a small surplus of £29k being made by the car park area in 2020/21 as set out in Appendix 5. Clearly net income figures are sensitive to the level of occupancy and the assumptions around this should be kept under review in forthcoming periods as the level of charges increase.

25. 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.

26. Furthermore, following planning approval for the new stores in the car parks, the latest estimations are that contractors would be on site in the Autumn 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.

27. Dependent on the Members decision on the policy for surplus storage being available to those within walking distance, further additional income could be obtained.

28. Additional resources will be required to manage and administer the potential considerable changes that are expected to result from implementing these recommendations.

Conclusions

29. The Member/Officer Working Party, set up at the instruction of the Barbican Residential Committee, has reviewed comments from Members and residents presented at its last meeting on 4 June and their recommendations are laid out in paragraphs 1-9 of this report.

Appendices

- Appendix 1 – Car Park Charging considerations
- Appendix 2 – Stores Charging considerations
- Appendix 3 - Worked examples of stores charges and potential income and costs
- Appendix 4 – Worked examples of car park charges and potential income and costs
- Appendix 5 – Forecast of Car Park Account with car park stores income

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

Charging Policy for Car Parking and Stores June 2018

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