Leeds CITY COUNCIL

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| Agenda Item: |
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| Section: PARKING SERVICES |
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**Report to: Safer and Stronger Communities Scrutiny Board**

**Date: 16th January 2012**

**Subject: Parking prices in Leeds**

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|---|---|---|
| Are specific electoral Wards affected?<br>If relevant, name(s) of Ward(s): | Yes<br><br>Central wards are mostly affected | No |
| Are there implications for equality and diversity and cohesion and integration? | ☐ Yes | No |
| Is the decision eligible for Call-In? | ☐ Yes | No |
| Does the report contain confidential or exempt information?<br>If relevant, Access to Information Procedure Rule number: 10.4 (3)<br>Appendix number: Appendices 1, 2 and 3 | ☒ Yes | No |


## Summary of main issues

**The Council's approach to setting parking charges has been to encourage visitors to the city whilst tackling congestion and encouraging alternatives to commuting by car. This report explains the reasoning behind pricing decisions and the current issues regarding parking in the city as a whole.**


## 1 Purpose of this report

1.1 This report is submitted following a request from Safer and Stronger Communities Scrutiny Board for information about the price changes recently introduced.

## 2 Background information

2.1 At the moment the Council controls about 26% of the parking spaces in the City (5157 out of 18716 spaces). Of these, 1818 are short stay and 3340 are long stay. There are 2407 on-street and 2750 off street car park spaces run by the Council.

2.2 Unlike private operators, the Council is not allowed to run parking operations with the sole intention of generating revenue. Traffic rules, including prices, are set out in traffic orders and there must be a traffic management reason for all of them. As a result the Council does not pay VAT for on street parking revenue, and is currently pursuing a legal case to gain exemption from off street revenue.

2.3 In line with other traffic measures, parking charges have been set in accordance with the Local Transport Plan which directs the service to discourage commuter parking and tackle congestion. As a result of planning rules, all central on street spaces are short stay only.

2.4 In addition, Parking prices are used to support the wider aims of the Council, and these considerations outweigh commercial factors. For example Sunday and evening parking is free, as are most district car parks, in order to encourage shoppers and visitors. Prices are set below at below the market rate for Beckett Street car park as most of the customers are visiting hospital.

2.5 Only car parks that are included in Parking Services accounts are included in the figures below. The service also runs car parks on behalf of other Council departments at Queens Hall and Pudsey Civic Hall.

2.6 Parking prices are reviewed every year. The following factors are taken into account :

- Policy objectives
- Budget expectations
- Current income
- Levels of demand on a street by street basis
- Requests from the public
- Private sector prices and trends (appendix 3)
- Occupancy survey (appendix 4)

2.7 An analysis of the last 5 years shows the following :

| | On street | Change | off street | change | **TOTAL** | **Change** |
|---|---|---|---|---|---|---|
| 2007/08 | £3335865 | | £3970821 | | **£7306686** | |
| 2008/09 | £3541866 | 6% | £3992376 | 1% | **£7534242** | **3%** |
| 2009/10 | £3346903 | -6% | £4137918 | 4% | **£7484821** | **-1%** |
| 2010/11 | £3195893 | -5% | £3798883 | -8% | **£6994776** | **-7%** |
| 2011/12 est | £2992162 | -6% | £3645418 | -4% | **£6637580** | **-5%** |

In this period, the total decline from the peak in 2008/09 is 12%.

2.8 However, the 2010/11 figure is especially low as a result of the extremely bad weather in December 2010, which is normally the busiest month. There is also the increase in VAT on off street income from January 2011 which cost £24,000. Even with this factored in, the revenue was still down by 5% that year.

2.9 It is clear that there is a downward trend in income over the last 3 years. However, when the results are analysed further, there does not seem to be a correlation between an increase in prices and a decrease in income.

2.10 The following table shows the trends from the major car parks during the last few years. (Car parks which were shut or refurbished during this period have been excluded). The prices are structured into bands and change between weekdays and Saturdays. Each year the price changes vary from band to band and car park to car park. This translates to some bands staying the same, some increasing and some decreasing. However, the overall effect is usually a small overall increase. The movement reflected in the table is at the daily rate.

| | 2009/10 | | 2010/11 | | 2011/12 | |
|---|---|---|---|---|---|---|
| | **Price** | **Income** | **Price** | **Income** | **Price** | **Income** |
| Quarry Hill | Up 3% | Up 6% | Up 4% | Down 5% | Up 4% | Down 7% |
| Hunslet Lane / Meadow Lane | Up 3% | Up 3% | No change | No change | Up 4% | Up 2% |
| Maude Street | Up 7% | No change | Up 4% | Up 6% | Up 4% | Up 5% |
| Markets | Up 6% | Down 1% | No change | Down 3% | No change | Up 1% |
| West Street | No change | Down 8% | No change | Down 6% | No change | Down 19% |
| On Street | No change | Down 6% | No change | Down 5% | No change | Down 2% |
| Woodhouse Lane | Up 2% | Up 3% | Up 4% | Down 5% | Up 5% | Down 12% |
| Becket Street | No change | No change | No change | Down 3% | No change | Up 11% |

2.11 The income effects for 2011/12 are shown in appendix 1 as the trends are more easily seen in this format. The charges for 2011/12 were introduced in September 2011, although the machines were not all converted at the same time due to technological problems.

2.11.1 There are a number pf reasons why price is not the main driver for use of Council run parking spaces. :

Amongst the established car parks with planning consent , the Council remains the cheapest provider of parking in the city for both short and long stay. However there are currently a number of sites operating outside planning rulers by offering cheap all day parking and this has undoubtedly impacted on usage. A full list of car park prices is at appendix 2. The results of the most recent occupancy survey, from September 2011, are at appendix 3. Some relevant points are :

- The average long stay price for private car parks in the central zone is £14.73. The Council have 2 comparable sites, Queens Hall @ £10 and Woodhouse Lane @ £9
- The occupancy of LCC car parks is higher than the average, 75% as opposed to 68% in the latest survey.
- Car park occupancy across the whole city has fallen from 84% in 2008 to 68% in 2011, a reduction of 19%. However, LCC revenue has only fallen by 12% in this period.
- Footfall numbers show that the number of people in the City Centre has fallen by 17% from 2009 to the corresponding week in 2011, again this is higher than the reduction in parking revenue.

## 3 Woodhouse Lane

3.1 This is the only pay on exit multi storey car park in the portfolio. It is position sensitive as it is some way out of town, but is close to the university. Prices were changed on the fifth September, but on the 15th September the refurbishment work started. This removed 6 floors of capacity from the site during the refurbishment.

3.2 Competition from other providers in the area is becoming more intense, with the Merrion centre offering all day parking for Council employees for £5, a 63% reduction in the usual price. A desktop evaluation was carried out on the current pricing structure and usage trends. This principally looked to the consequences of reducing prices. The conclusion was that if if the prices were changed to a max £5 (including VAT) in September the shortfall in income Is projected to be £161k lower, or alternatively the site would require increase patronage of 19%. If introduced for a full year income would be down by £267k at current levels. This would require increased usage of 37% to replace the shortfall, which can not be achieved as the site doesn't have the capacity whilst the refurbishment is ongoing

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## 4 Other factors

4.1 There has been an increase in new car parks opening without planning consent in the last year with over 1000 spaces added. These are commonly more central than the more established (yet still without planning consent) car parks to the south of the city and offer cheap all day parking for about £5.

4.2 Executive Board recently considered the position of providing car parks to the south of the city and revised its local policy. Planning enforcement against these car parks has been suspended whilst applications under the new policy are being considered. Some operators have taken advantage of this to offer cheap all day parking.

4.3 Motoring costs have risen sharply in the last 12 months, with the AA reporting that the cost per mile driven has risen by 30%.

4.4 The overall economic situation remains difficult and parking income is down across the Country with annual reductions of 11 - 15 % being reported. The Country's biggest operator , NCP, reported losses of £93.5m in their most recent accounts.

## 5 Conclusion

5.1 Parking prices are set after consideration of a number of factors, not just revenue. The market in Leeds is very competitive and demand is falling whilst supply increases which inevitably leads to a drop in revenue. However, analysis of the data shows that the Council spaces remain both cheaper and more popular than the competition.

5.2 Whilst it is likely that a reduction in Council prices would lead to greater usage, this would have to be a significant cut to have any impact and this would lead to a further shortfall in revenue. It would not necessarily attract more people into the City as cheaper prices would cause displacement from other sites.

## 6 Recommendations

Scrutiny are asked to note the contents of this report