

# Arun District Council

<b>REPORT TO:</b>	<b>Policy &amp; Finance Committee - 24 October 2024</b>
<b>SUBJECT:</b>	<b>Two-Hour Town Centre Parking Schemes</b>
<b>LEAD OFFICER:</b>	<b>Karl Roberts, Director of Growth</b>
<b>LEAD MEMBER:</b>	<b>Councillor Martin Lury</b>
<b>WARDS:</b>	<b>All</b>
<b>CORPORATE PRIORITY / POLICY CONTEXT / CORPORATE VISION:</b>	
<p>Helping to improve the social, economic, and environmental wellbeing of the district by supporting footfall into the two principal town centres.</p> <p>The Council's Financial Strategy agreed on 10 January 2024 sets out the need to address the unsustainable use of its reserves via a combination of savings and revenue generation.</p>	
<b>DIRECTORATE POLICY CONTEXT:</b>	
<p>The proposed changes in this report support the Off-Street Parking Strategy 2021–2026 by continuing to review our charging structure to consider the changing needs of residents, visitors, and businesses within the district.</p>	
<b>FINANCIAL SUMMARY:</b>	
<p>The Environment Committee's decision to adjust the proposed price of £3 to £4 for virtual and £10 to £6 for physical discs will have a significant negative financial impact. This change from the recommended price is expected to reduce disc sale revenue by £123,200. Over a 5-year period, this would equate to £616,000. The proposal to lift the restriction on disc use from once per day has significant implications for town centre car parks. Individuals would effectively be able to park for free all day, jeopardising the substantial revenue of £370,209 generated from these car parks. Additionally, the revenue from town centre parking permit sales, amounting to £37,153, is also at risk. It is also essential to consider the broader impact on nearby car parks, such as those located on the seafront.</p> <p>Based on annual sales of 50,000 discs, (10,000 virtual discs and 40,000 physical discs), fixing disc prices for three years will have a further negative impact on revenue because the value of income earned will be eroded by the effect of inflation. It will also inhibit the Council's ability to make necessary price changes during this period. For example, inflation of 3% would reduce revenue by £38,818 over three years.</p>	

## 1. PURPOSE OF REPORT

- 1.1 To set out the resolutions of the Environment Committee on 19 September 2024 and its recommendations to the Policy and Finance Committee.

## **2. RECOMMENDATIONS**

2.1 It is recommended that the Committee considers the recommendations from the Environment Committee, as follows:

f) that the retail price point [of £4 for the virtual disc and £6 for the physical disc] be agreed for the next three years.

g) that the clause to use the disc and app only once per day should be removed.

## **3. EXECUTIVE SUMMARY**

3.1 The Council currently operates separate 2-hour parking schemes in Littlehampton and Bognor Regis with the aim of supporting town centre footfall, though there is a lack of robust evidence to link such schemes with footfall. The current 2-hour parking schemes in Bognor Regis and Littlehampton town centres both expire at the end of 2024. This report sets out the recommendations from the Environment Committee to the Policy and Finance Committee and their financial impact on the Council.

## **4. DETAIL**

4.1 A report was presented to the Environment Committee on 19 September 2024 with the recommendations of a Working Party which had been established to comprehensively review and make recommendation on the future of the 2-hour free parking schemes in Littlehampton and Bognor Regis. The full report is attached in Appendix A.

4.2 The report contained four recommendations for the Environment Committee's consideration:

- a. To delegate authority to the Group Head of Technical Services to implement a single 2-hour free town centre parking disc scheme to incorporate both Littlehampton and Bognor Regis town centres, with the scheme to be administered in both Littlehampton and Bognor Regis by Arun District Council.
- b. To agree the differential pricing for virtual and physical parking discs, whereby the virtual parking disc is cheaper than the physical counterpart to encourage transition to the virtual scheme.
- c. To agree the retail price points for both the virtual and physical parking discs for 2025 from the options in 4.19. The recommended retail price for the virtual disc is £3 and £10 for the physical disc. Thereafter decisions on the scheme are to be included within the Council's annual budget setting process, as with other tariffs.

- d. To delegate authority to the Group Head of Technical Services to make any necessary changes to the Council's Parking Orders and to take any other actions necessary to enable the scheme to take effect.

4.3 The Environment Committee resolved to agree recommendations a, b and d as set out above, and agreed amendments to recommendation 'c' together with three additional recommendations. The Committee resolved that:

- a. authority be delegated to the Group Head of Technical Services to implement a single 2-hour free town centre parking disc scheme to incorporate both Littlehampton and Bognor Regis town centres, with the scheme to be administered in both Littlehampton and Bognor Regis by Arun District Council.
- b. differential pricing be agreed for virtual and physical parking discs, whereby the virtual parking disc is cheaper than the physical counterpart to encourage transition to the virtual scheme.
- c. the retail price points for both the virtual and physical parking discs for 2025 from the options in 4.19 be agreed, with the retail price for the virtual disc being £4 and £6 for the physical disc.
- d. authority be delegated to the Group Head of Technical Services to make any necessary changes to the Council's Parking Orders and to take any other actions necessary to enable the scheme to take effect.
- e. card discs should be supplied to traders on a strictly sale or return basis.

RECOMMEND TO THE POLICY & FINANCE COMMITTEE that

- f. the retail price point (set out in c. above) should be fixed for a period of three years.**
- g. the clause to use the disc and app only once per day should be removed.**

**It is recommendations f and g, highlighted in bold, that the Environment Committee resolved be referred to the Policy & Finance Committee for consideration.**

4.4 The adjustment of the pricing of the physical discs from £10 to £6 will have a detrimental effect on the level of revenue the Council generates via disc sales. The tables below set out the revenue lost relative to the prices recommended to Environment Committee. The per disc revenue generated for the Council if the retail price of the discs is £6 is £4.31. This figure is inclusive of production costs, VAT and retailer allowances. This revenue is increased to £7.64 per disc if sold at a retail price of £10. Based on the most likely ratio of physical:virtual discs the impact of the price change agreed by Environment Committee relative to the recommended prices is estimated to be -£123,200.

<b>Projected Income</b>	<b>£3 Retail Price (Recommended)</b>	<b>£4 Retail Price (Agreed)</b>	<b>Difference</b>
10,000 Virtual disc sales	£29,000	£39,000	+£10,000
<b>Projected Income</b>	<b>£10 Retail Price (Recommended)</b>	<b>£6 Retail Price (Agreed)</b>	<b>Difference</b>
40,000 Physical disc sales	£305,600	£172,400	-£133,200
<b>Total Income Generated</b>	<b>£334,600</b>	<b>£211,400</b>	<b>-£123,200</b>

- 4.5 Two further amendments to the recommendations were suggested by members of the Committee, which included removing the condition that the discs can only be used once per day. Due to the financial impact of these amendments to the Council, Officers recommended that the amendments be presented to the Policy and Finance Committee for consideration. The Environment Committee subsequently resolved to refer two amendments to the report to the Policy and Finance Committee.
- 4.6 Locking in the cost of the parking discs would provide price certainty to customers and retailers for the next three years. However, it would also eliminate the Council's ability to increase the price of discs in line with inflation. The cost to produce and administer the physical parking disc will increase annually and fixing the retail price of the disc would remove the flexibility to adapt to these appreciations. As the cost of disc production and administration increases, the Council would see a reduction of real income from sales of both the physical and virtual parking discs. This revenue gap would be increased further if the participating town centre car park tariffs are increased in line with inflation, as they have for the last two years.
- 4.7 In addition to erosion of the Council's revenue by inflation over the three years, fixing the prices for 3 years in the way proposed by the Environment Committee would also reduce the flexibility available to the Council to adjust its revenue.
- 4.8 A previous (pre-2024) iteration of disc scheme included the condition 'parking is for a maximum period of two hours with no return permitted within one hour'. The Environment Committee resolved on 7 September 2023 to remove this condition and to introduce the once-a-day usage restriction. This came into effect on 1 January 2024, when the Council assumed management of both the Littlehampton and Bognor Regis schemes. The report presented to the Environment Committee is attached at Appendix B.
- 4.9 In the report presented to the Environment Committee on 7 September 2023, it was expounded that the existing terms did not prohibit disc holders from relocating their vehicle to an alternate car park or returning to the original car park for a further 2 hours of free parking, allowing the user to park for free all

day. This is not the intended purpose of the scheme and had a detrimental impact on the revenue generated by Council car parks.

- 4.10 After this condition was changed the revenue from the six car parks increased by £34,645. Of this £29,018 per annum is considered to be attributable to the condition change, with the rest attributable to tariff increases. The recommendation from Environment Committee to remove the single use per day restriction makes the scheme less restrictive than the pre-2024 iteration, allowing unlimited use of the 2 free hours without a non-return period. It follows that the resulting revenue losses would exceed £29,018 per annum. The total revenue generated by the six participating car parks over the last financial year was £370,209. It is anticipated that the revenue generated by these car parks will increase further for 2024/2025 due to the tariff increases that were effective from 1 April 2024.
- 4.11 Removing the clause that both the virtual and physical discs can only be used once a day could have a significant detrimental impact on the £370,209 revenue generated by the Council within these car parks.
- 4.12 Parking Services recently commissioned a Car Park Study which included assessing the 2-hour free parking scheme. The consultants have commented that, although it is difficult to estimate the loss of revenue precisely, all town centre car parks participating in the schemes are underperforming compared to similar car parks in other comparable town centres. Hothampton car park is underperforming significantly and the per bay income should be nearly double what it is currently. The car park generates £928 per bay currently compared to the estimated £1,700 per bay it should be generating. Hothampton car park is currently the third highest revenue generating car park the Council own, outperformed only by the neighbouring Regis Centre car park (Bognor Regis) and West Green car park (Littlehampton). The per bay income is likely to decrease further across all six car parks if the once per day usage condition is removed.
- 4.13 Moreover, the Council currently offer a range of town centre parking permits, which range in price from £165 for a 7-day 1 month permit, to £550 for a 7-day annual permit. The Council also offer a permit solely for use within Fitzleet Mutli-Storey car park. With the removal of the once-a-day usage clause, there will be no incentive for customers to purchase town centre permits as the discs can be extended to provide free all-day parking. This would have a further detrimental impact on the income received by the Council through the sale of permits. From 1 April 2024, 105 town centre permits have been purchased, generating £37,153 in revenue for the Council. In addition, as some seafront seasonal car parks are only a short distance from a number of participating town centre car parks, the removal of the once per day usage clause may also impact the revenue generated by seasonal car parks and the sale of seasonal car park permits. Similarly, from 1 April 2024, 76 seasonal permits have been purchased, generating £16,136 in revenue.
- 4.14 If the parking discs can be used multiple times a day, it may also have a detrimental impact on the revenue generated by neighbouring town centre car parks. As both Surrey Street and River Road car parks are only a short walk

from St Martins car park, there would be little incentive for motorists to park within these two car parks. The table below sets out the income generated by these car parks for the last two financial years.

<b>Car Park</b>	<b>2022/2023</b>	<b>2023/2024</b>
<b>Surrey Street</b>	£20,169	£46,530
<b>River Road</b>	£17,721	£23,981
<b>Total</b>	<b>£37,890</b>	<b>£70,511</b>

- 4.15 Usage of the current free parking scheme is estimated to be costing the Council £1.2m per annum in foregone parking revenue, with potential additional costs due to the misuse of physical permits. This figure is based on 50,000 parking discs being used once a month, less the revenue generated via disc sales. The table below sets out the potential loss of parking revenue to the Council based on varying disc sales and usage. The figures below are not inclusive of any revenue generated via disc sales.

<b>Loss of Revenue</b>	<b>Loss of revenue – based on once-a-year usage</b>	<b>Loss of revenue – based on once-a-month usage</b>	<b>Loss of revenue – based on once-a-week usage</b>
<b>30,000 Sales</b>	£66,000	£792,000	£3,432,000
<b>40,000 Sales</b>	£88,000	£1,056,000	£4,576,000
<b>50,000 Sales</b>	£110,000	£1,320,000	£5,720,000

- 4.16 Sample data from virtual permit activations revealed key insights into the usage frequency of discs: monthly on average. With an estimated 50,000 disc sales, the projected net annual revenue loss based on monthly use for 2024 is £1,229,751. It should also be noted that recent consultation revealed 55% weekly usage or greater. The 338 responses to the consultation indicate that usage of the parking discs may be higher than initially calculated. Using the limited data sample size received, extrapolated over 50,000 parking disc sales, the parking revenue forgone by the Council would be approximately £7.3 million. The data received during the consultation is set out in section 5.3.
- 4.17 In addition, the physical parking discs are currently challenging to enforce within the car park and are open to abuse. This is due to the Civil Enforcement Officers having to attend the car parks every couple of hours and take photographs of each vehicle displaying a parking disc, which is time consuming. The Council enforces parking restrictions across an extensive area and has limited resource to carry out these duties. To increase the usage of the disc to multiple times a day would complicate enforcement of the parking discs further and render the scheme virtually unenforceable.
- 4.18 It is impossible to establish the exact loss of revenue that the Council would incur from the implementation of the two proposed amendments. However, both recommendations would increase the cost of the scheme to the Council and may have a significant detrimental impact on other revenue streams.

4.19 Whilst members desire to support the town centres of our two largest towns it is understood there is a lack of data at present on whether the 2 hour free parking is actually beneficial. If decisions are now taken which impact significantly on car parking revenues then members need to be aware that the Council will inevitably have to make difficult decisions about how it funds services in the future. Members have been advised of the Councils financial position on numerous occasions and all decisions have consequences.

## 5. CONSULTATION

5.1 A Working Party was established by the Environment Committee on 7 September 2023. It comprised Arun District Councillors from the Environment Committee, 2 reps from each of the Town Councils and a representative of Bognor Regis BID and of Littlehampton traders. The Working Party made suggestions, were provided with a significant volume of information about options and their practical and financial implications and debated this before making recommendations to the Environment Committee. The Working Party's recommendations did not include the two recommendations made to Policy & Finance Committee.

5.2 Prior to the recommendations being presented to the Environment Committee a public consultation was carried out. The outcome of the consultation was used to guide the retail price of both the physical and virtual parking discs recommended to the Environment Committee. A total of 338 responses were received by the Council during this period.

5.3 The consultation results have provided the Council with some, albeit limited, usage data for both the physical and virtual parking discs. Throughout the previous reports presented, the majority of financial calculations were based on a once per month usage assumption. The results from the consultation indicate that the disc usage figures may be higher than initially calculated. The table below sets out the usage data provided during the consultation.

Frequency of use	Every day	More than once per week	Once a week	Fortnightly	Monthly	Less than once a month	Never/ not used yet	Spoiled	Total
Responses received	5	90	91	55	50	20	17	10	338
Percentage	1.5%	26.5%	27%	16%	15%	6%	5%	3%	100%

## 6. OPTIONS / ALTERNATIVES CONSIDERED

6.1 A number of proposals for the future of the free parking scheme were considered at length by members of the Working Party.

6.2 Recommendations were agreed during the final meeting of the Working Party, which were presented to the Environment Committee on 19 September 2024.

- 6.3 One of the proposals discussed during the final Working Party meeting was to remove the clause that the discs can only be used once per day. This recommendation was debated by the Working Party and a decision was taken not to recommend this to the Environment Committee.

## **7. COMMENTS BY THE GROUP HEAD OF FINANCE/SECTION 151 OFFICER**

- 7.1 The current free parking scheme is costing the Council approximately £1.2m in foregone parking revenue, with potential additional costs stemming from the misuse of physical permits. Recent consultation also reveals more frequent permit usage than initially estimated and external consultants highlight that our revenue generation per bay is already lower than anticipated.
- 7.2 The Council faces financial challenges, including a £4.3m use of reserves in 2023/24 to address budgetary shortfalls, underscoring the need for strategies to mitigate lost revenues and enhance financial sustainability. However, the proposed measures by the Environment Committee would have a substantial negative financial impact on the Council's ability to close its structural budget deficit and cease its reliance on the use of Reserves to fund the revenue budget.
- 7.3 Furthermore, the Council has a duty to maximise its income streams to fund and protect essential public services. Members must be aware that the alternative recommendations made by Environment Committee will reduce this Council's ability to reduce its already sizeable structural budget deficit. Ultimately, this could result in a reduction of service provision elsewhere and potentially staff redundancies.

## **8. RISK ASSESSMENT CONSIDERATIONS**

- 8.1 Locking in the cost of both the virtual and physical discs eliminates the Council's ability to adapt to inflation and rising production and administrative costs. This could increase the cost of the scheme to the Council further.
- 8.2 Removing the once per day usage clause could have a substantial detrimental effect on several revenue streams for the Council. If the discs can be used to obtain free all-day parking, there would be little incentive for motorists to use alternative town centre or seasonal car parks or to purchase car park permits offered by the Council. It is not possible to calculate with any certainty the financial impact the recommendations would have for the Council, but the value of foregone revenue is significant.
- 8.3 Continuing the production of physical parking discs will not address their misuse by users in all participating car parks. Due to the nature of the discs, and lack of usage data, it is extremely challenging to provide information regarding their usage and abuse.
- 8.4 "There is a lack of robust evidence that can be used to link car parking strategies and town centre footfall" (Assessing the Impact of Car Parking Charges on Town Centre Footfall: Prepared for the Welsh Government by MRUK Research



in 2015 – full report attached in Appendix C). The risk is that by continuing to operate a two-hour parking scheme, the Council foregoes approximately £1.2 million revenue per annum without making a material impact on footfall in the town centres.

## **9. COMMENTS OF THE GROUP HEAD OF LAW AND GOVERNANCE & MONITORING OFFICER**

- 9.1 Under section 35 of the Road Traffic Regulation Act 1984 (“the Act”), the Council may provide off street parking places and charge for the use of them. Further under section 45 of the Act, the Council may designate parking places on a highway and charge for the use of them including the issuing of parking permits.
- 9.2 Any changes to the existing terms and conditions and or charges in the carparks will require a variation to the Off-Street Parking Order.
- 9.3 A Variation Order requires a notice in the car park that the tariff change relates to and in the local newspaper. The Council must allow 21 days before the new fees come into effect.

## **10. HUMAN RESOURCES IMPACT**

- 10.1 Removing the once-a-day usage condition would increase the work required to ensure the scheme is enforceable. This is not possible with the resources currently available. To ensure that the scheme is enforceable would likely require significant additional contractor resource at a cost to the Council. This additional cost would not be recovered through the sale of parking discs.

## **11. HEALTH & SAFETY IMPACT**

- 11.1 There are no direct health and safety impacts from the proposals regarding the variation to the parking fees or the amendments to the Parking Order.

## **12. PROPERTY & ESTATES IMPACT**

- 12.1 The Council’s car parks require regular maintenance to ensure that they remain in a good and safe condition to be used by members of the public.
- 12.2 Maintenance is part-funded from penalty charge notices and part-funded from the Council’s general revenue budget. Income from parking charges is needed to support the latter funding source.

## **13. EQUALITIES IMPACT ASSESSMENT (EIA) / SOCIAL VALUE**

13.1 An Equalities Impact Assessment has been undertaken (attached as part of Appendix A) and no adverse impacts have been identified on any of the protected characteristics as a consequence of the recommended option.

#### **14. CLIMATE CHANGE & ENVIRONMENTAL IMPACT/SOCIAL VALUE**

14.1 The progression from cardboard discs to a virtual permit system would have a positive environmental impact. Currently, approximately 50,000 cardboard discs are being produced, stored, and distributed annually. By encouraging customers to transition to a virtual permit system, the environmental impact would be reduced.

#### **15. CRIME AND DISORDER REDUCTION IMPACT**

15.1 The proposal has no impact on crime and disorder.

#### **16. HUMAN RIGHTS IMPACT**

16.1 The proposals do not adversely impact on human rights.

#### **17. FREEDOM OF INFORMATION / DATA PROTECTION CONSIDERATIONS**

17.1 There are no specific Freedom of Information or Data Protection Consideration issues arising from the proposals of this report.

17.2 Any personal data will be handled in accordance with the General Data Protection Regulations.

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#### **CONTACT OFFICER:**

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#### **BACKGROUND DOCUMENTS:**

[Council Vision 2022 - 2026 | Arun District Council](#)

[Off Street Parking Strategy 2021-2026 | Arun District Council](#)

[Carbon neutral strategy | Arun District Council](#)

**Appendix A** – Full Report to the Environment Committee on 19 September 2024 - [\(Public Pack\)Agenda Document for Environment Committee, 19/09/2024 18:00 \(arun.gov.uk\)](#)

**Appendix B** – Full report to the Environment Committee on 7 September 2023 - ([Public Pack](#))[Agenda Document for Environment Committee, 07/09/2023 18:00 \(arun.gov.uk\)](#)

**Appendix C** - [150610-assessing-impact-car-parking-charges-town-centre-footfall-en.pdf \(gov.wales\)](#)