

# **Introduction of Charges for Car Parking in Major City Parks**

**- The Place Directorate**



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## **Business Case for the Introduction of Charges for Car Parking in Major City Parks**

### **1. Executive Summary**

This document sets out the business case for implementing charges for Car Parking in major parks within the City.

#### 1.1 Context

Birmingham City Council (BCC) operates a number of popular and successful parks within the City - most of which provide car parking facilities free at the point of access. As part of the consultation on the BCC budget for 2017/18 a proposal has been tabled to reduce the budget for Parks by 10% - with significant implications on the range and quality of service provision within Parks. These funding reductions come on top of a currently unrealised income target of £0.08m for implementation of parking charges in Cannon Hill Park.

To mitigate the impact on services and citizens the Council is exploring a number of options to generate income and develop commercial opportunities. One such opportunity is the implementation of car parking charges within major parks in the City.

#### 1.2 Proposal

To enable the Council to maximise the income received from car parking charges, it is proposed that a phased approach is taken to the introduction of charges – prioritising the parks with the highest potential for income– Sutton Park and Cannon Hill Park. Therefore the proposed phasing is:

- Phase 1a – June 2017 – Implementation at Sutton Park
- Phase 1b – April 2017 – Implementation at Cannon Hill Park
- Phase 2 – Autumn/Winter 2017/18 - Implementation at other major parks where there is a business case to do so.

Although it is expected that there will be flexibility within the scheme, it is proposed that initially the scheme is implemented with standard charges which:

- do not exceed £3 per day (charge to be set finalised following consultation) and
- an annual season ticket for car parking of £50 (to exclude Cannon Hill Park).

It is proposed that a review of parking charges takes places on an annual basis and flexibility is built in to increase/decrease charges in line with seasonal or event based demand.

On-street parking measures will be considered in areas where there is a high potential of displacement parking impacting negatively on local residents and funded via income from this scheme.

The scheme will encourage the usage of cashless parking options, but there will be cash payment machines available in all car parks.

Specific improvement works to car parking infrastructure in parks will be developed as part of a separate business case.

### 1.3 Financial Case

The financial case associated with this scheme includes some up front capital investment to implement the charging regime (i.e. Project Management, implementation of parking orders and equipment) and also includes revenue costs associated with running the scheme.

Assumptions are set out in the financial section of the business case (section 6) but is based on a 20% reduction on current usage. The anticipated financial position is of a net surplus in 17/18 of £0.25m (part year of operation), £0.39m in 18/19 – with potential for increased income following the roll out of phase 2.

An additional benefit of this scheme is that it will enable Birmingham to benefit from income from outside of the City as many parks have a high number of users from outside of the City.

**N.B. Financials are subject to the agreement of charges, which will be finalised following consultation with key stakeholders.**

### 1.4 Cannon Hill Park and Relationship with Midlands Art Centre and Capital Improvements

Discussions are currently ongoing with the Midlands Arts Centre around the management and usage of Cannon Hill Park, which is likely to lead to an agreement being reached to share revenue/management of the facility.

In addition there is a desire to invest in some of the facilities and infrastructure at Cannon Hill Park, which income received will contribute to (e.g. lighting).

Therefore the treatment of the income from Cannon Hill Park is subject to the outcome of these discussions.

### 1.5 Key Risks/Dependencies

There are a number of key risks and dependencies for which a mitigation and management plan will be put in place – these risks focus around:

- Adverse reaction from stakeholders
- Delays to the scheme impacting on the realisation of income
- Negative impact on local residents caused by displacement parking
- Negative impact on the usage of City Parks

## 2. Background

### 2.1 Birmingham City Council

Birmingham City Council (BCC) is ambitious for the City. As a Council we are putting citizens first in aiming to deliver: new housing; high quality outcomes for children and older people; a positive impact on the health of the City and create new employment and inclusive regeneration.

BCC is aiming to achieve these goals in an environment of unprecedented funding pressures in local government, with a disproportionate impact on large cities. The ongoing removal of Central Government funding streams has created a need for Councils to think differently in delivering services. A key part of Birmingham's response is to embed Commercialism across the organisation, seeking the opportunity to sweat assets and drive income for the Council - reducing the need for cuts to services. However, this will also lead to some difficult decisions – including leveraging a charge for services that had previously been provided free at the point of access.

### 2.2 Parks Service

BCC operates a successful and popular Parks service, providing a range of Parks across the BCC region – including 7 'major' parks that are utilised not only by City residents, but also attract users from across the region. These parks are Cannon Hill Park (including Birmingham Wildlife Conservation Park), Sutton Park, Rectory Park, Perry Park, Edgbaston Reservoir, Victoria Common and Lickey Hills Country Park. It is estimated that these seven parks have 25 million visitors per year. As part of the 2017/18 budget consultation 10% funding reductions to parks have been proposed, which will have a significant impact on the type and quality of the offer provided in parks.

Therefore the Parks service at BCC are exploring a range of opportunities to generate additional revenue, which will help offset some elements of funding reductions and provide new opportunities going forward for further revenue. One option being explored is the introduction of parking charges within the seven major parks within the City.

**Any revenue generated from charging for car parking in City Parks will be used to mitigate the impact of funding reductions on the Parks service and therefore be used to fund and invest in parks.**

Please note there is an existing unmet budget saving of £0.08m per year for car parking in parks. Income from the scheme proposed in this business case will be used to fund this existing pressure.

### 2.3 Car Parking in Parks

There are over 3500 car parking spaces across the 7 'major' parks within the City and currently the only charges for car parking that are levied are:

- a £2 daily charge at Sutton Park on Sundays and Bank Holidays during the summer (generating more than £56k over the 28 days of operation)
- parking at Cannon Hill Park on major match days at Edgbaston Cricket Ground (operated by a third party).

Although much of the car parking is used by park users, informal surveys have demonstrated that car parks are also heavily utilised as 'free' car parking for work, hospital visits, shopping and many other different uses. Informal intelligence also suggest that a high percentage of users of car parks are not residents of Birmingham, all of which contributes to a high usage of the car parking facilities throughout the week.

## 2.4 Other Local Authorities

Regionally and nationally a high percentage of local authorities charge for car parking in their major parks. For example, Nottingham City Council charge at a number of venues including Wollaton Park and Colwick Park; Derby City Council charge for car parking at Markeaton Park; and Warwickshire County Council charge for parking at Kingsbury Water Park. In each of these cases revenue is used to support the ongoing delivery of parks services and to maintain and improve infrastructure within car parks.

## 2.5 Relationship with Midlands Arts Centre

Alongside this piece of work there are discussions ongoing with the Midlands Arts Centre that focus on the use of Cannon Hill Park and the opportunity to generate revenue. The operations of the car park and the division of any income form part of these discussions. The outcome of these discussions will impact on both the division of revenue and the management of the assets at Cannon Hill Park.

However, it is highly likely that any future arrangement with the Midlands Art Centre will involve the introduction of car parking charges at Cannon Hill Park and therefore it is proposed to begin the process of implementation.

## 2.6 Impact on Local Residents

One key aspect to successfully implementing car parking charges in parks is to minimise the negative impact on local residents and therefore consideration will be given to utilising further parking controls where there is considered to be potential for high level of impact on local residents and funded by income from this scheme.

## 2.7 Impact on Parks Usage

There is a risk that there would be a negative impact on the usage of parks by implementing a charge for car parking., This will be mitigated through the development of a blended scheme incorporating a high value for money annual season ticket for regular users alongside hourly / daily charges. Introduction of charges will be accompanied by a complementary promotion of public and other transport options. This element will be explored further in section 8 Risks and Mitigations.

## 2.8 Cashless Parking

The City favours a cashless 'pay by mobile' parking approach, as this option is the most secure, reduces vulnerability and is most efficient from a capital and revenue perspective. Therefore the 'cashless' approach will be incentivised and heavily promoted. However using this as the sole payment options is likely to have an adverse impact on park users, income and reputation – so it is also proposed to have traditional payment machines available at each site.

## 2.9 Approach

This business case proposes a phased approach, with phase one focussing on the City's two most popular parks - Sutton Park (phase 1a) and Cannon Hill Park (phase 1b). If this is successful phase 2 will move to implement a scheme across the other 5 parks where there is a business case to do so.

To accelerate the scheme it is proposed to implement the scheme quickly, with minimal upfront investment but to identify and timetable a programme of improvement works on a business case by business case basis.

### **3. Strategic Fit**

Introducing charges for car parking in parks support other areas of priority for BCC, including:

#### **3.1 Promotion of Public and Green Transport Options:**

Promoting and driving sustainability is a core priority of the Council, particularly related to transport and travel options. Implementing a car parking charge at car parks would support this priority.

There are public transport options serving each of our 'major' parks, which are also supported by 'green' transport facilities (e.g. cycle facilities). The introduction of car parking charges would be accompanied by a promotion of these alternative forms of transport.

It is anticipated that introducing parking charges and promoting other travel options will help to incentivise the use of 'green' forms of transport.

#### **3.2 Commercialism:**

Commercialism focuses on maximising the value of every asset within the organisation to drive a financial return, which will enable the authority to protect other services to Birmingham. As part of the Commercialism approach work is taking place across the organisation to identify income opportunities to enable the continued provision of key services to citizens.



#### **4. Scope**

Within the scope of this project is the following:

1. Introduction of a charges for parking in City Parks, including agreeing the fee structure and any related TROs that are required
2. Introduction and installation of a mechanism for payments (e.g. ticket machines/cashless)
3. Any consultation required prior to introduction
4. Implementation of any related highways orders and parking schemes in local neighbourhoods
5. Advertising and promotion of the new charging regime and alternative transport availability
6. Navigating the various approvals and permissions from within BCC, including charities and trust committee, cabinet and full council.

## 5. Options Appraised

Other options considered include:

1. **Do Nothing** – Continue to provide parking for free at all City Parks (with the exception of Sutton Park on Sundays) – this is a viable option but misses the opportunity to generate approximately £0.4m of income to be re-invested in to the service and facilities and also further encourage the use of greener travel across the city.
2. **Introduce Phased Option** – Introduce parking schemes in Sutton Park in June 2017 and Cannon Hill Park in April 2017, review the impact and make a decision on a business case by business case basis as to whether to introduce in other parks across the City towards the end of 2017/18. **PREFERRED OPTION.**
3. **Implement a Scheme Across all Major City Parks** – Introduce a full scheme covering all 7 City Parks in year one. This is a viable option, but there is a risk that a single introduction will lead to delays in implementation across all schemes and therefore a loss of potential revenue. A single implementation would also provide no opportunity to continuous review and improve the development of the scheme.
4. **Implement a Full Scheme across all Parks in the City with off-street parking** – Introduce a charging scheme at all City Parks with off-street car parking. This is a viable option that could be implemented, but it is likely that levels of returns at smaller parks across the City will be minimal.

The option to introduce parking charges on a phased basis is the preferred option, as accelerating the introduction at Cannon Hill and Sutton Park is likely to maximise the income generated, limit the level of negative publicity and provide an opportunity to assess and ascertain whether rolling the scheme out further will be advantageous.

## 6. Financial case

The financial case set out below covers a likely cased scenario based on a number of assumptions, including:

1. A flexible charging model being operated, with a 'premium' price at Sutton and Cannon Hill Parks and the ability to be flexible to local conditions in other parks
2. Season tickets being available for regular users
3. Enforcement taking place as part of Birmingham's wider parking enforcement contract and incur no additional charge, however any penalty charge notice income will be realised as part of the Parking Services budget
4. Relevant parking orders being put in place at both the car parks themselves and surrounding streets
5. A range of payment options being available, but where possible cashless parking will be promoted
6. The current £20k surplus achieved through charging on a Sunday at Sutton Park being absorbed within this scheme
7. Income at Cannon Hill Park being subject to an agreement with the MAC and will be utilised to fund capital investment in infrastructure – which will be agreed via the Charities and Trusts committee.

### 6.1 Income and Expenditure:

The business case for implementing the parking scheme will include a range of income and expenditure.

Income streams will include:

- Pay as you park options
- Quarterly/Seasonal/Annual season tickets for individuals
- Corporate arrangements with relevant businesses

One off expenditure to be funded on an invest to save base of approximately £110k which will include:

- Investment in equipment/machinery
- Implementation of parking orders
- Project Management.

Ongoing annual revenue expenditure will include:

- Maintenance in car parks
- Revenue costs associated with cash collection and management
- Revenue costs associated with cashless parking.

The table below sets out the projected the financial position of each park.

	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	Total £'000
<b>Capital Investment</b>					
Sutton Park	70	-	-	-	70
Cannon Hill Park	40	-	-	-	40
<b>Total Expenditure</b>	<b>110</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>110</b>

<b>Funding</b>					
Prudential Borrowing	(110)	-	-	-	(110)
<b>Total Funding</b>	<b>(110)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(110)</b>
<b>Revenue Consequences</b>					
Car Parking Income	(294)	(434)	(434)	(434)	(1,596)
Operating Costs	19	25	25	25	94
Borrowing Costs	22	23	23	23	91
<b>Net Surplus</b>	<b>(253)</b>	<b>(386)</b>	<b>(386)</b>	<b>(386)</b>	<b>(1,411)</b>

**NB – there is an existing income generation of approx. £20-40k per annum for parking on major match days – it is assumed that income from this scheme will continue to be achieved. However it is proposed to review the operation of this to explore options to maximise the Council’s revenue.**

It is anticipated that following the roll out of the scheme across all of the major parks where a car parking charge scheme is viable the overall net position will be a surplus of £0.4m p.a.

## 7. Benefits

The primary drive for introducing this scheme is financial, delivering options to mitigate the impact of funding reductions on the delivery of the Parks Service. However there are a range of additional benefits which are also highlighted here.

### 7.1 Cashable Benefits

- **Parking Income** – The projected net surplus at Sutton Park and Cannon Hill Park in 2017/18 (part year of operations) is *£0.25m predicted, rising to £0.39m* in year 2, with additional income anticipated following the roll out of phase 2.

This income can be utilised to offset some elements of the budget reductions faced by the Parks Service and enable the Council to invest in parking related facilities at the park.

**NB – the income the Council receives from Cannon Hill Park is subject to any arrangement with the Midlands Art Centre and budget projections will be revised to reflect this.**

### 7.2 Non-Cashable Benefits

- **Bringing external income in to the City** – As many of the City Parks (particularly Cannon Hill Park, Sutton Park and Lickey Hills Park) are very well used by non-city residents the implementation of parking charges will provide a mechanism for people from outside of Birmingham to contribute to services delivered by BCC.
- **Improvement in parking facilities at Parks** – Many of the car parking facilities at parks would benefit from improvement – the implementation of charging for car parking provides a potential funding stream and business case for investment in and improvement of facilities.
- **Encourage Green Transport Usage** - As a city we have a priority to increase the use of greener transport options such as public transport, cycling or walking. Implementing car parking charges provides a disincentive to drive to parks. Communication and promotion of other transport options will accompany the introduction of the scheme.

## 8. Risks and Mitigations

There are a number of risks that relate to the implementation and subsequent delivery arising from the implementation of parking charges, which could impact on the achievement of the anticipated benefits or create dis-benefits.

Risks will be robustly monitored, reviewed and managed throughout the implementation and delivery of the project's outcomes, and escalated to the Assistant Director for Sport, Events and Parks and the Strategic Director for Place as required.

Key risks that require active management area as follows:

1. **Adverse reaction of stakeholders** – there is a possibility that the introduction of this scheme will result in an adverse reaction from key stakeholders. To mitigate this the Assistant Director of Sport, Events and Parks will communicate with stakeholders and offer opportunities to shape the scheme and it's implementation. Alongside this the local park managers will consult and engage with special interest groups.
2. **Failure to achieve anticipated income levels** – there is a risk that the income levels anticipated within this business case will not be achieved, which will impact on the benefits realised. To mitigate this as part of the implementation of the scheme consultation and market testing will be undertaken ensure to inform the final decision on pricing levels. In addition flexibility will be retained to enable prices to be reduced during non-peak periods (e.g. winter months) or increased for special events.
3. **Risk of reduced use of parks** – there is a risk that introducing parking charges will lead to a reduction in park usage. Learning from other authorities has indicated that the impact of this is likely to be limited and will be further mitigated by the introduction of an annual season ticket aimed at frequent park users.
4. **Negative impact on local neighbourhoods** – there is a risk that introducing parking charges could have a negative impact on local neighbourhoods by displacing cars on to local streets. To mitigate this risk consideration will be given to the implementation of on-street parking controls where there is high potential for a negative impact on local residents and funded by income from this scheme.
5. **Scheme implementation delayed leading to loss of income** – there is a risk that delays to implementation could occur, which would lead to a loss of income from the scheme and create a pressure on the services. The implementation of a phased approach is a partial mitigation of this risk as it reduces the scope of the initial scheme. Furthermore the support of the Commercialism Board should provide pace and momentum to the implementation of the scheme, as should the investment in a Project Manager.

## **9. Dependencies/Constraints**

There are a number of dependencies related to the delivery of this scheme, which include:

- The development of an operating/gain sharing agreement with the Midlands Art Centre at Cannon Hill Park
- Linkages with other car parking and highways related schemes
- Approval by charities and trust committee and full council
- Relationship with special interest groups.

## 10. Implementation Plan

There are a number of milestones associated with this project, which are detailed as key milestones and set out in the table below:

### PHASE 1

<b>Milestone</b>	<b>Date</b>
Initial Business Case to Commercialism Board	23 January 2017
Approval by charities and trust committee	1 March 2017
Approval by full council	April 2017
Implement in Cannon Hill Park	April 2017
Implement in Sutton Park	June 2017
Review of Phase 1 and implementation of any changes	August 2017
Agree investment and improvement plan	Sept 2017

### PHASE 2

Go/No-Go decision on Phase 2 parks	August 2017
Agree charges of Phase 2 parks	October 2017
Issue TRO for Phase 2 parks	October 2017
TRO in place for Phase 2 parks	November 2017
Communication, installation of machines	December 2017
Implementation of Phase 2	January 2018