

Agenda Item	15
Report No	ECI/50/21

## THE HIGHLAND COUNCIL

**Committee:** Economy and Infrastructure

**Date:** 2 December 2021

**Report Title:** Parking Strategy 2021

**Report By:** Executive Chief Officer Infrastructure, Environment and Economy

### 1. Purpose/Executive Summary

- 1.1 The purpose of this report is to provide an update on car parking income, to provide an update on the car park charging roll-out, and to set in place a refreshed process that will allow a restart of the car parking charges roll out programme, and clarify the arrangements for a local/strategic split of that income, whilst ensuring the sustainability of the core Council budget.

### 2. Recommendations

2.1 Members are asked to:

- i. Note the current context and the need for a refreshed approach to car parking strategy following the Covid-19 Pandemic;
- ii. Agree the refreshed approach and policy and associated strategy for the roll-out of new car parking locations throughout Highland, noting the immediate focus on visitor related car parks;
- iii. Agree the arrangements for the local/strategic split of net income (once all qualifying costs have been deducted);
- iv. Agree that the increase in any agreed parking charges at existing car parks are subject to a local/strategic split (once all qualifying costs have been deducted); and
- v. Note the proposal at paragraph 4.4 to rebase the Service budget for car parking income to reflect the long-term impact on changing patterns of car parking usage on income received from car parks; and agree for this come to Council in March 2022 to be considered as part of the budget setting process.

### 3. Implications

- 3.1 **Resource** – The impact of the COVID pandemic on the Council’s core parking budget has been significant and efforts are required to ensure that a sound financial basis for existing and new car parking is put in place. This is reflected at various points in the report and in the recommendation at v) above.
- 3.2 **Legal** – The traffic order process is a statutory legal process. The new policy approach incorporates these legislative requirements into the Council’s policy approach to engagement and decision making.
- 3.3 **Community (Equality, Poverty, Rural and Island)** – engaging with the community and providing a clear and transparent mechanism for raising objections, is a key aspect of parking policy approach. Part of the engagement process will consider any potential equality, poverty, rural and island impacts as part of each site assessment.
- 3.4 **Climate Change / Carbon Clever** – there is an expectation that funding becoming available locally to enhance traffic management will impact positively upon Air Quality.
- 3.5 **Risk** – the share of local/service income proposed is based upon adoption of the new approach and a level of take-up. This has been designed to enable a local share of surplus income but also ensure that current service provision is maintained. Should the new policy approach not be adopted then the model will need to be reviewed.
- 3.6 **Gaelic** – no implications

#### 4. **Financial Background**

- 4.1 This report sets out a refreshed approach to car parking strategy, due to the impact that the Covid-19 Pandemic has had on the proposed roll-out of car parking charges (and associated car park improvements). It is necessary to take stock, given some of the budgetary challenges facing the Council and to set out to Members a new approach, with the first priority being the implementation of charges in car parks (subject to agreement of local committees) focussed on dealing with visitor management pressures, which the Committee will be aware has impacted many communities over the last year.
- 4.2 The Covid-19 Pandemic has had a deep and long-lasting impact on car park income (**see separate Appendix 1**). Going forward there is a recurring budget gap of around £1m. This comprises a one-off budget feed of £454k which was provided to the Service to cover forecast COVID impacts for this year only, and already agreed income targets £411k.
- 4.3 The roll-out of a new approach to introducing new car parking charges, as agreed by Environment, Development and Infrastructure Committee in October 2019, began before the pandemic and much progress had been made on initial engagement with communities and local Members as to the proposed roll-out. As Members are aware, once the effects of the pandemic became clear, the project was halted and only a limited number of new car parks were taken forward during the intervening period (i.e. those already in process before the pandemic). As a result, there has not been the expected cross-Highland uplift in new pay and

display car parks that would allow the previous policies relating to a local and strategic split of income to be achieved.

- 4.4 The visitor management pressures that the area has experienced over the last two years have reinforced the need for improvements to be carried out, and for fees to be introduced to help manage demand and deliver these improvements. Hot spot areas across the Highlands have been heavily visited, with the knock-on implications for parking and the impacts that unthoughtful parking can have on local communities. It is clear that there is strong demand for parking, and that from the car parks that are currently charging, the income received to the Council has been significant and is helping to sustain the Service budget from a potentially much worse position.
- 4.4 There are two ways of dealing with the current challenge:
1. The Service budget for car parking income is rebased to recognise the long term impact on changing patterns of car parking usage on income received from car parks. This will require a significant recurring revenue budget feed of over £1m over the coming years, and it is recommended that this Committee recommend that this be considered within the setting of the new Council budget for 2022/23.
  2. The numbers of charging car parks should be increased as previously agreed, with a particular focus on visitor management car parks in the first instance.

This paper recommends both approaches be adopted.

## **5. Policy adopted in October 2019**

- 5.1 The Council's Off Street Car Parking Policy was agreed at EDI Committee on 24 October 2019. The two phased policy that was agreed involved considering charging in 149 car parks across the Council area with an agreement that any surplus income would be distributed 50/50 between the service and the local area. The report stated in Section 7 that "It is important to note that revenue burden costs to the Council's central budget must be met in advance of any local distribution of funding. The costs of the burden includes the impact of legacy car parks that currently income generate for central funds now being included in a percentage allocation to the area; the costs of maintaining and upgrading car parks and a range of central costs linked to car parking (eg rates) including the budget saving allocated to this core budget". As Members will note, the impact of the pandemic on legacy key car parks has been significant and will take time to adjust.
- 5.2 The rationale for the proposed amendments addressed the range of issues previously highlighted by Members. As set out in the original report, the key benefits included:
- Retaining the principle of local decision making
  - Supporting a place-based approach – and creating a surplus for the local area to spend on service priorities e.g. roads
  - Addressing the charge of inequity by considering all sites for charging
  - Supporting involvement of the public in informing local choices – there is a clear process for the public to raise their objections and for their objections

to be considered, resolved and, if not, for this to be presented to Members for consideration

- It includes a pre-phase on engagement with key stakeholders including Members and Community Councils to help design the proposal for the local area
- Simplifies the process for engagement and decision making
- Will create new enforcement jobs across Highland to support delivery
- Provides investment in local infrastructure

5.3 The revised policy approach enables local communities to get involved and influence local decision making through a structured process. The approach previously agreed included options for taking forward a new approach including the distribution of a local share of surplus income. As set out above the implementation of this has stalled and as such a refreshed approach is required.

The previous report to EDI Committee set out a number of options, and for completeness the full report is set out at Appendix 3. It also details the likely split of income based on the circumstances at that time. Whilst the overall effect of the pandemic has affected the income (as indicated in Appendix 1), it is suggested that the principle of achieving a considerably increased number of car parks that are regulated through formal enforcement and fees, will still help to deliver many of the aims originally agreed.

## 6. Progress Since 2019

6.1 Following the agreed roll out of car parking in October 2019, the project team was put in place and made a good start on preparing for the initiating the engagement process as agreed at the Special EDI Meeting. Work progressed across a number of areas:

- Project Initiation Document – outlining the scope, aims and outcomes of the project - approved by the Income Generation Board;
- Risk Register - risk/issue and mitigations workshop held, and register developed – approved by the Income Generation Board;
- Communications Plan – to support communicate the key messages of the project - approved by the Income Generation Board;
- Site Inspections - internal commissioning of car park site inspections to identify and help prioritise improvement works needed;
- Engagement Plan - approach and timetable for full implementation during 2020/21 was in place;
- Local evidence gathering - gathering local knowledge from Ward Managers/Members to input into proposals for charging structures and timing and car park usage. Key data includes:
  - Car park usage and frequency data
  - Identification of any site ownership/control queries
  - Key stakeholders that may be to be considered for further engagement.

6.2 With the onset of the pandemic, the project was effectively halted as staff were moved to other priorities and the impact of the pandemic was beginning to become clear.

6.3 However, despite the pressures that Covid-19 has placed on the Council, activity has continued to complete a number of projects that were in the pipeline or which emerged as opportunities. A number of income-generating car parks in Skye, Fort Augustus, Inverness and Nairn have been delivered through a mix of regulated parking and invitation to pay. These are as follows:-

- Pay & Display – Changes to Car Parks:-
  - Extension of Bayfield Car Park - Portree Skye
  - Creation of new Car Park – Storr, Skye
  - Creation of new Car Park - Quiraing Skye (SGRPID)
  - Creation of new Car Park – Fairy Glen, Skye
  - Extension of Riggs Car Park - Fort Augustus
- Invitation to Pay – Implemented:-
  - Cummings Street Car Park, Nairn
  - The Harbour, Nairn
  - The Maggot, Nairn
  - Torvean Car Park, Inverness

The income received from these car parks to date is shown in **Appendix 1**. This demonstrates the success of these initiatives to improve visitor management, but also realise income that can be used to meet the service budget gap. Clearly if the process set out in this report is followed and all of these car parks become subject to formal enforcement, the opportunities for more income will be realised.

6.4 In addition, Area Committees have agreed to the implementation of Invitation to Pay car parks in Caithness, Wester Ross and Sutherland, largely in response to the visitor management pressures being experienced. The following locations have been agreed to date:-

- Invitation to Pay – to be Implemented:
  - Dunnet Head
  - Dunnet Seadrift
  - Noss Head, Wick
  - Duncansby Head
  - Reiss Beach
  - Camps, Wick
  - Riverside, Wick
  - Latheron Lane, Ullapool
  - Gruinard Beach
  - Gairloch Harbour
  - Village – Upper, Kyle of Lochalsh
  - Dornie Hall Car Park
  - Plockton Village

A verbal update for Sutherland will be given at the Committee. It is expected that the new income generating car parks set out above will be in place by the start of the main tourist season next year.

6.5 As Members will be aware the Seasonal Access Rangers have had a strong presence over the summer months and carried out a huge amount of positive engagement with visitors. They have been a source of rich information about where key honeypots are and where parking issues have been prevalent. The information provided by them, along with feedback from local Members will be an important source to identify which car park sites will come forward over the course of next year.

## 7. Proposed Revision of Car Parking Roll Out Strategy

7.1 The challenge facing the Council is that to deal with the changes in wider car parking usage, where the evidence clearly shows a reduction in income in car parks relating to business/retail use and an increase in income from those catering for visitor management, new car parking charges are required to replace lost income and meet agreed savings targets. There is also a need for demand management to encourage people to adopt more low carbon travel choices to address the climate and ecological emergency. There is also an expectation (and a benefit) from a split of income between the strategic budget of the Council and a local distribution of funds through Area Committees which enhances the Council's place-based approach and supports the delivery of local priorities. This proposed approach will address all of these challenges.

7.2 It is proposed that the car parking roll-out project is restarted with a focus on visitor management sites in the first instance. This will follow the process as previously agreed in October 2019 (and as illustrated on the flow chart in **Appendix 2**). Members will note above that progress has already been made with a number of Invitation to Pay car parks, agreed in recent weeks, and it is intended that further tranches of car parks will be brought forward to Area Committees on a regular basis.

7.3 It is further proposed that car parks, where new parking charges are introduced (or have been introduced since October 2019), will be subject to a local/strategic split on a 50:50 basis once all costs for maintenance (£53/bay per year), capital borrowing or lease payments are netted off. This will ensure that the local income can be distributed by Local Committees on an annual basis, to be used for whatever purpose might be decided. Given the impact of Covid on the 20/21 income, it is suggested that Members agree that the local/strategic split for those car parks that have become operational since September 2019 is actually put into place and applied retrospectively.

7.4 The policy agreed by the Council in October 2019 would have allowed for a local share of income for those areas that had existing income generating car parks once the revenue costs for the service were fully covered through progress being reached in the car parking roll-out project. This was to ensure that the agreed corporate savings targets would first have been achieved before the split was put in place. Clearly this approach is now much more challenging given the financial impact of Covid, the changing patterns of usage in town and city centre car parks and the need for a period of economic recovery. It is therefore proposed that a different approach is undertaken. The areas that have the majority of income generating car parks will continue to have opportunities to bring further car parks on line (e.g., Inverness Torvean and Mallaig) which will be subject to the local/strategic split immediately, but in addition, it is suggested that should the Council agree as part of the budget setting process (and also to reflect some of the climate change actions that need to be undertaken to influence more

sustainable transport choices) to increase car parking charges, then the additional income received from this is subject to a local/strategic split. This will ensure that at least in the short term there is the opportunity to generate some local income, whilst allowing some time for wider economy recovery and for the service budget to be placed on a more sustainable footing. Clearly if the Council budget for car parking is reviewed as part of the Council budget setting process, any “rebasement” of the budget will allow a greater degree of flexibility and this can be considered at that point.

- 7.5 It is recognised that this poses a challenge, and it is proposed that a review of this approach is undertaken towards the end of the 2022/23 financial year once the progress with the wider roll-out of parking has been progressed further. This will allow time for the legacy car park income position to stabilise and hopefully improve, as the economic recovery gathers pace.

## **8. Next Steps**

- 8.1 It is proposed, if Committee agree to the updated approach, that the previous car park roll-out process will be restarted, with the emphasis on engagement with communities and local members, with the formal processes being followed and ultimately decided upon at Area Committees. As set out in the paper, at the end of this financial year, the first tranche of local income from the new car parks can be distributed to the Area Committees to distribute as they see fit. As more car parks come on-line, the amount of income available to Area Committees will increase, and allow a full review in 12 months time on the success of the model, and the opportunity afforded to members to make any changes that are necessary. This will also allow time for the legacy car parks to hopefully generate more income, as we emerge from the pandemic.

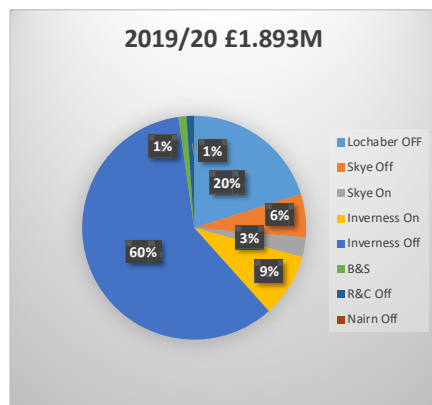
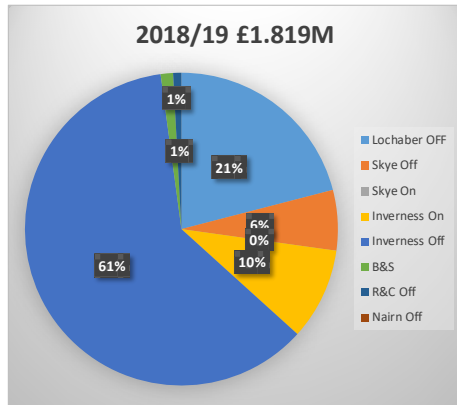
Designation: Executive Chief Officer Infrastructure Environment and Economy

Date: 23 November 2021

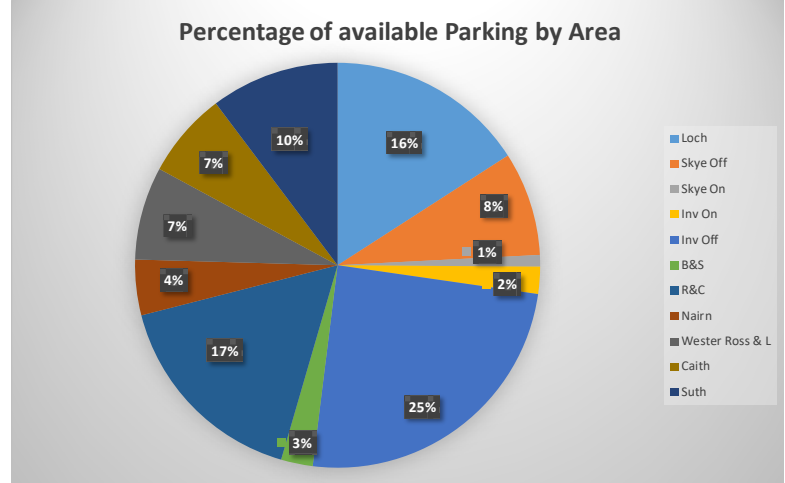
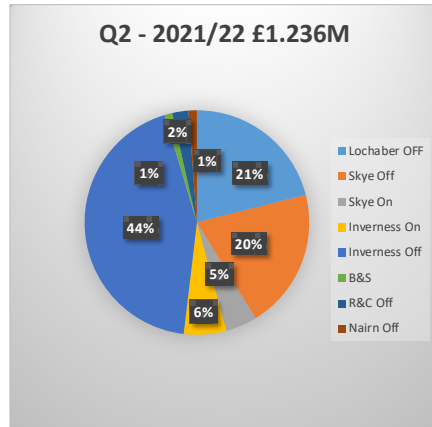
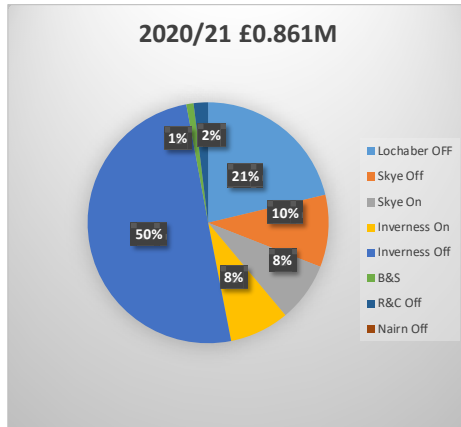
Authors: Malcolm Macleod, Executive Chief Officer, Infrastructure, Environment and Economy.

# Appendix 1

ON & OFF Street Parking Income by Area ANNUAL	2018/19			2019/20			2020/21			2021/22		
	Budget	Cash Nett	Variance/Shortfall	Budget	Cash Nett	Variance/Shortfall	Budget	Cash Nett	Variance/Shortfall	Budget	Cash Nett - Q2	Variance/Shortfall
Lochaber OFF	820,000	411,657	408,343	420,000	399,849	20,151	420,000	198,919	221,081	420,000	261,917	158,083
Skye Off	100,000	122,566	(22,566)	100,000	124,391	(24,391)	100,000	90,735	9,265	100,000	251,887	(151,887)
Skye On	0	0	0	0	56,106	(56,106)	0	74,608	(74,608)	0	56,441	(56,441)
Inverness On	260,000	186,627	73,373	200,000	181,818	18,182	200,000	75,001	124,999	200,000	76,079	123,921
Inverness Off	2,150,000	1,200,864	949,136	1,650,000	1,178,984	471,016	1,650,000	469,354	1,180,646	1,650,000	541,366	1,108,634
B&S	40,000	25,049	14,951	30,000	22,633	7,367	30,000	9,079	20,921	30,000	13,920	16,080
R&C Off	0	16,715	(16,715)	15,000	22,050	(7,050)	15,000	18,096	(3,096)	15,000	28,991	(13,991)
Nairn Off	0	0	0	0	0	0	0	0	0	0	15,022	(15,022)
<b>TOTALS</b>	<b>3,370,000</b>	<b>1,963,478</b>	<b>1,406,522</b>	<b>2,415,000</b>	<b>1,985,831</b>	<b>429,169</b>	<b>2,415,000</b>	<b>935,792</b>	<b>1,479,208</b>	<b>2,415,000</b>	<b>1,245,623</b>	<b>1,169,377</b>
HQ - Unachieved Saving			0	300,000		300,000	300,000		300,000	300,000		300,000
HQ - 2021/22 feed										(954,000)		(954,000)
<b>GRAND TOTALS</b>	<b>3,370,000</b>	<b>1,963,478</b>	<b>1,406,522</b>	<b>2,715,000</b>	<b>1,985,831</b>	<b>729,169</b>	<b>2,715,000</b>	<b>935,792</b>	<b>1,779,208</b>	<b>1,761,000</b>	<b>1,245,623</b>	<b>515,377</b>



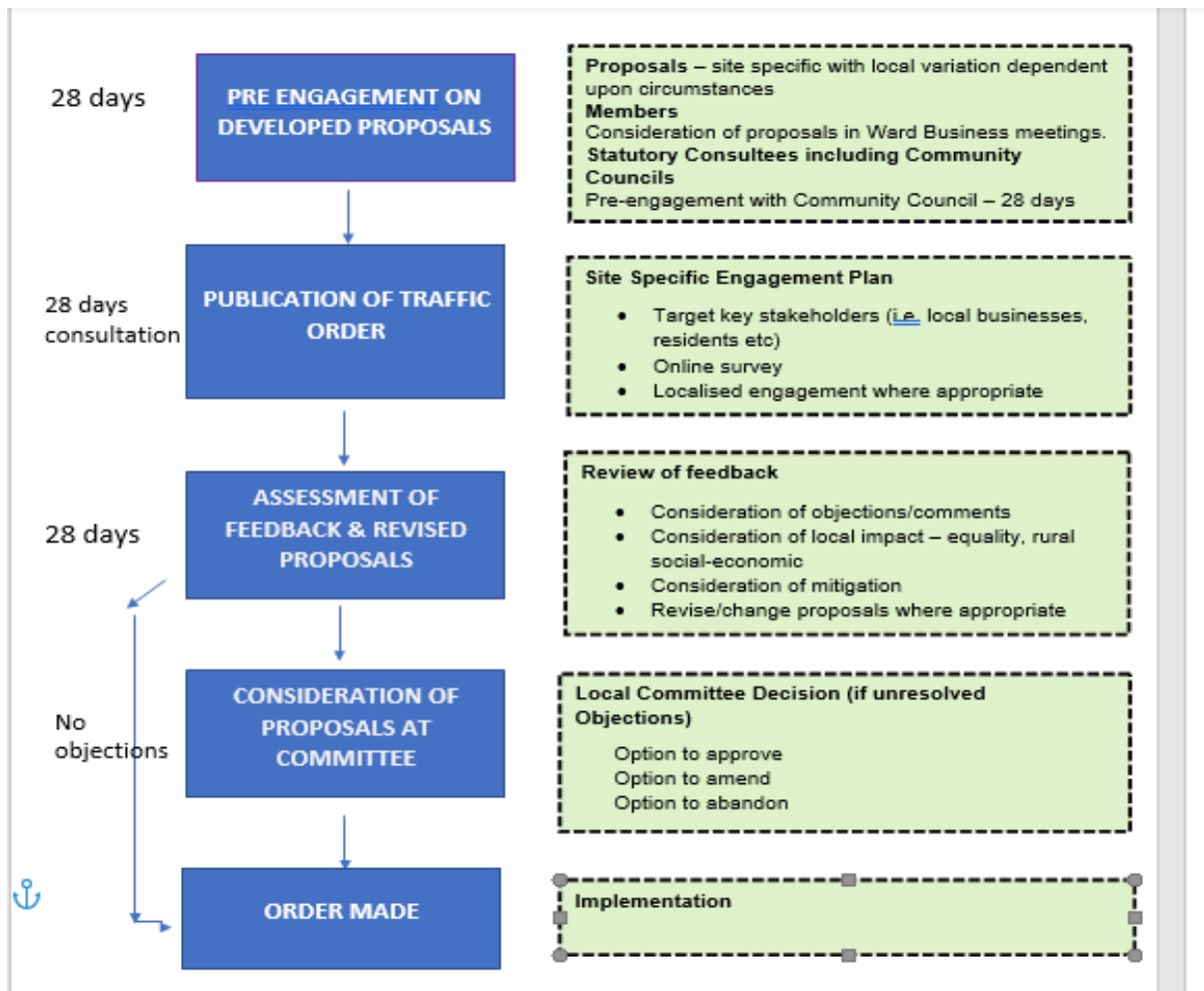
AREA	%age of available Parking by Area			%age Income by Area	
	Car Parks	Bays	%Parking Available	% Income Raised 2019	% Income Raised 2021 Q2
<b>TOTALS 2021</b>	250	10844	100%		
Loch	27	1723	16%	20.14%	21.03%
Skye Off	25	900	8%	6.26%	20.22%
Skye On		100	1%	2.83%	4.53%
Inv On		235	2%	9.16%	6.11%
Inv Off	31	2677	25%	59.37%	43.46%
B&S	11	275	3%	1.14%	1.12%
R&C	41	1791	17%	1.11%	2.33%
Nairn	12	481	4%	0.00%	1.21%
Wester Ross & L	21	806	7%	0.00%	0.00%
Caith	23	743	7%	0.00%	0.00%
Suth	50	1113	10%	0.00%	0.00%



Notes:  
 2018/19 approved saving through increased income was £1.407m and increased 2017/18 target of £847,017. It was recognised that this saving was unachievable and subsequently reduced to £0.7m.  
 The 2019/20 income shortfall was £729,169 which shows that the £0.7m was unachievable. Budget pressure feed of £0.5m was embedded in the budget in 2021/22 with a risk identified of £0.2m.  
 2021/22 one-off Covid budget feed of £0.454m; agreed savings for 2022/23 £0.411m.  
 Shortfall in income budget per Q2 of £0.062m, however estimated outturns income excesses for Skye £0.222m; Nairn £0.013m; Chanory point £0.014m. Shortfalls in Aviemore, Inverness & Lochaber.



## Appendix 2 Agreed Process



## HIGHLAND COUNCIL

**Committee:** Environment, Development & Infrastructure Committee

**Date:** 24 October 2019

**Report Title:** Off-Street Car Parking Policy Review

**Report By:** Chief Executive

### 1. Purpose/Executive Summary

- 1.1 Highland Council has control of use of 230 off-street car parks. It currently charges for 20. A new policy for off-street car parking was introduced in August 2018, following a Redesign Review. This has not been fully implemented however engagement with the public has demonstrated support for the principle of introducing charges in order to support and sustain services and jobs. Alongside this, Members have identified the importance of greater flexibility in disaggregated budgets in order to address local priorities and a key way to achieve this is through generating income.
- 1.2 The report seeks approval for a new policy approach for off-street car parking. The new policy seeks to improve the process for considering local charges, provide a transparent way in which to consider objections from the local community and support a place-based approach for local areas by providing a share of the surplus income generated to spend on local priorities.

### 2. Recommendations

- 2.1 Members are asked to:
- Agree the new policy for off-street car parking set out at section 5
  - Agree to a two-phase roll-out (option 2) to the introduction of the new policy as set out at 6.7
  - Agree to the level of local/service share of surplus income, taking into account the recommendation of the Executive Chief Officer Resources outlined at section 7.2
    - Option A: 70%/30% service/local share
    - Option B: 60%/40% service/local share
    - Option C: 50%/50% service local share
  - Note the suggestion that any additional local income should be focused on spending on roads infrastructure.

### 3. **Implications**

- 3.1 **Resources** – the resource implications of the paper are set out at section 6. The proposed approach assumes a level of take up to support both a local share of service income and protect the current levels of service provision.
- 3.2 **Risk** – the share of local/service income proposed is based upon adoption of the new approach and a level of take-up. This has been designed to enable a local share of surplus income but also ensure that current service provision is maintained. Should the new policy approach not be adopted then the model will need to be reviewed.
- 3.3 **Community** (Equality, Poverty, Rural, Island) – engaging with the community and providing a clear and transparent mechanism for raising objections, is a key aspect of the new policy approach. Part of the engagement process will consider any potential equality, poverty, rural and island impacts as part of each site assessment.
- 3.4 **Legal** – the traffic order process is a statutory legal process. The new policy approach incorporates these legislative requirements into the Council’s policy approach to engagement and decision making.
- 3.5 **Climate Change** – there is an expectation that funding becoming available locally to enhance traffic management will impact positively upon Air Quality.
- 3.6 **Gaelic** – there are no implications.

### 4. **Background and Context**

- 4.1 There are two types of car parking provision which operate: on-street and off-street. This report focuses on off-street parking. Highland Council has control of use of 230 off-street car parks. It currently charges for 20, with agreement to charge in a further 4 having recently been made. A future EDI committee will receive an update related to on-street parking.
- 4.2 The Council agreed in June 2018 to the recommendations of a Redesign Review of Car Parking, available at:  
[highland.gov.uk/downloads/file/19586/car\\_parking\\_review\\_report](https://highland.gov.uk/downloads/file/19586/car_parking_review_report).

The recommendations of this Redesign Review were then incorporated into the *Highland Council Parking Policy and Guidance 2018 to 2023*, available at:  
[highland.gov.uk/downloads/file/19425/the\\_highland\\_council\\_parking\\_policy\\_2018\\_to\\_2023](https://highland.gov.uk/downloads/file/19425/the_highland_council_parking_policy_2018_to_2023).  
 However, members will be aware that this policy has not been fully implemented.

- 4.3 Throughout extensive engagement over the past year, income generation has emerged as a key theme and staff and communities have indicated that the Council should introduce new forms of charging. The benefits of the additional income can help to support and sustain services, protect jobs, and generate improvements, such as local infrastructure. It can also help benefit the Council's financial position. Charging in car parks can support traffic management and manage the impacts of tourism.
- 4.4 The Council has control of 230 car parks, however only 20 (with a further 4 having been agreed) are charged for which provides scope for generating more income locally. Just over 90% of all car park income in Highland is generated in two areas, however it is not widely understood that all Council car parks incur substantial revenue costs including rates, water charges and maintenance (surfacing etc).
- 4.5 We have made progress in successfully introducing new car parks and charging in a number of areas, however, we need to increase the pace of generating income as further savings are required next year. We remain committed to continual improvement, providing best value for the public, and managing a sustainable budget without job losses.
- 4.6 In addition, through the Governance review process, Members have indicated that a key priority is to have greater flexibility on disaggregated budgets at a local level to direct spend to services where there is greatest priority. Within the current financial climate, the best way to achieve this is through generation of income and this accords with what residents and communities have told us.
- 4.7 Highland Council has shown a commitment to a place-based approach. Every area has different needs and priorities. This has been evident in recent local engagement activity which has underlined that things that are important to local communities. Adopting a clear approach to income generation can enable choices on priority matters, for example, gully cleaning in Dingwall, pot hole repairs in Sutherland and tourist infrastructure in Skye.
- 4.8 A revised policy approach can enable local communities to get involved and influence local decision making through a structured process. This paper presents options for taking forward a new approach including the distribution of a local share of surplus income.

## **5. New proposed off-street car parking policy**

- 5.1 There are opportunities to learn from the experience of the existing car parking policy in order to improve how we move forward:
- To combine the engagement and traffic order consultation process to create a clear process with defined stages.
  - Enable a process which allows all locations to be considered as part of a defined

consultation process through which objections can be raised and responded to.

- Need to agree a local split in advance to support local choices.
- Not to include a charge on disaggregated budgets should there be any shortfall in income generated.
- More transparent information sharing and open communication about the burden costs associated with existing car parks.

5.2 The following principles are therefore proposed to underpin any new approach moving forward:

- Equitable i.e. addresses both legacy and new income
- Expected surplus for re-investment to Council budget – service and local
- All sites to be considered for charges with scope for local variation and the needs of local communities to be considered e.g. tariffs, local season pass
- Clear process for local resident’s approval/objections
- Provides a share of income for local areas
- Streamlines engagement and decision-making process

The following changes are proposed to simplify and streamline the car parking policy and decision-making process:

**Table 1: Amendments to Car Park Policy**

5.3

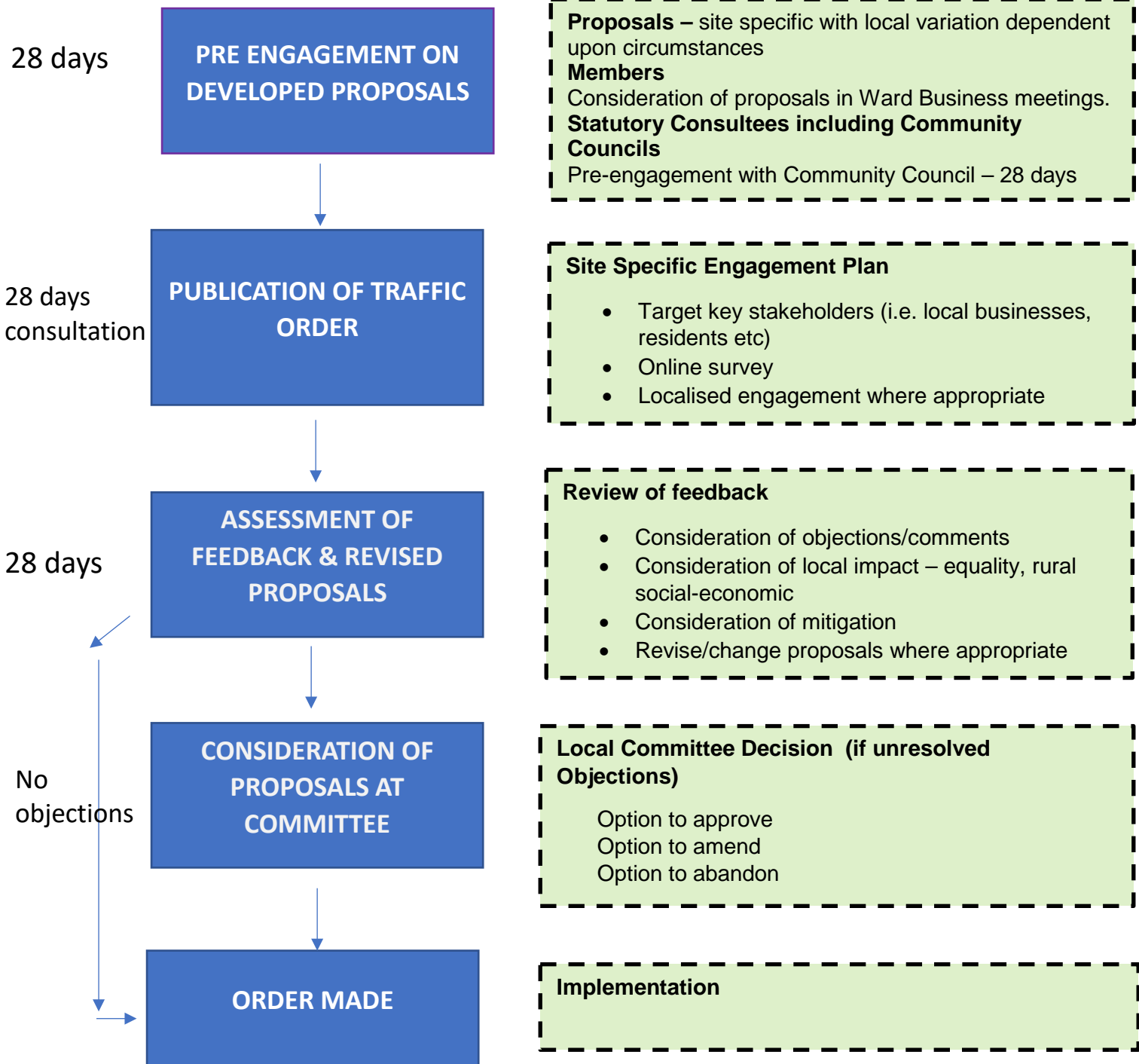
Policy Area	Amendment
<b>Local Design</b>	<p>All potential sites are considered for charging – with a decision made on whether to progress made following public feedback. Principle to charge for all off-street car parks is in recognition that this is a service provision. This is based on:</p> <ul style="list-style-type: none"> <li>• Existing operating costs and the need to meet these costs</li> <li>• Take account of the challenging financial situation facing the Council at a time of increased pressure on core service budgets Principle of equity and the need for all local areas to generate income where possible</li> <li>• To streamline the process for Members and focus on decision making once local engagement is complete</li> </ul>

Policy Area	Amendment
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<b>Streamline the engagement process</b>	It is proposed to streamline the engagement process to reduce duplication and simplify the process for the public. This process mirrors the planning application process and is therefore familiar. A flow chart setting out this approach can be found at paragraph 5.5. This retains the pre-engagement phase, formal consultation phase, review and local committee decision where outstanding objections exist.
<b>Streamline decision making process</b>	Members will only consider the introduction of charges at committee where objections are received during the consultation process that cannot be resolved.
<b>Local budget management/balancing</b>	The existing policy indicates that where local targets are not met, this must be found from that local disaggregated budget. For the avoidance of doubt, it is not proposed to include any local targets or any penalties on areas where a final decision is taken not to introduce charging within the new policy.

- 5.4 The rationale for the proposed amendments addresses the range of issues highlighted by Members over a number of months. The key benefits include:
- Retaining the principle of local decision making
  - Supporting a place-based approach – and creating a surplus for the local area to spend on service priorities e.g. roads
  - Addressing the charge of inequity by considering all sites for charging
  - Supporting involvement of the public in informing local choices – there is a clear process for the public to raise their objections and for their objections to be considered, resolved and, if not, for this to be presented to Members for consideration
  - It includes a pre-phase on engagement with key stakeholders including Members and Community Councils to help design the proposal for the local area
  - Simplifies the process for engagement and decision making
  - Will create new enforcement jobs across Highland to support delivery
  - Provides investment in local infrastructure

## 5.5 Off-street Car Park Roll Out – Consultation and Decision-Making Process



## 6. Current Financial Picture and Potential Income

- 6.1 One aim of the proposed new approach is to maximise the potential income generated from Council assets in order to support services both across the organisation and through greater local choices for Members within areas. The following outlines the current income generated and the potential which could be generated through the new approach proposed.
- 6.2 Highland Council has control of use of 230 car parks. In 2018/19 the Council charged for parking in 20 car parks. The actual service income from car parks in 2018/19 was £1,671,674. There are also costs associated with running and maintaining car parks. The total expenditure on car parks where charging already exists was £682,213. This includes staffing and ancillary costs for running Rose Street Car Park of £270,140. The surplus income available from existing car parks for 2018/19 is therefore £989,461. This is currently all used to support services.

**Table 2: Income and Expenditure 2018/19**

Total service income	£1,671,674
Total expenditure	£682,213
Surplus – contribution to Council services	£989,461

- 6.3 Analysis suggests that there is the potential to generate an income from off-street car parks across the area of up to £4.423m. This is based on the following principles:

**Table 3: Principles for potential income generation**

Principle	Explanation
Based on 149 sites	At present this excludes those with less than 15 bays, in recognition of the cost effectiveness of implementation.
Includes potential and current sites	All modelling is based on including sites that currently charge along with those that do not.
Rate of return of £417	This is a low rate of return and this varies considerably across Highland at present, with the average of £673 for 2018/19. Should the 2018/19 average rate of return be applied, it could be possible to generate income of around £6.034m.



6.4 As noted in paragraph 6.2, there is already an existing cost to running and maintaining car parks across the area. This is currently a revenue burden to the organisation. Expenditure costs include:

- Annualised maintenance costs
- Business rates and water
- Equipment maintenance
- Supplementary costs
- Cash processing
- Enforcement
- Overheads to ensure continued support of services

6.5 The annual expenditure, based on charging across all 149 car parks, is forecast to be £3.625m. This is based on both current costs to maintain and run the facilities, the costs of charging and a contribution to protect the current budget provision. However, we are optimistic that with economies of scale due to optimal roll out of charging, then costs in future years could be reduced, resulting in potential increase in surpluses.

6.6 Table 4 sets out the income expected by taking the current level where car parking is charged and adding an average of £417 per bay for charging at new car parks. Costs include both current charges and new charges.

**Table 4: Potential Income, expenditure and surplus income**

Total potential service income	<b>£4.423m</b>
<b><u>Expenditure</u></b>	
Annualised maintenance costs	£0.370
Equipment maintenance	£0.074
Supplementary costs	£0.270
Business rates and water	£0.371
Cash processing	£0.060
Enforcement	£0.238
Overheads to ensure continued support of services	£2.242
<b><u>Total expenditure</u></b>	<b>£3.625m</b>
<b>Surplus – contribution to Council services</b>	<b>£0.798m</b>

Table 5 sets out the income expected assuming average income is achieved at all car parking bays of **£673** per bay (current average rate).

**Table 5: Potential Income, expenditure, surplus income and split for 70:30, 60:40 and 50:50**

	100% uptake Current plus £417 per bay	100% uptake Average £673 per bay
Total potential service income	£4.423m	£6.034m
Total expenditure	£3.625m	£3.625m
Surplus – contribution to Council services	£0.797m	£2.409m
Split 70% to Council and 30% to Area	£0.558m: £0.239m	£1.686m: £0.723m
Split 60% to Council and 40% to Area	£0.478m: £0.319m	£1.445m: £0.964m
Split 50% to Council and 50% to Area	£0.399m: £0.398m	£1.205m: £1.204m

6.7 The available surplus income will vary depending upon the percentage of sites agreed to proceed and, in year one, how the new approach is rolled-out. There are two potential options for implementation:

- **Option 1: A single phase approach.** This would begin in January with the aim of completion by June. The benefit of this approach is that it would maximise the potential income in year 1 however there are risks associated with this approach particularly in relation to practical considerations of ensuring effective engagement and delivering implementation across multiple sites at one time.
- **Option 2: Two-phase approach.** This is the **recommended approach** to roll-out. The benefits of this approach include the ability to better manage complex face to face engagement and responding to local issues; continues to mitigate service income requirements and would enable implementation and delivery of works to be phased.

6.8 Tables 6 and 7 present the potential surplus income available in years 1 and for years 2 and onwards dependent upon the roll-out approach. The tables also provided the variation in potential income depending upon the level of uptake. The following forecasts are based on the low rate of return of £417 per bay and a total of 149 car parks. It does not take account of new car park developments nor that the average rate

of return is currently higher. It is therefore anticipated that the potential available surplus income available for a local/service share is likely to be higher.

**Table 6: Option 1: Single Phase Roll Out Local Distribution**

<b>Take up</b>	<b>Available Surplus Income Yr 1 (part year)</b> <b>£000</b>	<b>Split 70:30</b> <b>£000</b>	<b>Split 60:40</b> <b>£000</b>	<b>Split 50:50</b> <b>£000</b>	<b>Available Surplus Income Yr 2 Onwards</b> <b>£000</b>	<b>Split 70:30</b> <b>£000</b>	<b>Split 60:40</b> <b>£000</b>	<b>Split 50:50</b> <b>£000</b>
<b>100%</b>	608	182	243	304	798	239	319	399
<b>90%</b>	586	176	234	293	757	227	303	378
<b>80%</b>	564	169	226	282	716	215	286	358
<b>70%</b>	542	163	217	271	675	203	270	337
<b>60%</b>	521	156	208	260	634	190	254	317
<b>50%</b>	499	150	200	249	593	178	237	296

**Table 7: Option 2 (Preferred option): Two Phase Roll Out Local Distribution**

<b>Take up</b>	<b>Available Surplus Income Yr 1 (part year)</b> <b>£000</b>	<b>Split 70:30</b> <b>£000</b>	<b>Split 60:40</b> <b>£000</b>	<b>Split 50:50</b> <b>£000</b>	<b>Available Surplus Income Yr 2 Onwards</b> <b>£000</b>	<b>Split 70:30</b> <b>£000</b>	<b>Split 60:40</b> <b>£000</b>	<b>Split 50:50</b> <b>£000</b>
<b>100%</b>	529	159	211	264	798	239	319	399
<b>90%</b>	518	155	207	259	757	227	303	378
<b>80%</b>	503	151	201	251	716	215	286	358
<b>70%</b>	489	147	196	244	675	203	270	337
<b>60%</b>	475	142	190	237	634	190	254	317
<b>50%</b>	461	138	184	230	593	178	237	296

6.9 Table 8 presents the individual Area surplus in monetary terms and percentage terms.

**Table 8: Option 2 (Preferred option): Two Phase Roll Out Local Distribution per Area**

<b>100% Uptake</b>	<b>Year 1 £529k</b>				<b>Year 2 onwards £798k</b>			
<b>Area</b>	<b>% share of surplus</b>	<b>Split 70:30 £000</b>	<b>Split 60:40 £000</b>	<b>Split 50:50 £000</b>	<b>% share of surplus</b>	<b>Split 70:30 £000</b>	<b>Split 60:40 £000</b>	<b>Split 50:50 £000</b>
<b>Badenoch &amp; Strathspey</b>	3%	4	5	7	2%	6	8	10
<b>Caithness</b>	6%	9	12	15	7%	16	21	27
<b>Inverness</b>	35%	56	75	94	32%	76	101	127
<b>Lochaber</b>	19%	30	40	50	18%	43	57	71
<b>Nairn</b>	4%	7	9	12	4%	11	14	18
<b>Ross &amp; Cromarty</b>	20%	31	42	52	22%	52	69	86
<b>Skye</b>	7%	12	16	19	7%	18	24	30
<b>Sutherland</b>	6%	10	13	16	8%	18	24	30

6.10 Table 9 presents the individual area surplus in monetary terms and percentage terms and is based on average income received per bay of £673.

**Table 9: Local Distribution per Area based on £673 average per bay**

<b>100% Uptake</b>	<b>Average £673 per bay £2409k</b>			
<b>Area</b>	<b>% share of surplus</b>	<b>Split 70:30 £000</b>	<b>Split 60:40 £000</b>	<b>Split 50:50 £000</b>
<b>Badenoch &amp; Strathspey</b>	3%	19	26	32
<b>Caithness</b>	8%	57	76	95
<b>Inverness</b>	25%	180	240	301
<b>Lochaber</b>	16%	114	153	191
<b>Nairn</b>	5%	39	51	64
<b>Ross &amp; Cromarty</b>	26%	190	253	316
<b>Skye</b>	8%	58	78	97
<b>Sutherland</b>	9%	65	87	109

6.11 This approach would bring a number of benefits and seeks to address the issues highlighted by members over the previous months. There are potential risks associated with the approach which require to be highlighted and the mitigation to support these:

<b>Risks</b>	<b>Mitigation</b>
Low take up	Promotion of process and benefits to local areas. Clear communication and messages of purpose.
Income insufficient to meet current service costs	Quarterly monitoring of position. Share of income to be reviewed and/or alternative savings identified.
Delays in roll-out	Resource identified to support roll out. Recommended two phase approach.
New approach not agreed	Current proposal to be reviewed to protect current service provision

## 7. Local / Service Split of Surplus Income

Section 6 of this report outlines the potential income available for local decision making and place based strategy. It is important to note that revenue burden costs to the Council's central budget must be met in advance of any local distribution of funding. The costs of the burden includes the impact of legacy car parks that currently income generate for central funds now being included in a percentage allocation to the area; the costs of maintaining and upgrading car parks and a range of central costs linked to car parking ( eg rates) including the budget saving allocated to this core budget.

7.1 It is proposed that the following applies to a local income share:

- **Net of expenditure:** a share of income is net of expenditure, recognising the costs incurred for operating car parks across the area.
- **All car parks within the area** – any local share will be based on all car parks within an area, this includes those which currently charge i.e.. legacy car parks.
- **Distribution** – the distribution of any service/local share will be based on the income generated within each area as a percentage of the total income.

7.2 There are three potential options emerging for the share of local income. The following sets out the potential income and implications:

<b>Option</b>	<b>Implications</b>
70% Service 30% Local	<ul style="list-style-type: none"> <li>• Supports the challenging financial position faced by the Council whilst providing a distribution of surplus to local areas.</li> <li>• Still retains a significant income for local areas.</li> <li>• No proposed detriment to local areas</li> </ul>
60% Service 40% Local	<ul style="list-style-type: none"> <li>• <b>Preferred distribution</b> – Opportunity to vary percentage distributed in future years.</li> <li>• Increased local share of income but protects current</li> </ul>

	service provision.
50% Service 50% Local	•Increased risk to council if current budget provision not met. Could create an increased budget gap.

Members are asked to consider and agree the Service/Local share of income to support the roll out of the new policy.

### 7.3 *Criteria for spend of local income*

It is suggested that the spend for any income generated should be on the disaggregated roads budget. This is in recognition of the current pressure on those local budgets and the annual feedback from the public through the Public Performance Area that this is their priority. Given the financial position of the organisation, there will be no additional income to support this area of service unless this is through additional income raised, such as is proposed.

7.4 It is proposed that decisions on spend will be taken by local committee and that this should only happen once income is accrued. Prioritisation would occur January to March for spend the following year and committees can consider how they wish to involve communities in this process. Budgets would be able to be carried forward into future years should areas wish to save for specific projects. The criteria for spend would be reviewed after two years.

7.5 The proposals for a service/local split for all sites including legacy car parks are based upon the principles of the new policy and that all sites are considered for charging. It is recognised that following local engagement not all may progress however, the new approach should support the Members and the public to consider charging. Should the new approach not be agreed, then the current proposal regarding the share of income would need to be reviewed to ensure no impact on current service provision.

## 8. **Implementation**

8.1 Prior to the commencement of any engagement, development work is required to draw up potential proposals for each location. This includes determining whether sites require improvement work prior to charging commencing. It is proposed this will take place in November.

8.1 Should the new policy approach be agreed, in line with the preferred option (option 2), it is proposed to phase implementation over 2020/21. This recognises the need to ensure that appropriate temporary resources are dedicated to engagement, responding to feedback/objections and, if charging is agreed, making the necessary improvements to sites e.g. white lining, resurfacing. This additional resource will be sought from the

Change Fund.

- 8.3 Communication regarding the policy approach is crucial and a communication and engagement plan is being developed to support this process. Communication to local communities is vital both prior to and during the engagement process. The principles underpinning the policy approach and how communities – residents and business – can contribute are key aspects of the communication strategy.
- 8.4 Option 2 proposes a two-phase approach to roll out. This would begin in January 2020 with the intention to be complete by August 2020. The timing mirrors the engagement process outlined in section 5. Each phase will begin with pre-engagement which will be followed by public consultation, assessment of feedback and then, where appropriate, a committee decision.
- 8.5 Where no objections are received, and therefore no committee decision required, it is likely charging will commence earlier. Depending upon the level of work required in certain locations, and the availability of contractors, there may be a delay in implementation in certain locations. Allowing any potential delays, full implementation should be complete and operational by December 2020.

## 9. Outcomes

- 9.1 The purpose of this new approach is to improve outcomes for both the Council and communities. This includes:
- Enabling improved local choices and prioritisation through increased local income
  - Provides investment in local infrastructure
  - Supports the Council to sustain services and local jobs
  - Potential to generate greater funds for spend locally
  - Introduces a simplified process to support engagement and local decision making
  - Supports public involvement in informing local choices

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