

INTRODUCTION OF FLEXIBLE SEASON TICKETS AND REVIEW OF PAY AND DISPLAY PARKING CHARGES.

REPORT OF: Assistant Chief Executive
Contact Officer: Rob Anderton, Divisional Leader – Commercial Services and Contracts
Email: robert.anderton@midsussex.gov.uk Tel: 01444 477374
Claire Onslow, Business Unit Leader - Parking Services
Email: claire.onslow@midsussex.gov.uk Tel: 01444 477586
Wards Affected: All
Key Decision: Yes
Report to: Cabinet
Date of Meeting: 18th November 2021

Purpose of Report

1. To present proposals to introduce a new flexible season ticket offer and an increase in parking charges to take account of inflation, with effect from early 2022.

Summary

2. This report proposes changes to the season ticket offer to provide a more flexible range of options. This is to respond to customer demand following a change in behaviour as a result of the pandemic.
3. Mid Sussex will not have increased parking charges for 10 years. This means that the car park charges have not kept pace with inflation despite the increasing costs of managing and maintaining town and village car parks. The Council's Parking Strategy 2020-2030 highlights the need to invest in the parking estate to support sustainable economic growth and to improve the customer experience.
4. The report also proposes an uplift in line with inflation to charges for all pay and display car parks in the three towns in Mid Sussex.

Recommendations

5. That Cabinet recommends to Council, subject to consultation:
 - i. the introduction of flexible 3, 5 and 6 day season tickets;
 - ii. Cabinet is recommended to agree the new tariffs, as outlined in paragraph 16;
 - iii. an annual inflationary review of parking charges thereafter.
-

Background

6. In December 2020 the Council agreed the Parking Strategy 2020 – 2030, which is supported by a five-year action plan. The Parking Strategy sets a clear ambition to invest in and modernise the car park estate. This will ensure high standards of future service delivery including modernisation and investment in new technology to improve the customer experience. Establishing new pricing strategies underpins the commitment to deliver these ambitions.
7. In year one of the Action Plan the Council committed to developing a season ticket policy and to exploring differential tariff regimes.

Parking Strategy

8. Parking Matters Ltd were engaged to support the cross-party Member Working Group to develop the Parking Strategy. To inform this work, Members were provided with an evidence base which included data benchmarking this Council with similar and neighbouring Councils. Further details of this work can be found in the Phase 2 Evidence Report: <https://www.midsussex.gov.uk/media/5443/parking-strategy-refresh-phase-2-report.pdf>.
9. This evidence demonstrates that Mid Sussex pay and display charges are at the lower end of the pricing spectrum, with the 0.80p 1 hour charge being typically lower than many comparable areas, which started at £1. The Consultants also noted it was unusual not to have applied any inflationary increases in a 10-year period. They advised that this has resulted in a real term loss of income once inflation is taken into account. To avoid this gap occurring in the future the Consultants recommended that parking charges should be subject to an annual review.
10. Parking Matters Ltd also carried out work to explore the options and impact of introducing differential parking charges by town and car park, introducing charging in the larger villages, introducing Sunday, Public Holiday and Evening charges, and introducing a new season ticket offer.
11. The consultant's recommendation was that introducing differential charging and new charging regimes was appropriate,.
12. Given the significant and ongoing impact of the pandemic, and continued uncertainty over the short-term outlook for the high street, it is not proposed to take the proposals around differential tariffs forward at this stage.
13. However, in order to enable continued investment in the car parks and to support associated services, it is proposed that car parking charges should be increased to align with inflation and with similar neighbouring Councils' charging regimes.

Pay and Display Charges

14. Despite not increasing parking charges there have been ongoing inflationary increases to the cost of managing and maintaining the car parking estate, and the introduction of digital technologies. This investment has resulted in a high-quality car park estate: 19 of the Council's 32 car parks currently hold the British Parking Association Park Mark Award, which formally recognises well-maintained, clean and safe car parks across the country.
15. Using the evidence provided as a baseline for applying price increases, a starting point considered a 20p price increase for the 1 hour stay from 80p to £1.00, this being a 25% price increase which is also in line with inflation which would have been 23% had inflationary increases being levied since 2012.
16. The table below demonstrates this increase applied to all long and short stay tariff charges:

Parking Periods	Current Pay & Display tariff	Proposed Pay & Display Tariff (25% increase)
all car parks 0 - 1hr	£ 0.80	£ 1.00
all car parks 1 – 2hr	£ 1.20	£ 1.50
all car parks 2 – 3hr	£ 2.00	£ 2.50
short stay 3 - 4hr	£ 4.00	£ 5.00
short stay 4hr +	£ 6.00	£ 7.50
long stay 3 - 4hr	£ 3.00	£ 3.70
long stay 4hr +	£ 4.00	£ 5.00

17. It is proposed that these charges are applied to all long and short stay town centre pay and display car parks, subject to completion of the appropriate legal and governance processes.
18. For context, a desktop comparison of nearest neighbours and comparable areas has been completed showing the average cost of a 2 hour stay. This is provided at Appendix 1.
19. Based on customer behaviour during the first six months of the current financial year and assuming car park use continues at similar levels, it has been estimated that the above changes would give rise to a potential annual income uplift of £350k (net VAT). This does not account for any recovery growth or short-term behaviour displacement as a result of implementing the changes.

Flexible Season Tickets

20. Currently, season tickets are available with annual, quarterly, and monthly options, providing parking in designated long stay car parks at a discounted rate to the equivalent daily pay and display rate for six days a week (Monday – Saturday). Historically, Season Tickets have been purchased by a wide range of customers and have serviced town centre workers, in and out commuting and residents parking.
21. The table below demonstrates the current price of season tickets and the discount offered on the daily parking tariff. This does not include the Boltro Road car park, Haywards Heath.

Current Season Tickets (Monday – Saturday)	No. Charging Days	% discount on normal tariff	Current Season Ticket Charge
Annual	312	56%	£550
Quarterly (13 weeks)	78	52%	£150
Monthly (4 weeks)	24	31%	£66

22. In their feasibility work, Parking Matters Ltd highlighted that the current season ticket prices in Mid Sussex were very favourable compared to similar local authority and privately operated car parks, and that introducing price increases and flexible options should therefore be considered.

23. During the pandemic and continuing into the recovery period, working patterns have changed, with more people working from home either permanently or as part of a hybrid working arrangement. This change in behaviour has impacted the demand for season tickets across all town centres, and whilst there are signs of recovery, it is not expected to recover to pre pandemic levels.
24. Pre pandemic, Season Tickets generated an annual income of c£200k, which equates to approximately 10% of the overall income generated by parking charges.
25. As at the end of September 2021, season ticket sales were down by 42% on the same pre pandemic period in 2019. There were 202 active season tickets in operation, of which 59% were annual and 36% quarterly. Season Ticket income still accounts for around 10% of the overall income generated by parking charges.
26. In October 2020, all season tickets were migrated from paper permits to virtual season tickets via the MiPermit system. The migration to virtual season tickets not only provides the customer with an improved service and self-service options it also enables the Council to provide a more flexible approach to managing and delivering season tickets.
27. This enables the Council to respond to the recommendations of the Parking Strategy and to changing consumer behaviour by introducing a new range of flexible season tickets to provide customers with options to meet their personal circumstances.
28. The proposed options are:
- iv. Flexible 3 day a week season ticket (allowing 12 parking days in a monthly period)
 - v. 5 day a week, Monday to Friday season ticket
 - vi. 6 day a week Monday – Saturday season ticket
29. The 5 and 6 day season ticket options will continue to provide annual, quarterly, and monthly options to suit customer circumstances.
30. Season Ticket prices are based on a methodology that considers the daily long stay all day tariff, multiplied by the number of charging days for the chosen season ticket option. The principles set out in the Parking Strategy are then applied which is season tickets should represent no less than 25% and no more than 50% discount on the standard daily pay and display charge for the equivalent period.
31. Using these principles, and assuming an inflationary uplift in the daily pay and display charges, the proposed pricing of the new range of flexible season tickets is:

Flexible 3 day Season Ticket Charge Only available on a monthly basis 3 days in a week	No. Charging Days	% discount on normal tariff	Season Ticket daily rate following application of discount	New cost
	12	25%	£4	£45

5 day Season Ticket Charge (Monday – Friday only)	No. Charging Days	% discount on normal tariff	Season Ticket daily rate following application of discount	New cost
Annual	260	50%	£2.50	£650
Quarterly (13 weeks)	65	49%	£2.54	£165
Monthly (4 weeks)	20	25%	£3.75	£75

6 day Season Ticket Charge (Monday – Saturday)	No. Charging Days	% discount on normal tariff	Season Ticket daily rate following application of discount	New cost
Annual	312	50%	£2.50	£780
Quarterly (13 weeks)	78	50%	£2.50	£195
Monthly (4 weeks)	24	25%	£3.75	£90

32. It is difficult to predict the financial impact of the introduction of a new flexible range of season tickets, however, given the decrease in demand it is hoped that by offering more flexible options, demand will increase. This will be kept under review.

Legal Governance

33. Following agreement by Council, officers will begin the legal process to advertise the amendments to the Off Street Parking Places Order.
34. This process will include a minimum period of 21 days' statutory public consultation, followed by a detailed review of all feedback received, before the Off Street Parking Places Order can be formally sealed and the changes implemented.
35. It should be noted that as part of the lease agreement with the privately operated Marketplace car park in Burgess Hill, there is a requirement for these parking charges to replicate those of MSDC car parks. Negotiations with the car park operators will be undertaken to ensure new charges are applied.

Conclusion

36. The Parking Strategy sets a clear ambition to invest in and modernise the car park estate to ensure high standards of future service delivery including modernisation and investment in new technology to improve the customer experience. Establishing new pricing strategies underpins the commitment to deliver these ambitions.
37. Over the past 10 years, pay and display charges have not increased in line with inflation, whilst the operational costs to manage the pay and display town and free larger village car parks have increased year-on year. In addition, the Council has made a significant investment in new digital technology over the same period.
38. The evidence base supporting the Parking Strategy highlighted that Mid Sussex charges are at the lower end of the charges spectrum when compared to similar and neighbouring Councils and that it was unusual that no inflationary charges have been applied for 10-year period. With the proposed inflationary increase in parking charges, Mid Sussex remains competitive.
39. The introduction of a new range of season tickets enables the Council to respond to customers need post pandemic by providing more flexibility.

Financial implications

40. In 2019/20 1.6 million pay and display transactions were made in the town centre car parks across Mid Sussex, generating an income of £1.9 million for the Council, which was reinvested in the maintenance, management and improvement of the car park service and in supporting key statutory Council services.
41. By comparison, in 2020/21 following the impacts of the pandemic there were just 754k pay and display transactions, generating an income of £884k. This £1.1m reduction in income has significantly impacted the Council's finances at a time when there are significant budget pressures in other Council services caused by the pandemic.
42. In the first six months of 2021/22, almost 592k pay and display transactions have been made, which is 28% down on the pre pandemic data of 2019 for the same period.
43. Based on customer behaviour during the first six months of the current financial year and assuming car park use continues at similar levels, it has been estimated that the proposed inflationary uplift will provide a potential annual income uplift of £350k. This does not account for any recovery growth or short-term behaviour displacement as a result of implementing the changes.
44. Given the unprecedented nature of the pandemic recovery it is difficult to predict how increases in charges will impact on car park usage. Parking Matters Ltd, relying on extensive industry evidence, have confirmed that price alone is not a major factor in influencing consumer behaviour although the local offer does impact consumer decision making.
45. Given the current decrease in demand, it is difficult to predict the financial impact of the introduction of a new flexible range of season tickets. However, it is hoped that by offering more flexible options, demand will increase, and this will be reflected in income. This will be kept under review.

Risk Management Implications

46. It is anticipated that an increase in parking charges may cause some initial parking displacement onto nearby residential roads. This impact is most likely to be seen in Burgess Hill and Haywards Heath as the controlled parking zone in East Grinstead limits the availability of free restricted and unrestricted parking in the town centre.
47. It should also be acknowledged that the proposed increases in pay and display charges may displace some town centre footfall to other locations where comparable parking charges are considered to offer more value for money in relation to the retail offer provided.

Equality and Customer Service Implications

48. An Equality Impact Assessment has been completed for the introduction of a new flexible season ticket offer and an increase in parking charges. This is attached at Appendix 2.

Sustainability Implications

49. The proposals contained within this report are part of a wider package of works proposed within the Parking Strategy 2020-2030, which include the production and implementation of an investment plan for the car park estate. This plan will set out actions to deliver a more modern and sustainable parking service, which will be part-funded by the income generated by these changes.

Background papers

50. Parking Strategy 2020-2030 and Five Year Action Plan:
<https://www.midsussex.gov.uk/parking-travel/parking-strategy/>

Nearest Neighbour Benchmarking

APPENDIX 1

Comparison of nearest neighbours and comparable areas completed showing the average cost of a 2 hour stay.

Note- every area has a different pricing strategy and may not provide a direct policy comparison.

Authority / Area	Current 2 hr stay charge
Chichester differential tariffs are applied to car parks depending on location	£1.80/ £2.80 - £4
Crawley	£2.00
Worthing differential tariffs are applied to car parks depending on location	£2.30 - £2.50
Horsham differential tariffs are applied to car parks depending on location	£1.80 - £2.80
Sevenoaks differential tariffs are applied to car parks depending on location	£2 - £4
Dorking	£2
Lewes differential tariffs are applied to car parks depending on location	£1.40 - £1.80
Seaford / Newhaven	£1.10
Reigate	£2.20