

Item No.	Classification: Open	Date: 14 February 2012	Decision Taker: Cabinet Member for Transport, Environment and Recycling
Report title:		Setting fees and charges for Public Realm Division for 2012/2013 – Addendum Report	
Ward(s) or groups affected:		All	
From:		Strategic Director of Environment and Leisure	

RECOMMENDATION

1. That the Cabinet Member agrees an addendum to the report ‘Setting of fees and charges for Public Realm Division for 2012/13’ such that the charge for an annual Car Club permit should increase by 5% from £450 to £472.50 per annum, with an implementation date of 1 April 2012.

BACKGROUND INFORMATION

2. This report is provided as an addendum to the report published on 2 February 2013 which sets the fees and charges for the Public Realm division 2012/13 (the original report).
3. Since publication of that report further consideration has been given to the charges originally proposed for annual car club permits.
4. Charges for car club permits are discretionary but fully flexible.

KEY ISSUES FOR CONSIDERATION

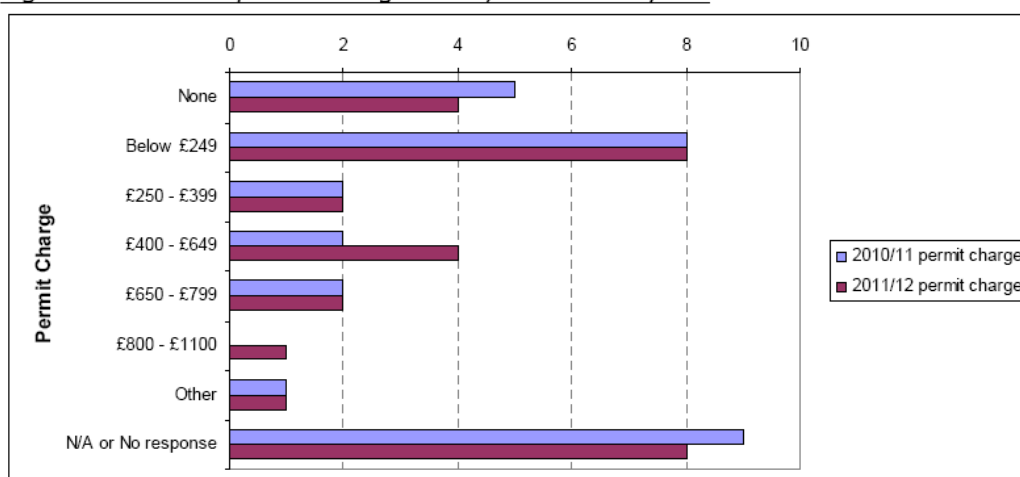
5. The main report proposes that the charge for an annual car club permit be increased from £450 to £650, a 44.4% increase.
6. The charge of £650 was justified upon it being increased to the level of the inner London average; however further benchmarking information not available in Appendix 7 of the original report had become available and further consideration has been given to this charge particularly in light of published good practice which identifies that boroughs should:
 - consider the wider contribution that car clubs make, including reducing CO2 emissions, local air quality and reducing congestion and local parking pressures; and
 - avoid setting charges based upon neighboring boroughs as this has the potential to artificially escalate charges.
7. Policy 1.5 of Transport Plan 2011 states that we will “ensure that there is a car club bay within 5 to 10 minutes walk of each household in the borough by 2014”. The geographic distribution of car club bays in the borough is, at present, uneven and new bays are required to address this and meet the Council’s stated policy.

8. In order to achieve this policy objective the council has sought external funding to increase the number of bays from just over 100 to nearly 150 by Spring 2013. Locations for those bays have already been discussed with the relevant community councils.
9. The Car Club sector is currently at an early stage of development across London and operators are using a low cost model to encourage uptake of the service. Thus there is considerable risk that by increasing the permit charge (to the amount originally proposed) the above policy objectives would not be achieved as bays proposed in more marginal areas would not be progressed by the operator.

Benchmarking

10. The council's Medium Term Financial Strategy 2010/11-2013/14 and corporate income policy require that fees and charges are increased to a level, at a minimum, that is equal to the most appropriate London average except where this conflicts with council policy or would lead to adverse revenue.
11. To assist in the decision of car club permits, some benchmarking is therefore helpful. Car Plus provides the results of an annual survey of London boroughs in relation to operation of their car clubs.
12. The Car Plus report "Technical Note 1 – Guidance on London borough Car Club Parking Permit, Nov 2011" demonstrates that 2011/12 permits charges range between free (4 boroughs) and £1100 (1 borough). This is shown in Figure 1.

*Figure 1 – Car Club permit charges 2010/11 and 2011/12**



**NB – One borough has introduced a two tiered pricing system in 2011/12 so this has been counted as two responses.*

13. Figure 1 illustrates that the 11/12 London median is in the range of "Below £249". Taking the middle point of each range, the mean is within the range £250 to £399.
14. Transport for London advises that "the cost of parking spaces is not prohibitive and that the charges are transparent so operators can assess the opportunity to develop in a location and create an effective business plan."

Conclusion

15. Officers consider that level of fees set in the original report are in conflict with council policy and that the charges should be set at a level that meets the overall policy objective.
16. Taking account of the key issues and considering that the car club permit charge has not changed since its introduction in March 2010, it is recommended that the permit be increased by inflation only at 5% (i.e. from £450 to £472.50 per annum).

Resource implications

17. The Parking account had a growth target of £130,000 in revenue from parking permits as a result of changes to fee's and charges for 2012/13. The result of this proposed change to the increase in the cost of parking permits for Car Clubs means a net reduction in the projected additional income from fee's and charges for 2012/13 by £11k. This shortfall will be met from ad-hoc savings made elsewhere within the parking revenue account.

Policy implications

18. The recommendation contained within this report is consistent Policy 1.5 of the Transport Plan 2011.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Finance Director (NR/F&R/10/2/12)

19. This report asks the cabinet member for Cabinet Member for Transport, Environment and Recycling to agrees an addendum to the report 'Setting of fees and charges for Public Realm Division for 2012/13', signed off on 1 February 2012, that the charge for an annual Car Club permit should now increase by only 5% from £450 to £472.50 per annum, rather than the 44.4% previously recommended, with an implementation date of 1 April 2012.
20. The Finance Director notes that this addendum will reduce the originally proposed charge of £650 to £472.50 resulting in reduced income of some £11k.
21. The Finance Director also notes that this shortfall will be met from savings elsewhere in the parking account.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Public Realm Division Fees & Charges 12-13 working papers and relevant emails	Public Realm, Environment and Leisure offices, 160 Tooley Street, London SE1 2QH	Jamshed Manzoor, Divisional Accountant 020 7525 2111

AUDIT TRAIL

Lead Officer	Gill Davies, Strategic Director of Environment and Leisure	
Report Author	Des Waters, Head of Public Realm	
Version	Final	
Dated	14 February 2012	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Strategic Director of Communities, Law & Governance	No	No
Finance Director	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team	14 February 2012	