West Lindsey District Council

Parking Value for Money Review 2024

Prepared by

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1. Introduction

West Lindsey District Council ('the Council' or WLDC) have commissioned Parking Matters Ltd (PML) to carry out a high-level desktop review of the Council's existing parking enforcement arrangements to assess whether it represents good value for money. This requires statistical and financial benchmarking of the current performance levels of the operation and a review of the high-level options for service delivery along with the advantages/disadvantages of each approach, and their suitability in light of the wider operating environment and the industry in general. We have also carried out a detailed financial analysis of the Council's parking accounts to assess value for money.

WLDC have asked for a number of specific questions to be considered as part of the review:

1. *What is the total cost of the current running of the car parks this needs to include all staff costs and recharges as well as enforcement contract with Nottingham etc, Business Rates, Maintenance etc?*
2. *What is the total income from car parking charges?*
3. *What would the cost of running the car parks be if we didn't charge for parking i.e., you would have the car parking costs, business rates etc but you would not have the cost of Council staff or the enforcement contract?*
4. *How does the contract provided by Nottingham compare with other providers for other authorities, are we getting value for money on the costs or are we being relatively undercharged or overcharged?*
5. *What would happen if we charged but didn't enforce?*
6. *What are the risks to the Council financial and otherwise of having free car parking.*

2. Benchmarking of Current Performance Levels

2.1 Background

This section reviews the current compliance management service.

The Council is responsible for the efficient management of car park compliance in Gainsborough and Market Rasen. There are 10 car parks in Gainsborough with a total of 486 spaces and 3 car parks in Market Rasen with a total of 194 spaces as follows:

Name	Town	Spaces	Blue B.	EVCPs	Status
Bridge Street	Gainsborough	101	7	0	Long Stay
Roseway	Gainsborough	71	5	2	Short Stay
Ship Court	Gainsborough	46	6	0	Long Stay
Lord Street	Gainsborough	50	3	0	Long Stay
Whitton Gardens	Gainsborough	11	1	0	Long Stay
North Street	Gainsborough	81	2	0	Long Stay
Riverside	Gainsborough	118	4	0	Long Stay
***Marshalls Yard** (+)*	*Gainsborough*	*351*	*26**	*2*	*Short Stay*
***Lidl** (+)*	*Gainsborough*	*138*	*6**	*0*	*Short Stay*
Festival Hall	Market Rasen	72	5	0	Long Stay
John Street	Market Rasen	99	8	0	Long Stay
Mill Road	Market Rasen	23	2	0	Long Stay

+ = not council controlled / * = estimated from aerial photography.

The car parks are subject to parking charges or length of stay restrictions as set out in the Councils Off-Street Parking Places Orders and are managed by the Councils exercising their powers under the Traffic Management Act 2004.

WLDC is responsible for providing the associated equipment and processes necessary to operate the service, including the following service elements: compliance management, pay and display machines and maintenance, cash collection, provision of season tickets, parking place orders, consultations, ticket processing operation and provision of parking software to issue and process PCNs.

WLDC has entered into a Call-Off Agreement for parking enforcement with NSL under a framework agreements between Nottinghamshire County Council and Marstons (NSL) which expires on 31st December 2025; and has signed an inter-authority agreement with Nottinghamshire County Council for car park ticket processing which expires on 31st December 2024 following a 2-year extension ("CPU"). These arrangements are very comprehensive and cover the full scope of enforcement and ticket processing functions, except for cash collection and permit administration (see below).

NSL are paid on the basis of CEO hours deployed (a total of 30 hours contracted per week, 25 at Gainsborough and 5 at Market Rasen), and the CPU is paid on the basis of a cost per PCN processed, paid on account and adjusted in arrears.

Cash collection is outsourced to Kings Armoured Security Services (until 31st March 2025 with a potential extension of 12 months). Pay by mobile service is provided by RingGo (expires 31st August 2025 with provision for two 12-month extensions) and permit administration is carried out in-house by Customer Services. Management of these service/supply agreements and those for ticket machines, ticket stocks, cash collection, and EV charging is by the Council's Property & Assets team.

As a result of managing compliance of these powers, in 2022/23, 2,646 Penalty Charge Notices (PCNs) were issued with a net income (actual) from PCNs after CPU costs of £39,833. PCN issue in 2023/24 was maintained at c.2,567. The Council forecast net income of £39,300. (The drop in income despite only a small decrease in PCN issue ties in with a lower overall recovery rate 2023/24 and an increased cancellation rate – see section 2.2. below). Parking revenues from pay and display machines and the RingGo service were £157,742 (2022/23) and £168,800 (Council forecast 2023/24). Permit income was £54,258 (2022/23) and £59,800 (Council forecast 2023/24). Detailed analysis of the Council's accounts is given in section 4.2.

2.2 Benchmarking

Benchmarking information was provided by the Council in respect of a range of key performance indicators. The table below shows our analysis of these data and compares with a similar exercise carried out for WLDC for 2019/20 pre-Covid. We have provided average figures derived from other authorities to compare performance. The other authorities were selected as they are similar sized districts responsible for off-street parking only, and for which data is available from annual reports.

PCN Statistical Benchmarks	West Lindsey (2019/20)	West Lindsey (2023/24)	Average
Discount recovery rates	60%	59%	62%
Overall recovery rates	73%	69%	73%
Compliance Levels	Not available	Not available	85% - 90%
Cancelled CEO error	0.08%	0.15%	0.5%
CEO productivity (PCN/CEO/hr)	0.8	1.6	0.8
Cancellation (not including write off) %	22%	30%	16%

This exercise indicates that, with one notable exception, the service is operating broadly in line, if a little under benchmark averages. (Whilst the level of cancellations for CEO error is higher than 2019/20 it has fallen from 0.45% in 2022/23 and remains under the benchmark level.) However, it should be noted that statistics from small-scale operations such as WLDC are more sensitive to minor variations in KPIs.

The average CEO productivity per hour gives an indication of the effectiveness of current CEO deployment. For example, productivity can be higher than average if there is an insufficient number of deployed hours, or lower if patrols are too frequent, poorly focused, or due to CEOs patrolling a wider than average geographical area increasing unproductive travelling time.

CEO productivity in WLDC is twice the benchmark level and also twice the level seen pre-Covid. This indicates that the level of CEO deployment is insufficient and that compliance levels, and hence revenues from paid for parking, are lower than they should be. Additional patrols would be desirable as they encourage payment rather than relying on the uncertain issue of a PCN with associated processing costs. CEO productivity should be monitored regularly as it provides a good indicator of compliance.

Compliance levels measure how many motorists are complying with the parking regulations. Periodic compliance surveys, consisting of beat surveys which assess each parked vehicle on the beat to ascertain whether it is parked in accordance with the regulations, can assess the level of compliance and also help indicate whether the level of deployed hours is appropriate e.g., as suggested, if compliance is low then there may be insufficient enforcement presence to deter parking in contravention of the regulations.

Carrying out periodic compliance surveys is also a cost-efficient method of tracking where there may be compliance issues to help target CEO deployment to where it is needed most. In common with most Councils, WLDC do not currently carry out such surveys and as a result no compliance information is available.

3. Service Delivery Models

When considering the high-level options for service delivery there are broadly four models for service delivery currently deployed across the country:

- **In-house:** day-to-today delivery is entirely or largely delivered within the local authority by directly employed staff
- **Contracted:** day-to-day delivery is entirely or largely delivered by a contractor appointed by a local authority
- **Separate lots:** whereby large portions of the service are contracted separately
- **Third Party Agreement:** whereby a third party, for example a neighbouring council employed to carry out parking management and enforcement.

This high-level comparison of these different models is explained in Appendix along with a SWOT table in each case.

The table below sets out a comparison of the risks and benefits of the options.

	In-house	Contracted (Single or Multiple lots)	Third Party Agreement (Work with NCC)
Description	Day-to-day delivery is entirely or largely delivered within the local authority by directly employed staff	Day-to day delivery is entirely or largely delivered by a contractor appointed by the local authority.	Day-to day delivery is entirely or largely delivered by a contractor jointly appointed with NCC or by a shared service centre.
Benefits	Control and Flexibility - easier to respond to changing requirements without need to formalise contractual variations.	Specialist service providers bring industry best practice and innovation.	Specialist service providers bring industry best practice and innovation. Creation of a larger operation with economies of scale should be more attractive to contractors and provides potentially greater client-side management experience.
	Council terms and conditions likely to be better than those offered by contractor, which may improve staff retention.	Full risk transfer of requirements included in contract specification supported by KPIs and service credits (or similar)	Full risk transfer of requirements included in contract specification supported by KPIs and service credits (or similar).
Risks	Potential lack of industry knowledge and experience.	Need precise contract specification to ensure service required is delivered.	Need precise contract specification and client-side arrangements.
	Council takes on all risks.	Risk of contractor cost increasing for ad hoc request and additional work (dependent on contract specification and management).	Risk of contractor cost increasing for ad hoc request and additional work (dependent on contract specification and management).
	Poor public perception of same organisations dealing with both PCN challengers and representations.	Changes to contract can be time consuming and potentially costly.	Changes to contract and agreement can be time consuming and potentially costly.
	Increased staff sickness and absence may result from better terms and conditions.	Contractor will build a profit and overheads into total costs.	Contractor will build a profit and overheads into costs.

	Councils typically encounter difficulties with recruitment which can be impacted by, for example, Council-wide recruitment freezes.	Risk of staff turnover due to less favourable terms and conditions compared with in-house.	Risk of staff turnover due to less favourable terms and conditions compared with in-house
	Initial and ongoing staff training and development would need to be provided either in-house or through a supplier.	Contractor risk of going into administration or being acquired. Potential perception issue in using contractor. Council reputation may be linked to the contractor. (At same time Council can distance itself from bad publicity if a contractor delivers the service.)	Contractor risk of going into administration or being acquired. Potential perception issue in using contractor. Council reputation may be linked to the contractor. (At same time Council can distance itself from bad publicity if a contractor delivers the service.)
		Cost of tender process.	Cost of tender process.
			Needs political agreement and strategic alignment from partner Councils.
Potentials Indicative Financials	Potential higher cost of staff on local authority grades would need careful consideration. However, if well managed overall costs of service can be similar to contracted service.	Staff costs cheaper than in-house service, however profit margin and contractual add on costs can result in similar cost to well managed in-house service.	Potential to be least expensive option due to shared staff economies between on and off-street services.

As explained above, WLDC delegate the compliance management and ticket processing operations. This is practical due to the relatively low number of car parks and spaces that are required to be managed when compared to many other council areas. The main advantages to the Council in outsourcing these elements is that it provides a more resilient service as a contractor is able to provide experienced officers/management as this is their core business. The main disadvantage to Council is that an element of control of the process is lost.

The way that a service or contract is managed is more important than the delivery model. A well-resourced and well-run service is the key to fair and efficient service delivery in support of the Council's transport planning and revenue protection objectives. The Council currently employs a Car Park Officer to oversee civil parking enforcement on its car park and in our opinion a designated resource like this is essential for maintaining/improving the current performance levels.

The benchmarking exercise detailed above suggests that the service is performing well and generally in line with the benchmarking data available.

4. Financial Analysis

4.1 Financial Benchmarking

This section addressed the Council's specific question below:

4. *How does the contract provided by Nottingham compare with other providers for other authorities, are we getting value for money on the costs or are we being relatively undercharged or overcharged?*

It is extremely difficult to benchmark the financial accounts against other authorities, as each authority reports their financial information differently i.e., re-charging policies, contract requirements and separation of service costs. Furthermore, a limited number of authorities publish their parking accounts separately from their corporate accounts. This limits the ability to compare budget performance against other authorities. However, as we have stated in a previous commission, the hourly charges paid under the NSL contract appear to be very reasonable, particularly as it includes equipment, uniforms, supervisor, etc.

In benchmarking overall costs, we would normally calculate the cost per PCN issued which we would expect to be between £21 and £37 (exc VAT). We have been provided with the cost for the CPU ticket processing operation which was £7.44 (exc VAT) per PCN in 2022/23. The actual cost of the NSL enforcement contract in 2022/23 was £47,076 (exc VAT), and 2,646 PCNs were issued. This gives a cost per PCN of £17.79. This results in a total cost per PCN issued of £7.44 plus £17.79 = £25.23. The figure for WLDC is therefore in the lower third of the benchmark range.

Where an authority lies within this range depends on a number of factors such as the specification of a contract (i.e., the range of services included), the size of the operation (economies of scale), the geography of the area, and the market conditions when a contract was tendered.

4.2 Detailed Financial Analysis

1. *What is the total cost of the current running of the car parks this needs to include all staff costs and recharges as well as enforcement contract with Nottingham etc, Business Rates, Maintenance etc?*
2. *What is the total income from car parking charges?*

The Council has supplied accounts for 2022/23 and a year-end forecast for 2023/24. The calculated income in these years from parking charges, permits and penalty charges is c.£271.5k and c.£268k (net of VAT) respectively.

We have used these accounts to forecast the potential net income for 2024/25 using the following assumptions:-

- In the absence of a review of parking charges, we have assumed that income will be the same as for 2023/24
- An inflationary cost increase of 3.5%
- An increase in business rates calculated using the revised business rate multiplier for 2024/25
- Adjustments to normalise one off increases in 2023/24 compared with 2023/23

The results of this analysis are shown in Figure 1 below and show that operating costs including depreciation and recharged costs will amount to c.£270k in 2024/25 resulting in a small budget surplus of c.£3,300.

Figure 1

	2024/25	Free Parking
Income		
Parking Charges	168,800	-
Car Park Permits	59,800	-
Misc	-36	-
PCN Income	39,300	-
	267,864	**-**
Expenditure - Operating		
Staffing	54,893	54,893
Contract Costs	56,880	-
Rates	34,765	34,765
Insurance	60	60
Energy	9,200	9,200
Maintenance	21,762	11,988
Credit card charges/Cash handling	5,072	-
Sundry Operating Costs	2,695	20
	185,328	**110,926**
Gross Margin	**82,536**	**-110,926**
		-
Depreciation	**4,300**	**4,300**
Net Margin	**78,236**	**-115,226**
Recharged Costs		
Customer Services	22,253	22,253
Corporate	1,967	1,967
Systems Development	12,627	12,627
Financial Services	9,315	9,315
Health and Safety	932	932
Human Resources	2,588	2,588
Communications	2,898	2,898
Property Services	10,143	10,143
Procurement	3,933	3,933
ICT	4,968	4,968
Telephony	828	828
Payroll Services	725	725
Accommodation	4,037	4,037
Other	-2,277	-2,277
	74,934	**74,934**
		-
Surplus/Deficit	**3,302**	**-190,160**

3. *What would the cost of running the car parks be if we didn't charge for parking i.e., you would have the car parking costs, business rates etc but you would not have the cost of Council staff or the enforcement contract?*

Figure 1 shows that the forecast operating costs based upon charging for car parking are a mix of direct operating expenditure of c.£185K, depreciation of capital costs incurred for new pay and display machines of £4.3k and recharged costs of c.£75k. If free parking were to be introduced, whilst there would be cost savings related to cash collection, enforcement and back office costs, a significant amount of these costs would still be incurred. For example, in the absence of recharged costs would have to be allocated to other service budgets, and direct staff costs would also not necessarily be saved as these also relate to apportionments of the salaries of staff who perform other roles.

5. Policy Matters

We have been requested to provide a view on policy matters in relation to enforcement and charging for car parking. The likely outcomes of implementing the suggested policies are interrelated.

4. What would happen if we charged but didn't enforce?

Put simply, if there is no enforcement then the level of pay and display/mobile revenue would fall significantly over time as the public realise they have no chance of receiving a PCN. There would also be no reason for a permit holder to continue to pay and therefore permit revenue would also fall away. The decline in revenue would be steeper if most car park users are local (repeat users) and when the local press discovered the story. Parking is always of significant press interest. It is likely that the Council could suffer reputational damage as a result for failing to manage its assets in an appropriate manner, especially given the current surplus position.

In financial terms, whilst a range of costs necessary to provide enforcement would no longer apply, the costs of maintaining a safe car park environment would continue without a supporting revenue stream. The car parks would still need to be maintained to an acceptable standard e.g., surface, lines, signs, cash collection, lighting etc. Payment machines and mobile payments would be on an "honesty box" basis but over time revenues would fall, and be exceeded by the costs of providing these services.

It is impossible to quantify how many car park users would not pay in the absence of an enforcement deterrent. Where honesty boxes have been used in parking and retail scenarios, there has been loss of income. It has been reported in 2017 by the Head of Recreation and Access at one of the UK's largest national parks, Dartmoor, that annual takings with an honesty box rose from £6,000 to £23,000 at one of its car parks once a payment machine and enforcement were introduced.

In Section 4.2 we show that the parking service in 2024/25 may operate at a small surplus after a range of the Council's shared costs are applied to the accounts. If the payment of parking charges was not enforced, the contribution of parking revenues to the Council's shared costs would reduce, almost certainly resulting in a significant budget deficit. Assuming a loss of 60% of revenue, we estimate that there would be a budget deficit of c£115k increasing to c£150k if revenue reduced by 75%.

In transport planning terms, removal of enforcement is very likely to result in the car parks being filled by long-term parkers, particularly commuters. Parking charges based on length of stay backed up by enforcement provides parking turnover and ensures that new arrivals always have a good chance of always finding a space to park. Removing enforcement will remove this way of promoting parking turnover which will create a significant reduction in amenity for visitors and is likely to have a detrimental effect on the vitality of the local economy. Car visitors would have fewer available spaces to park.

Furthermore, and especially in busier locations, parking may be displaced onto the street where it may cause obstruction, a safety hazard or prevent loading and unloading, which may result in a need for on-street parking enforcement.

5. What are the risks to the Council financial and otherwise of having free car parking.

As explained above, unrestricted free parking is the logical outcome of removing enforcement.

Free parking as a stated policy would, in addition, remove the revenue streams from pay and display, mobile payments and permits. A formal policy of free parking would also require a one-off cost of refunds for permits on issue.

If parking is free with no restriction on length of stay, it is likely that the car parks would be filled with long-stay parkers with consequent reduction in amenity and local economic vitality. This approach would result in a similar scenario to the removal of enforcement.

Length of stay restrictions only could be retained but this would require enforcement with no supporting revenue stream. Furthermore, the intensity of enforcement required to enforce length of stay only is higher than for paid parking as it is simpler and more efficient for a CEO to interrogate evidence of a right to park (e.g., displaying a pay and display ticket or registering a right to park using a mobile) than tracking every vehicle’s length of stay. However, this would require retention of pay and display machines (along with associated ticket and maintenance costs) or a mobile facility to (for which a convenience fee would continue to apply to pay the mobile provider whether funded by the motorist or the Council). Both these methods represent an unfunded means of controlling restrictions on length of stay for free parking.

Included at Appendix B is a summary of existing research into parking pricing policy in town centres and a commentary of the impact of free parking charges which concludes that there is a lack of clear evidence that free parking charges will result in a material increase in footfall. Given that implementing free parking will also result in a significant budget deficit, it is not something that we would recommend.

6. Conclusions

The WLDC parking service benchmarks well with other authorities both financially and in terms of service delivery. However, the high CEO productivity data suggests that compliance levels may be low, and that increased enforcement resource would bring benefits in both revenue and the better management of parking policy.

In our opinion, due to the size and nature of the operation, continuing with the agreement with CPU for ticket processing is the best way forward for WLDC. If the Council were to bring the operation in-house there would be little resilience within the service and the initial costs would be high.

The same considerations apply to the enforcement service. Whilst NSL appear to be performing well and at an acceptable cost, the important aspect is that the Call-Off Agreement allows WLDC to benefit from this good standard of service without the need to directly tender and manage the service contract.

We commented in a previous commission that outsourcing the permit administration function could be considered. Most Councils however like to retain permit functions in-house via their customer contact centre/portals to retain control over the interaction with residents. In any event any savings would be minimal given the relatively small number of transactions, that the customer portal infrastructure would continue to be required for other purposes, and that printing and postage costs relating to physical permits would continue.

Finally, it is important to recognise that financial evaluation of a revenue generating service must include consideration of risk. Cost savings can be eroded by revenue reductions if the service level is not maintained or improved. This has consequences for wider Council service provision as well as for the Council’s transport and parking management policies. Given that there is a lack of clear evidence that free parking charges will result in a material increase in footfall, and that it will also result in a significant budget deficit, they are not something that we would recommend.

Appendix A – High Level Options for Future Delivery

As well as our many years of working with local authorities, private parking operators, and parking enforcement suppliers, we carried out a research exercise on delivery models in 2021 to advise a client in southern England. During this work we spoke to a number of local authorities in southern and southwestern England including urban unitary authorities and larger rural counties.

When considering the high-level options for service delivery there are broadly four models for service delivery currently deployed across the country:

- **In-house:** day-to-today delivery is entirely or largely delivered within the local authority by directly employed staff;
- **Contracted**: day-to-day delivery is entirely or largely delivered by a contractor appointed by a local authority;
- **Separate lots:** whereby large portions of the service are contracted separately;
- **Third Party Agreement**: whereby a third party, for example a neighbouring council (or even a JV company) is employed to carry out parking management and enforcement.

Across England most authorities either deliver services in-house or through a contract with a supplier. In the research we conducted, we found that most authorities made the decision on their delivery models at the point they adopted civil enforcement. There have been relatively few cases of wholesale change in delivery model.

In-house delivery

We estimate around half of authorities deliver their parking services in-house including some of the country's largest cities (e.g., Newcastle and Bristol), counties (e.g., Devon), unitary authorities (e.g., Bath and NE Somerset and Swindon), and numerous districts (often off-street only).

This does not mean that all services are delivered in-house, but that the majority of the team, including the Civil Enforcement Officers are employed directly by the council.

Commonly cited strengths of this model are the direct and easy access to the civil enforcement service, the ability to direct and change the service to respond to policy changes and the shared services with other departments. However, poorly managed or resourced parking services can perform very badly with low PCN rates and high rates of PCN appeals. Where teams are poorly managed, authorities seem especially susceptible to high rates of sickness and absence.

In House SWOT Table

Strengths • Easy Access and influence. • Complete control over quality of delivery • Intimate understanding of the local area and authority • Ability to reach back into other council services • Intangible customer service benefits e.g. enforcement staff working for their own communities ('civic pride'). • Staff can be redeployed to deal with other issues including litter, graffiti, blocked drains • Intangible benefit of having council representatives on the street.	**Weaknesses** • Ongoing need for training and continued professional development often overlooked • Fewer economies of scale when purchasing equipment • Difficult to scale up or down • Corporate policies / priorities can reduce the efficiency and professionalism of the service • Slower to procure services and equipment • Slower to recruit and replace staff.
Opportunities • Some shared services or shared economies (e.g. CCTV, Cash Collection) • Better quality of delivery and customer service leading to reputational benefits • Branding and communications. • Overhead savings from use of other council departments and premises.	**Threats** • Corporate policies such as recruitment freezes or carte blanche cost-cutting • Senior salaries often lower than market rate; • Junior staff pay & benefits often lead to higher costs • High sickness and vacancy rates • Inappropriate corporate projects (i.e. with software or corporate systems.

Recently, some authorities have decided to bring their parking services back in-house, two examples are briefly discussed below.

Hackney made the decision to in-house its civil enforcement activities in November 2020. The objective was to improve the customer experience and improve the flexibility of the council to embrace new ways of working to improve the service. This included approximately 132 FTE staff covered under TUPE regulations with a transition period from Nov 2020 to March 2022. Fixed costs were expected to remain the same, with the main savings coming from the payments relating to Key Performance Indicators (KPIs).

Buckinghamshire brought all civil enforcement in house following a new Unitary Council Buckinghamshire Council formed in April 2020. Prior to this, there were four district councils and one county council. The legacy county council operated an outsourced model for on-street parking restrictions, whereas the legacy district councils responsible for off-street operated in-house teams. The parking service in its entirety has operated in-house since autumn 2021 when the contract for the outsourced model expired. The council cited flexibility, simplicity and control over the service as the reasons for the change.

Contracted

Letting a contract for specialist services can be beneficial to parking services and provide managed, efficient, resilient and cost-effective solutions if the contract is well specified, the performance targets are achievable and fair, and internal contract management is consistently applied. Importantly risk is transferred from the commissioning body.

Cost savings can arise from economies of scale as being part of a larger operation results in a pool of expertise which is kept up-to-date and can be deployed to other operations by the supplier. Private operators are often keen to adopt new technologies especially where these deliver efficiencies.

The most common method of operation is to let a large main contract, typically for a 5-year term and sometimes including break options and/or extensions, which encompasses all elements of the service. This requires careful specification (usually with assistance if this is the first time such a contract is let), and an 'OJEU'-style tendering process. A client team will still be required to interface with councillors and suppliers as well as perform some duties which have to be considered by the Local Authority (second stage appeals). Any issues with staff retention or the recruitment of new staff to carry out these duties will impact this part of the service,

Outsourced SWOT table

Strengths	**Weaknesses**
• Pool of expertise to draw from which is kept well trained and knowledgeable • Economies of scale • Easier to scale up or down • Risk Transfer to provider • New services can be brought in quickly without large capital investment.	• Although margins are low, a proportion of the price will be taken as profit • Pricing can be high for services out-of-contract • Sub-contracting carries a management fee • Intangible customer service implications resulting from staff employed by a third party.
Opportunities	**Threats**
• Benefit from industry change and innovation • Adopt new technologies quicker • Quicker procurement and equipment renewal • Expertise and economies of scale for purchasing.	• Poor contracts / procurement can lead to Inflexibility • Poor future proofing, post contract with knowledge loss a risk • Complicated ownership of assets (e.g. handheld devices) • Bankruptcy or insolvency.

Watford is an example of an authority we have worked with who are very satisfied with the outsourced model. A well-resourced client team provides clear direction for the contract and a small, but skilled in-house team manages the contract. An example cited of where the approach worked well was around new parking arrangements around the football stadium where a partnership approach led to good outcomes.

Separate lots

Separate Lots, whereby the functions are split into multiple lots for procurement and letting separately, either at once, or staged to the market has been proposed in some places such as Hackney and Reading.

Some potential minor benefits potentially include competition between providers, and reduced management fees from the lead contractors.

Disadvantages include: little chance of economies of scale, compatibility and cooperation issues, separate tender process, reduced resilience, fewer savings during contract and union and staff relations.

Separate Lots SWOT Table

Strengths • Potential for greater flexibility • Easier to scale up or down	**Weaknesses** • Would still require a reasonably sized client team to manage the relationships • Pricing is likely to be higher as out-sourced operations will be smaller • Intangible customer service implications resulting fractured service delivery.
Opportunities • Potential competition between suppliers to be seen as more efficient • Benefit from industry change and innovation • Expertise and economies of scale for purchasing.	**Threats** • More points of weakness and failure; a single contractor failing could impact the entire service • Compatibility and cooperation issues between suppliers • Poor future proofing, post contract with knowledge loss a risk • Complicated ownership of assets (e.g. handheld devices) • Union and staff relations.

There are often suggestions to allow local and/or community interest organisations to bid for lots. This is likely to prove problematic because parking needs to conform to statutory guidance procedures and most functions require a detailed and up-to-date knowledge to comply with the law. A cooperative or similar organisation could be set up, but as far as we know none have been to date.

Multiple lots will require increased management resource for the Councils and invite added complexity. Experience would suggest getting contractors to work together without the guidance of the commissioning authority is the key barrier to success for this type of contract.

Third Party Agreement

Joint arrangements between local authorities are seen in the market e.g., the North Essex Parking Partnership (although this is in effect a department within Colchester Borough Council), and of course the current arrangements whereby WLDC work with Nottinghamshire County Council.

Third Party Agreement SWOT Table

Strengths • Potential for greater flexibility, but still retaining control • Easier to scale up or down than in-house and potentially contracted services too.	**Weaknesses** • Limited by legislation around publicly controlled companies • Pricing could be higher than larger out-sourced operations by national providers • Set-up costs will be significant
Opportunities • If well managed, pool of expertise to draw from which is kept well trained and knowledgeable • Benefit from industry change and innovation • Quicker to respond to industry changes and technology.	**Threats** • There may be no appropriate organisation willing or able to take on the role requiring a new company to be set up • Terms, conditions and staff team may remain in-house • If it involves more than one local authority, political and strategic differences could impact successful delivery

A third party arrangement can better create a critical mass and thus a higher level of interest from the market, in addition to encouraging economies of scale and realise some of the benefits of out-sourcing (expertise, cost control etc.).

Conclusions

The way that a service or contract is managed is more important than the delivery model. A well-resourced and well-run service is the key to fair and efficient service delivery in support of the Council's transport planning and revenue protection objectives.

Appendix B – The link between pricing and town centres

Car park charging is often perceived, particularly amongst businesses, as being a key determinant for changes in footfall levels in town and city centres. Over three-quarters of the business owners/workers interviewed for research in 2015, ('Assessing the impact of car parking charges on town centre footfall, (Welsh Government Report), Welsh Government, 2015', suggested that car parking options have an impact on the number of people coming into the town centre and therefore on their custom.

Beyond the anecdotal, there is very little published evidence which links changes in car park charges to changes in town centre footfall. Most research generally concludes that visitors feel the general availability of spaces to be more important than cost in their overall decision about visiting[1]. This is understandable as parking provision is only useful if customers can utilise appropriate parking at the right locations to suit their needs. Primarily, customers value the certainty of being able to park when and where they want to, and convenience is a quality for which most people are willing to pay.

A report by the Association of Town & City Management, British Parking Association, Parking Data & Research International and Springboard Research Ltd[2], Re-Think! outlines research into the impact of the number of spaces and the cost of parking for the first two hours on the prosperity of town centres. A two-hour duration was chosen to separate shopping trips from commuter trips. The study did not consider any other factors relating to car parking that could have an impact on the performance of town centres, such as location of parking and the quality of the space.

The Re-Think! report found that whilst there is a link between the quantity of parking and footfall, this suggested that the level of provision in town centres is generally where it should be rather than that increasing available parking would increase footfall. It also concluded that the relationship between the cost of parking and footfall is less clear. Business owners believe that as cost increases, footfall decreases, but as shown below, the towns/cities, with the highest footfall generally have higher than average parking charges.

Source, Springboard Research Ltd and Parking Data & Research International

Whilst towns with lower footfall generally charge less for parking this does not suggest that raising parking charges will increase or decrease footfall but implies that the cost of parking in the town centre

[1] Atkins. The effect of Parking Policy in England: Stage 1 Final Report
[2] Springboard. 2013. Re-Think! Parking on the High Street report.
http://www.britishparking.co.uk/write/Documents/Re-thinking_Car_Parking.pdf

is a lower priority when deciding on a destination than other factors. This is further evidenced when comparing the quality of the offer with footfall; simply, as the quality of the offer improves footfall increases.

The study does appear to find a link between a reduction in footfall in towns that charge more than the national average for the quality of their offer, however there are so many other variables, including the priorities of authorities in setting their charging regime, that it is difficult to draw any conclusions from this aspect of the research.

In-depth research at the Department of Urban Transport Economics, Erasmus University of Rotterdam shows no statistical correlation between footfall and parking charges:

"Visitors to town centres suggested that car park charges do impact behaviour, but the general availability of spaces is felt to be more important than cost in their overall decision about visiting. Traffic flow and parking signage have as much, if not greater, an effect on their decision to visit the town centre, how long they spend there, and how much money they spend."- Association of Town & City Management

This view is further supported by a 2012 London Council's Report on the relevance of parking to the success of urban centres[3]. Whilst London specific, the report supports the view that whilst research is scant, most of the evidence suggests the link between pricing and vitality of high streets generally correlated towards higher value destinations having higher tariffs and that if anything, traffic levels are frequently cited by shoppers as detrimental to the experience of town centre shopping.

The relationship between parking and local economies is complex, as provided by research conducted for the Renaissance Market Towns Programme. The report concluded that:

"People are drawn to towns, or away from them by other factors, such as place of work and the quality of the shopping facilities and public spaces. Therefore, a town with good shopping facilities and some parking problems will continue to attract shoppers, despite the poor parking, whilst a town with ample, good parking but a limited shopping facilities will not attract shoppers" - Renaissance Market Towns Programme, 2007

Other than in private car parks (e.g., NCP), Councils control the availability, duration and cost of car parking. In two-tier systems, Districts generally have more control over off-street parking than any other aspect of transport policy and management.

Crucially Councils are rarely in control of the charging rates set at out-of-town developments. These are often free, and shopping centres are often designed to make shopping as easy as possible for people travelling by car. These discrepancies between in-town and out-of-town retail offerings are often blamed, particularly by the business community, for decreasing footfall and revenue in town centres.

Re-Think! discusses the need to look at the 'value' of a space as opposed to simply the 'cost'. Drivers expect to pay more in the centre of a town than in an out-of-town location with the diverse range of services and cultural attractions available in town centres as opposed to purely shopping and eating offer in most retail parks.

Nevertheless, parking charges may deter some convenience retail customers if parking costs represent a much larger proportion of retail spend. However, fair charges can help ensure that parking spaces frequently turn over, thereby increasing overall footfall. The successful management and enforcement

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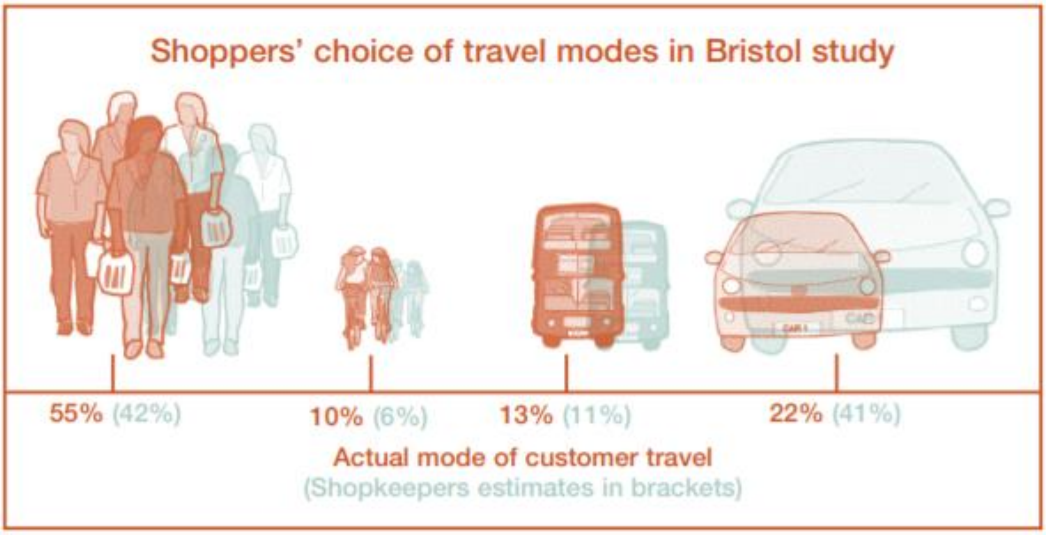
[3] London Councils. November 2012. Relevance of Parking to the Success of Urban Centres http://www.londoncouncils.gov.uk/services/parking-services/parking-and-traffic/parking-information-professionals/review-relevance

of car parks comes at a financial cost that needs to be funded to be sustainable, usually by charging for parking. No parking provision is actually free as costs have to be funded, even if not by the motorist. For example, at out of town retail parks where free parking is often quoted as a major attraction, the parking management costs are paid for by retail tenants via lease service charges.

To summarise, there is a general consensus that parking is just one of many factors in city and town centre vitality and there is little evidence to suggest that parking charges alone are a significant factor in destination choice.

Research by the British Parking Association identified and ranked the top 10 factors that dictate a driver's choice of car park[4]. Unsurprisingly, their overriding concern is 'location', in other words, proximity of the car park to the amenity or location which represents the very purpose of their trip. Their preference is a car park close to their destination where they can drive in and easily find a space that comfortably accommodates their vehicle. Charging helps to achieve efficient use and turnover if done appropriately.



The Impact of Free Parking Schemes

From available research there is no reliable evidence that providing free parking to support local businesses and increase footfall will provide a successful outcome. There have been a number of historically recorded trials prior to the Covid outbreak when parking trends were easier to track and compare. Many of these trials only reported retailer feedback with no independent validation of footfall levels, but where footfall was recorded there did not appear to be material impact. Where retailers were consulted feedback on the impact was mixed. We provide a sample of reported case studies below:

In April 2006, for a trial period of 6 months free parking on Saturdays (after 10 a.m.) was introduced by Rotherham Borough Council in an attempt to improve retail footfall in the town centre. The subsequent town centre footfall figures were monitored by Town Centre Management and whilst they did show a small increase from 2005 to 2006, it was significant that midweek footfall had increased by 3.2%, although Saturday footfall has increased by only 2.95%. This data seemed to confirm that although footfall was increasing, the Saturday trial period did not seem to have added to the increase.

In November 2014, in Ireland Mayo County Council abolished morning parking charges in Castlebar's two most central car parks but there was no dramatic change in retail activity.

[4] In-Town Parking: What Works? Innovative Practices in Parking Provision – ATCM 2014

To balance these examples, in Shrewsbury it was reported that free parking at selected car parks on Tuesdays and Wednesdays helped to increase year on year footfall by 2.2% during August 2019 compared with a 3.5% decrease across the West Midlands, a 2.3% decrease for other market towns and an overall 1.6% decrease across the UK.

A Vale of White Horse District Council report reported the impact of providing 2 hours free parking at locations in Abingdon, Faringdon, Wantage and Botley on businesses in these towns. 97 businesses responded to a survey undertaken in 2012, one year after the introduction of the scheme. The following responses were reported:

Approximately 70% of businesses reported a positive impact, however only:

- 51% of business believed that the scheme attracted more people to shop in the town centre.
- 35% of business felt that the scheme increased the number of visitors to their premises.
- 45% of business felt the scheme encouraged shoppers to stay longer in the town, increasing customer spend.
- 44% of businesses believed that the scheme attracted shoppers into town centres who would have otherwise shopped in out-of-town retail parks and supermarkets; and
- 32% of businesses believed that the scheme attracted shoppers into town centres who would have otherwise shopped in other towns.

It is evident from these responses that many businesses perceived a benefit, there was no consensus that the scheme attracted more shoppers.

Businesses were also consulted as part of the “Free after 3.00 pm” initiative in Elgin town centre in June 2015. Again many retailers did evidence increases in turnover, although there was no overall consensus with other businesses stating that they did not see any major changes.

Covid had a dramatic impact on town centre footfalls and many Councils have implemented free parking initiatives to try and boost town centre visits and support businesses. For example free parking was introduced after 3 pm on Fridays in Dorking in February 2021 and was reported to have helped footfall to increase by 1.9% during these periods. However, no comparison was made for other days of the week to help understand the real impact. Whilst, following the relaxation of Covid restrictions, there have been other positive reports of footfall increasing (Hucknell and Ashfield) due to free parking initiatives, there have also been footfall increases in towns where parking charges have been maintained, making it extremely difficult to measure the true impact of the free parking trials.

From 2019 to 2021, Fife Council trialled free parking days, the removal of Sunday charges, “free after three” evening discounts and cut-price season tickets in a bid to improve town centre footfall. However council officers concluded that these measures were not providing enough of a positive impact alone to justify the financial cost taken to enable them. The council’s transport director reported that “the biggest lesson we learned is that car parking is secondary to the wider placemaking and town centre strategy approach. That's the way for the future, as opposed to looking at car parking as some form of silver bullet.”

The examples given above widely support the research detailed earlier that there would appear to be no statistical correlation between footfall and parking charges. Given that the provision of free parking comes at a cost to council budgets, the lack of clear evidence of a resultant material increase in footfall, represents a considerable risk to the implementation of free parking schemes.