

Countywide Analysis of the Impact of Car Parking Charges

Summary

This report examines the link between introduction of Wiltshire's new car parking strategy and charges with car parking usage in the context of current economic climate.

It was planned that a post-implementation analysis of the current car parking charges would have been undertaken in early 2012. Carrying out the analysis now means that behaviour patterns are still in a state of flux and there is not a significant timeline of post-implementation evidence available. Given this, the report utilises the best available evidence and, where necessary, highlights concerns with its robustness and/or relevance.

The evidence used in the report includes the following:

- National and local economic data
- Retail trends data
- Research and studies showing the relationship between parking and market towns
- Car park usage and income data
- Evidence from other authorities
- Other strategies and plans.

The key conclusions are that:

- (i) The findings of wider research are that it is what a town or City has to offer is the primary factor affecting economic health and not parking charges.
- (ii) Parking ticket sales were already in decline before the introduction of the new parking charges in April 2011. Neighbouring local authorities are also reporting a decline in car park usage and/or an income shortfall.
- (iii) A large number of local authorities have either brought in increased parking charges or are considering such a move. A few have reduced their charges with limited and mixed results.
- (iv) National economic evidence shows that Britain is currently suffering from a period of slow growth, low consumer confidence and squeezed household disposable incomes. The rise of out-of-town shopping centres, large chain stores, supermarkets and the internet have also significantly impacted on the UK's high street.
- (v) There are signs that some of Wiltshire's towns are bucking the national trend.
- (vi) Parking charges provide essential Council income to support other services such as local buses and, as a demand management measure, can help the

Council and its partners meet CO₂ and air quality targets.

Overall, it is considered that if parking charges are broadly appropriate, then the main factors affecting market towns are:

- wider economic factors (e.g. consumer confidence);
- societal trends (e.g. supermarket and internet shopping); and
- the actual offer a town makes.

The first of these factors is largely international in its origin and scope. The second is largely national. The third is local and is being addressed by the Council in the county's largest towns through the Vision programmes.

Proposal

That Council:

- (i) Considers and notes the findings of the countywide analysis of the impact of the current car parking charges as presented in this report.

Reason for Proposal

At its meeting on 12 July 2011, Council requested a full report on the car parking charges on a countywide basis be presented to the next meeting of Council on 8 November 2011.

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Countywide Analysis of the Impact of Car Parking Charges

Purpose of Report

1. For Council to consider a countywide analysis of the economic, social and environmental impacts of the current car parking charges.

Background

Note – a fuller background brief is given in **Appendices 1 and 2**

2. Consultation on the draft car parking strategy was undertaken from 12 July to 3 September 2010. A variety of means were used to inform people of the consultation.
3. Feedback on the consultation findings were presented to all the Area Boards between 22 September and 23 November 2010.
4. The Wiltshire Local Transport Plan 2011-2026 – Car Parking Strategy was approved by Cabinet at its meeting on 14 December 2010. The minutes of this meeting record the receipt of two questions and 46 written submissions. Ten verbal representations were also made.
5. In accordance with the Overview and Scrutiny Procedure Rules (Part 8 of the Constitution), the Cabinet decision was called in by the Environment Select Committee. At the extraordinary meeting held on 21 December 2010, the Committee resolved:

That it was satisfied by the response, and agreed to no further action being taken and requested that the decision-maker (Cabinet) was informed accordingly; noting that the decision would then be implemented immediately.

6. The LTP Car Parking Strategy was formally adopted by the Council at its meeting on 22 February 2011 as part of the Wiltshire LTP 2011-2026. Three petitions relating to car parking issues in Bradford-on-Avon, Devizes and Marlborough were presented at the meeting.
7. A petition on car parking charges in Chippenham was presented to the Council meeting on 12 July 2011 where the request for this report was made.
8. At its meeting on 18 October 2011, Cabinet resolved that a number of the proposals made by Salisbury City Centre Management, the Federation of Small Businesses, Salisbury and District Chamber of Commerce and Industry,

and Salisbury City Council would be considered by Council at its meeting on 8 November 2011 (see **Appendix 3**).

Main Considerations for the Council

9. At the full Council meeting on 22 February 2011, Councillor John Brady (in his previous capacity as Cabinet Member for Economic Development and Strategic Planning) committed the Council to conducting a post-implementation analysis of the current car parking charges. This analysis, however, was not something that the Council would normally have undertaken only five months after the charges had been introduced. As stated by the Chief Executive in a letter to Salisbury City Centre Management, dated 16 June 2011, the review was planned to have been undertaken early next year when people's behaviour and patterns had stabilised, and when there would have been a year's economic and transport related evidence to analyse.
10. Having said this, it was always recognised that undertaking the post-implementation analysis would not have been easy given the current economic situation and the fact that parking charges is only one factor of many influencing an area's economic performance. Carrying out the analysis now, however, does mean that people's behaviour and patterns are still in a state of flux, and there is not a significant timeline of post-implementation economic and transport-related evidence available. Given this, this report utilises the best available evidence and, where necessary, highlights concerns with its robustness and/or relevance.

The National Economic Context

11. The UK economy grew at an above trend rate between April and September 2010 (Q2 1.2% growth, and Q3 0.8% growth) but then suffered a fall October-December 2010. The Office for National Statistics attributed this 0.5% fall to the bad weather in December 2010. January to March 2011 saw some improvement, however, conditions for the UK economy remain challenging and recovery is slow at 0.2% and recent evidence indicates that no improvement is expected for July-September 2011.
12. In February 2011, consumer confidence reached a record low (Nationwide consumer confidence data), and recent figures from July 2011 show no considerable improvement, with confidence levels 7 points lower than in July 2010. The underlying reasons why consumer confidence has fallen are numerous; however, one of the main factors is the drop in disposable income levels. In addition, recent evidence from the British Retail Consortium notes a change in consumer habits with consumers seeking even more value and making efficiencies as the economy continues to fluctuate. This has resulted in retailers having to adapt by making more attractive value offers.

Disposable Income

13. The Office for National Statistics has recently stated that UK households have seen the biggest fall in disposable income for more than 30 years. ONS data for the first quarter of 2011 indicated that household spending fell by 0.6%; this is attributed to numerous factors including for example: household disposable income being squeezed by inflation outpacing rises in wages, rises

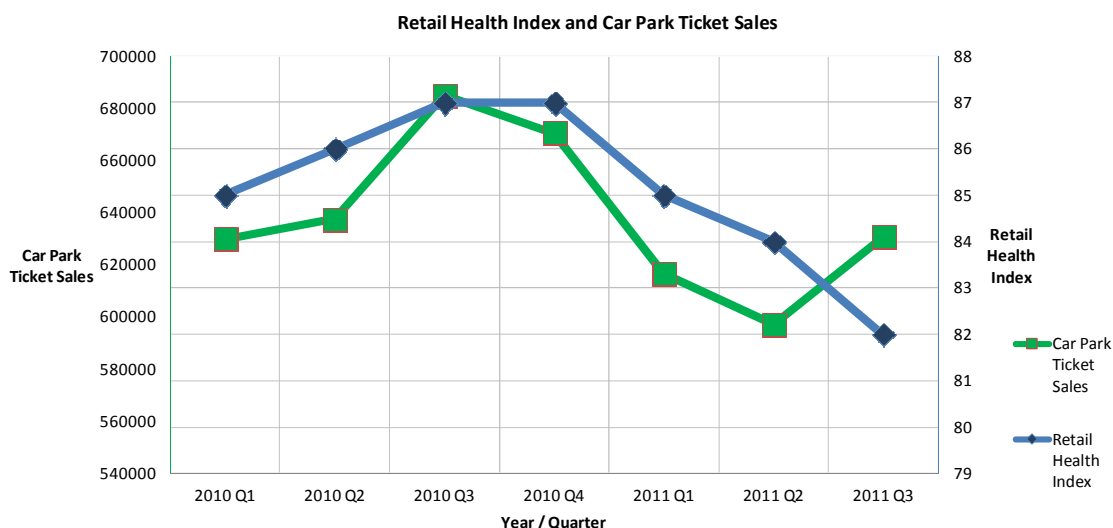
in energy prices, rises in fuel prices, problems with managing household debt, and high levels of unemployment. Selected factors are explained in greater detail below.

14. January 2011 saw VAT rise from 17.5% to 20%. Kelkoo, one of Europe's largest e-commerce websites, forecasted that the tax rise would cost each household in the country an additional £520 a year, and reduce household spending power by an average of 1.25% per annum.
15. Earlier this year, supermarket giant Morrisons stated that the rise in the price of oil and fuel duty meant that consumers were spending on average 15.8p a litre more at the pump when compared to last year. Data from The AA illustrates that the average UK price for a litre of unleaded petrol has risen from 104.4p in August 2009 to 135.7p in August 2011 (a rise of 30%).
16. Financial services firm Deloitte stated in May 2011 that UK households could face a drop of nearly £800 in disposable income over the next year. Deloitte stated that government cuts, rising inflation and soaring commodity prices are the main factors contributing to this fall.

Retail Health

17. By the end of July 2011 the UK retail market was considered to be firmly back in recession with a strong downturn in retail health expected in between July and September 2011 (KPMG/Synovate Retail Think Tank (RTT)). The RTT measures retail health by gathering quantitative data per quarter from their members in terms of demand, margins and costs. Over the last five years, retail health has fallen from a peak in early 2007 and it expected to fall to its lowest level again in Q3 2011, a level last seen in mid 2009 when the UK was in the middle of the banking crisis. The drop in retail health from Q4 2010 to Q1 2011 correlates with the drop in Wiltshire car park ticket sales for the same period. This period was prior to the change in charging policy that came into effect in April 2011. Chart 1 below compares national retail health and like-for-like short stay car park ticket sales in Wiltshire (see paragraph 36).

Chart 1: Retail Health Index 2010-2011 (Source KPMG/Synovate Retail Think Tank) / Wiltshire Like-for-Like Short Stay Car Park Ticket Sales



18. The RTT largely attributes this decline in retail health to the softening of demand, brought about by consumers reining in spending in response to unforeseen increases in petrol prices on top of the drop in disposable incomes, as the gap between living costs and wage inflation grows.

Vacant Shops and Footfall

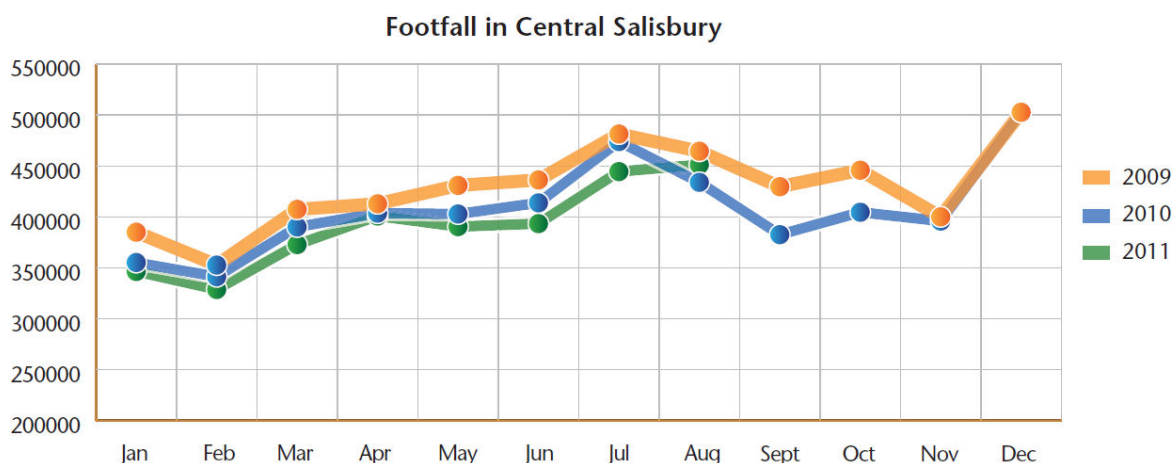
19. This drop in consumer confidence and spend is illustrated by the number of vacant shops nationally and the drop in high street footfall. A survey by the Local Data Company (LDC) in the first half of 2011 indicated that average town centre vacancy rates across the south west were 12.8%, which is 2.2% higher than Wiltshire's average shop vacancy rate of 10.6%. LDC data for 2010 indicated that Trowbridge had the most vacant shops in Wiltshire at 16.7%, Salisbury's vacancy rate was 10.7%, Chippenham's stood at 10.3%, Devizes was 7.9% and Marlborough's rate was 8%. LDC data from 2011 indicates that all of these vacancy rates, with the exception of Salisbury, have fallen, as illustrated in Table 1 below.

Table 1 Shop Vacancy Rates Comparison 2010-2011 (Local Data Company)

%	2010	2011	Difference
Chippenham	10.3	8.1	-2.2
Trowbridge	16.7	16.5	-0.2
Salisbury	10.7	11.9	1.2
Devizes	7.9	6.8	-1.1
Marlborough	8.0	5.8	-2.2

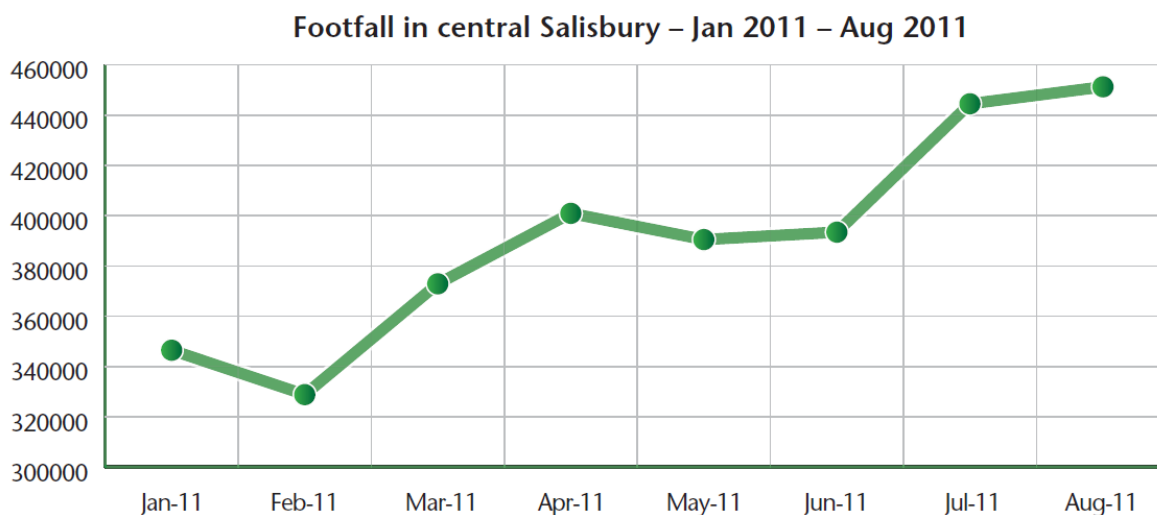
20. The British Retail Consortium has indicated that over the last 12 months high streets on average have seen a drop in footfall of 2.6%. Chart 2 below illustrates pedestrian flow figures in Central Salisbury. It can be seen that footfall is lower in 2011, which indicates further that the fall in consumer confidence is translating to pedestrian flows in the city centre.

Chart 2 – Footfall in Central Salisbury (Source: Salisbury City Centre Management)



21. Chart 3 below illustrates footfall data in Central Salisbury from January 2011–August 2011 (the new car parking charges were implemented in April 2011). The chart indicates that footfall is steadily increasing and the recent figures for August 2011 (451,298) are greater than August 2010 (434,018).

Chart 3 Footfall in Central Salisbury – Jan 2011 – Aug 2011 (Source: Salisbury City Centre Management)



22. The evidence provided illustrates that the retail sector is currently operating in a tough economic and low growth environment, with changing consumer spending patterns. These factors, combined with the threats listed below, are adversely impacting on high streets, forcing retailers to adapt in order to stimulate demand and attract consumers. Even though there is a downturn in retail health and consumer confidence, Wiltshire is faring better than other regions. With the exception of Salisbury, other settlements covered in this report now have fewer empty shops when compared with data from 2010.

Threats to High Street and Town Centre Shops

23. The downturn in retail performance in town centres/high streets is driven by multiple factors and its effect varies across the country. The rise of out-of-town shopping centres, large chain stores, supermarkets, and the internet have interacted to alter the retail market in the UK and divert resources away from the high street. The threats are explained in more detail below.

Out of Town Shopping Centres and Retail Leakage

24. Town centres and high streets are a social and economic centre for everyday life; however, this position is increasingly under threat from a number of sources. The rise of out of town shopping centres, the growth of internet retail and supermarkets has directly challenged the centrality and sustainability of the high street. With supermarkets increasingly moving into non-food goods sales, such as clothes, electrical, garden equipment, medicines, household goods, insurance etc, it is being argued that these stores are having a detrimental impact on town centres and high streets.
25. Town centres are in increasing competition with neighbouring towns and cities for limited consumer resources. The GVA Wiltshire Town Centre and Retail Study (2011) household telephone survey indicated that the county suffers

leakage in trade to competing retail centres which have a superior retail offering. Salisbury, Chippenham and Trowbridge are Wiltshire's strongest performing centres; however, a significant proportion of expenditure (25.7%) is lost to Swindon, Bath and Southampton. Bath has a superior retail offer when compared to settlements in Wiltshire; however, car parking charges are also higher (see **Appendix 4**), indicating that consumers are willing to pay higher parking charges to access a better retail offer. Shopping patterns derived from the survey enabled GVA to calculate the amount of comparison goods expenditure that each competing centre draws from Wiltshire. This indicator takes into consideration the strength of the retail offer as well as the centre's accessibility and distance from Wiltshire centres.

26. In addition, out of town shopping centres often bring together a large number of retail outlets, allowing customers to do their shopping more conveniently and are in direct competition with town centre shopping.

Internet Shopping

27. High Streets are also in competition with internet shopping which allows consumers to shop 'out of hours' and secure best prices. Internet sales are estimated at 8% of the country's retail sales (ONS). Although Internet sales are quiet modest, they are expected to increase gradually in the future. In 2010, consumers spent a total of £58.8 billion*, which was 18% more than in 2009 and spending is expected to increase at the same rate this year (2011) to £69 billion* (Interactive Media in Retail Group). (*includes purchases related to leisure and tourism). Recent figures from IMRG for August 2011 indicate that online sales are up 14% when compared with August 2010. IMRG also state that online sales are growing at 18% per annum despite the recession, and that 37 million people in the UK currently shop online.
28. The GVA Wiltshire Town Centre and Retail Study indicated that as competition from the internet increases, town centres need to offer a quality destination where people want to spend time and gain access to facilities not available on the web.

The Relationship between Car Parking and a Market Town's Competitiveness

29. The report 'Car Parking Research' (2007), commissioned by Yorkshire Forward (the regional development agency), looked at a number of respected research and survey findings to better understand the relationship between market towns and parking. In response to the specific question "What is the critical factor in a town's competitiveness?", the report states the following:

Providing direct causal links between parking management and economic performance is difficult, but the literature and experience shows that parking is not usually the primary factor in a town's competitiveness. People are drawn to towns, or away from them, by other factors, such as place of work and the quality of shopping facilities and public spaces.

30. Given the above, the conclusion of this section of the report is that:

Parking is not the primary factor affecting performance. Rather it is what the town has to offer.

31. To help understand and manage the relationship between car parking and economic viability, the report reviewed existing evidence related to the economic impact of parking policies.

32. The report also found that “There are several attributes of parking that are important to customers, not just price” and that:

When changes to parking restrictions, charges or enforcement are made, the evidence suggests that the primary responses to that change tend to be:

- *an acceptance of the new arrangements (in which case people’s behaviour broadly remains unchanged);*
- *a change in parking location (people park further away from their destination in an attempt to avoid paying a charge); or*
- *a reduction in the length of stay in order to reduce parking costs.*

Despite fears to the contrary, there is little evidence to suggest that the primary response to parking management is more extreme than this; there is no evidence that visitors use alternative destinations more.

33. One of the other key findings of the report was that parking should form part of an overall integrated approach to transport in market towns which looks at:

- walking, cycling and public transport access;
- managing the overall demand for travel;
- traffic management; and
- road safety.

Such an approach to transport is set out in the Wiltshire Local Transport Plan 2011-2026 (see paragraph 83).

Improving Wiltshire’s Market Towns and their Retail Offer

34. Wiltshire Council is committed to improving market towns and their retail offer (see **Appendix 5**). This is evident in Wiltshire’s Core Strategy Consultation Document which is focussed on delivering stronger and more resilient communities. The underlying principles of the strategy seek to manage future development to ensure that communities have an appropriate balance of jobs, services and facilities and homes. One of the strategic objectives of the Core Strategy is focussed on enhancing the vitality and viability of town centres in Wiltshire. The key outcomes of this objective include:

- Appropriate retail, leisure and employment opportunities will have been located within town centres.
- Planning applications for retail development will have been determined in line with the need to safeguard town centres.
- Local outdoor markets will have been safeguarded and enhanced.
- A broadened night time economy within town centres, especially Chippenham, Salisbury and Trowbridge, which has been refocused to provide greater choice for families and tourists and respect the quality of life for residents, will have been delivered.

35. To support the delivery of these outcomes, the principle settlements of Wiltshire (Chippenham, Salisbury and Trowbridge) each have a Vision programme in place (see **Appendix 6**).

Car Park Data

36. Parking for retailing is dominated by short stay parking. Table 2 below shows the trend in ticket sales for on and off-street short stay parking (i.e. periods under four hours) for the period January 2010 to September 2010, and January 2011 to September 2011. It should be noted that the figures shown exclude the West Wiltshire towns (Bradford-on-Avon, Melksham, Trowbridge, Warminster and Westbury) as before July 2011 the ticket machines did not record tickets sold; subsequently, the ticket machines were upgraded but like-for-like figures are not available. The figures also exclude Salisbury as the one hour off-street parking was changed to a two hour minimum when the new charges were introduced in April 2011. Subsequently, the one hour period has been reintroduced. As a consequence, like-for-like ticket sales are not available.

Table 2 On and Off Street Short Stay Ticket Sales – Like-For-Like Comparison

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept
2010	188,695	203,733	237,475	200,414	213,855	223,424	242,255	217,065	225,642
2011	193,679	201,482	221,453	192,956	198,880	205,431	211,620	207,037	212,044

37. The table shows that ticket sales were slowing before the introduction of the new parking charges on 18 April 2011.
38. Over the whole period, like-for-like short stay ticket sales have reduced by 5.8% with the difference closing as the year progresses.
39. Table 3 below details the income received for on and off-street car parking in Wiltshire for the period January 2010 to August 2010 and January 2011 to August 2011.

Table 3 On and Off Street Income received in Wiltshire

£'000	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
2010	400,201	518,242	528,907	407,948	482,103	458,636	565,201	510,038
2011	421,948	393,475	613,936	398,057	557,732	508,756	534,345	508,832
Diff.	21,747	-124,767	85,029	-9,891	75,629	50,120	-30,856	-1,206

40. Ticket sales and income data for each town for the period April 2010 to September 2011 (as presented to the Environment Select Committee meeting on 1 November 2011) and an associated analysis is provided in **Appendix 7**.

Evidence of car park usage in other local authorities

41. Officers have contacted a number of other local authorities regarding the impact of the economic downturn and its effect on parking:

- (i) Basingstoke and Dean Borough Council made 'minor' charging increases in 2010/11; income for that year fell by 16% and it is envisaged that income will be a further 5% down in 2011/12.
 - (ii) Test Valley Borough Council (Andover car parks) made no changes to their charges but are reporting a 'slight' downturn in usage for this year.
 - (iii) Winchester City Council reported a 'few tweaks' to their charges and are reporting a 10% downturn in usage.
 - (iv) Bournemouth Borough Council did make various changes to their charges and are reporting a decrease in usage against the previous year. They reported a 11% (£770,000) parking income shortfall in 2010/11 and are reporting further pressure and a likely shortfall in their latest budget monitoring report in financial year 2011/12.
 - (v) Bath and North East Somerset Council has identified a 4% (£450,000) parking income shortfall for 2011/12 in its latest budget monitoring report.
 - (vi) Southampton City Council and Borough of Poole Council were also contacted but have yet to respond. However, a 3.8% (£250,000 and £230,000) parking income shortfall for 2011/12 have been identified in Southampton City Council's and Poole Borough Council's latest budget monitoring reports respectively.
42. Overall, it is clear that all the above local authorities are currently suffering from a decline in car park usage and/or an income shortfall.
43. The ranges of current charges for the above authorities are shown in **Appendix 4**.

Evidence of Impact of Reduced Parking Charges in other local authorities

44. An investigation by The Sunday Telegraph last year revealed that at least 150 councils had brought in increased parking charges, or said they were considering such a move. A much smaller number of councils have recently reduced or are planning to reduce their parking charges. Given this situation, the available evidence on the overall impact of parking charge reductions is limited. Three authorities that have produced some analysis on the impact of parking charge reductions in their respective areas are Walsall Council, Swindon Borough Council and Newport City Council.
45. Walsall Council reported that offer of free parking during Christmas 2010 did not lead to significant change in car park usage. Swindon Borough Council reduced charges in three central car parks and had reports of increase in footfall and turnover from retailers. At the same time total car park usage across Swindon dropped, indicating a shift in use of car parks. In Newport, the feedback from traders on the City Council's initiative showed that only five traders reported an increase in turnover, with four attributing it to lower parking charges. Further details can be seen in **Appendix 8**.

Car Parking Charges in the context of other policies

46. There are a number of other wider issues which should be considered in any assessment of the impact of car parking charges. These include Wiltshire's Business Plan, Community Plan, Joint Strategic Assessment, Local Development Framework, Local Transport Plan, and other Environmental Policies. The details of how the current charges support those overriding policies can be seen in **Appendix 9**.

Environmental and Climate Change Considerations

47. The increases in parking charges that were introduced in April 2011 have the potential to stimulate behavioural change amongst residents from their cars to more sustainable transport methods. This action would help to reduce congestion and carbon emissions, whilst improving air quality. However, this change can only be fully achieved if viable alternatives to car usage are available to residents.
48. Section 3.45 of the Council's recent Car Parking Strategy stated that any surplus revenue from the service, once operating costs had been accounted for, could be used to fund sustainable transport projects. It is therefore important that the Council communicates to residents how it is using these funds to implement projects that are economical, reliable alternatives to private car usage.
49. Any future review of car parking pricing or budgets will need to look at the effectiveness of projects funded through surplus revenue.
50. The car parking strategy was subject to a Strategic Environmental Assessment (SEA) as part of the development of the Wiltshire Local Transport Plan 2011-2026. The SEA was subject to public consultation from 4 October to 26 November 2010. The report to Cabinet on 14 December 2010 provided details of the summary findings of the SEA.

Equalities Impact of the Proposal

51. None have been identified as arising directly from the proposal.
52. The car parking strategy was subject to an Equalities Impact Assessment (EqIA) as part of the development of the Wiltshire Local Transport Plan 2011-2026. The EqIA was subject to public consultation from 4 October to 26 November 2010. The report to Cabinet on 14 December 2010 provided details of the summary findings of the EqIA.

Risk Assessment

53. None have been identified as arising directly from the proposal.

Financial Implications

54. Any shortfall in car parking income will be reported in the revenue budget monitoring report.

Legal Implications

55. None have been identified as arising directly from the proposal.

Options Considered

56. As set out in paragraph 10, this report has been based on the best evidence available at this time.

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September 2011

The following unpublished documents have been relied on in the preparation of this Report

None

Appendices:

Appendix 1 - Background Briefing and Main Considerations for the Council

Appendix 2 - Criteria for Spatial Bands

Appendix 3 - Responses to Salisbury Proposals

Annex A – Proposals from Salisbury City Council 26 July

Annex B - Proposals from Salisbury City Centre Management 11 July

Annex C - Additional Letter from Salisbury City Centre Management and others 26 September

Annex D - The Sunday Usage Figures

Appendix 4 - Range of Parking Charges in Neighbouring Authorities

Appendix 5 - Wiltshire Council – Supporting Settlement Regeneration Activities

Appendix 6 - Visions

Appendix 7 - Analysis of Ticket Sales by Community

Annex A - Car Park Ticket Sales by Town (Apr 10 – Sept 11)

Annex B - Car Park Income in West Wiltshire Towns (Apr 10 – Sep 11)

Annex C - Detailed Car Park Ticket Sales and Income by Town (Apr 10 – Sep 11)

Appendix 8 - Reduced Parking Charges in Other Local Authorities

Appendix 9 - Car Parking Charges in the Context of Other Policies