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**REPORT TO: ECONOMIC GROWTH, HOUSING & ENVIRONMENTAL  
SUSTAINABILITY COMMITTEE ON 6 OCTOBER 2020**

**SUBJECT: CAR PARK CHARGES - ELGIN**

**BY: DEPUTE CHIEF EXECUTIVE (ECONOMY, ENVIRONMENT AND  
FINANCE)**

**1. REASON FOR REPORT**

- 1.1 To inform the Committee of the position in relation to car park charges and seek agreement on the reintroduction of charges.
- 1.2 This report is submitted to the Economic Growth, Housing and Environmental Sustainability Committee following a decision of Moray Council on 17 June 2020 to agree a simplified Committee structure as a result of the COVID-19 pandemic. In the case of this Committee the combining of the delegated responsibilities of Economic Development and Infrastructure, Community Services (Housing and Property) and Finance (budget, capital and revenue monitoring) (para 9 of the minute refers).

**2. RECOMMENDATION**

**2.1 Committee is asked to:**

- i) agree the reintroduction of car parking charges from 26 October 2020;**
- ii) agree the implementation of the Free After 3 scheme for the period Saturday 5 December 2020 to Saturday 2 January 2021 (inclusive) as detailed in Para 6 of this report; and**
- iii) agree the procurement of a cashless 'pay by phone' system, as detailed in Para 7 of this report.**

**3. BACKGROUND**

- 3.1 This report provides a review of parking charges, following the decision of the Emergency Cabinet on 12 August 2020 (para 18 of the minute refers).

3.2 The review summarised in this report covers:

- Reintroduction of parking charges
- The case for provision of free parking periods on a permanent basis
- The case for providing 'Free After 3' facilities in the run up to Christmas
- The case for introducing cashless & contactless payment methods

3.3 Moray Council operates 15 pay and display car parks in Elgin town centre. In 2019/20 these car parks generated an income of £876,000, of which the net financial surplus was £442,000. This builds on improving year on year financial performance following the re-profiling of car park charges as part of the Car Parking Strategy approved by Economic Development & Infrastructure Services Committee on 31 October 2017 (para 7 of the minute refers).

3.4 Charging for the use of car parks was suspended at the end of March 2020 in light of the Coronavirus pandemic. At that point all enforcement activity was also suspended, and the two multi-storey car parks were locked to minimise anti-social behaviour.

3.5 The current position is that the multi-storey car parks have been re-opened in line with the re-opening of the shopping centres they are connected to. Car park attendants are carrying out monitoring and limited enforcement activity. The car parks remain free to use without charge. It should be noted that the car park attendants are also assisting with deploying the barriers and enabling permitted access to the pedestrianised areas of Elgin.

#### **4. RE-INTRODUCTION OF CAR PARKING CHARGES**

4.1 The absence of car park charging and enforcement has direct benefits in minimising non-essential activity – direct social contact by the car park attendants, and 'back office' functions including cash collection, handling and banking.

4.2 The suspension of charges also supports simple access to the goods and services available, by allowing people to park in the closest car park rather than choosing a parking location based on willingness to pay, and therefore greater social distancing.

4.3 Suspension of charges has, however, had a direct impact on the council's income – with half a year of income already foregone – c£400k net, based on 2019/20.

4.4 As we have moved through the phases of pandemic response with an easing of social restrictions, there has been an upturn in the number of vehicles using the car parks to access goods, services and for employment. There has also been an increase in economic activity. However, the economic impact of Coronavirus has yet to be fully determined. Town centre businesses are keen to remove any obstacles, real or perceived, to rebuilding their trading income.

4.5 Based on a full occupancy survey in late August, the car parks are averaging at 49% occupancy, with the surface car parks closest to key town centre locations being the busiest.

<b>Car Park</b>	<b>Average Occupancy</b>
Batchen Lane	53%
Hall Place	43%
Ladyhill	75%
Lossie Green	46%
Lossie Wynd	41%
Moray Street	78%
Northfield Terrace	78%
South Street	70%
St Giles	25%
Greyfriars Street (Sat Only)	82%
HQ Annexe (Sat Only)	44%
North Port	75%
Railway Station	31%
North College Street West	65%
Cooper Park	37%
<b>Grand Total</b>	<b>49%</b>

- 4.6 Almost all local authorities across Scotland suspended car park charging at the outset of the pandemic. As restrictions have eased a significant number of authorities have reintroduced car parking charges in some form. Note: there is some data on this from SCOTS (Society of Chief Officers of Transportation in Scotland).
- 4.7 In considering the re-introduction of car park charges, it is difficult to predict the likely behaviour of motorists. Those who are currently using the car parks for residential purposes are most likely to move their cars to nearby on-street parking spaces. Those who are currently using the car parks for access to employment are most likely to resume their 'normal' parking behaviour – which may be to use a pay and display car park, or may be to use on-street parking spaces. Those who are currently using the car parks to access goods and services are the most likely to pay for parking, however, it is unclear whether the re-introduction of parking charges would have any deterring effect on those coming to the town centre versus other retail locations. The closer that social distancing and other restrictions get to 'normal', the more likely it is that people will make decisions in line with previous behaviour – i.e. being willing to pay for parking.
- 4.8 The relationship between no car park charges and footfall / trade in local businesses is difficult to assess. As was evident in Elgin BID's 2016 review of Free After 3 (see para 6 below), there is positive sentiment around the reduction or removal of car parking charges, but little quantitative evidence of a positive impact on turnover. In terms of the pandemic this is further complicated by changes to customer behaviour in relation to social distancing, shielding, employment and education arrangements. Anecdotally a good proportion of the high turnover car parking spaces closest to the town centre have been occupied by those working in the town centre, who may usually park in alternative locations (£1 per day parking or residential streets), and correspondence was received from BID asking if this aspect could be managed to provide a greater number of the most convenient parking spaces for shoppers.

4.9 In relation to the council's role in supporting economic recovery, Moray Economic Partnership are preparing targeted support opportunities for businesses, some of which would fall to the council to finance if supported (report to this meeting anticipated) . This would be a more direct means of providing support for economic recovery than free parking, particularly bearing in mind para 4.8 above.

4.10 Options:

- a) Reintroduce car park charges at all car parks from Monday 26 October
- b) Reintroduce car park charges at surface car parks from Monday 26 October, and retain free parking in the multi-storey car parks until an agreed date, or until Phase 4 of the Scottish Route Map
- c) Retain free parking until an agreed date / Phase 4 of the Scottish Route Map

4.11 It is difficult to predict the likely income from the re-introduction of car parking charges because of the factors set out above. However, if similar numbers of vehicles continue to use the pay and display car parks Option a) would yield in the region of £360k, and Option b) would yield in the region of £260k. Option c) would generate a further loss of income of £422k to the end of the calendar year. It should be noted that these figures are estimates.

4.12 Option 4.10 (a) is recommended, taking into account the behavioural aspects in para 4.8, the consideration of direct supports for economic recovery by the council and the financial position of the council.

## **5. CAR PARK CHARGES AND FREE PARKING**

5.1 On 31 October 2017 the Economic Development & Infrastructure Services Committee approved a car parking strategy for Elgin, part of which was a revision of the car parking charges in Elgin. This review categorised the car parks as low, medium and high turnover, and set out the charges for each category of car park. In making the changes which came into effect in early 2018/19, there were three notable changes:

1. The introduction of £1 per day parking in Batchen Lane Multi Storey Car Park and
2. The introduction of a 50p charge for the first half hour of parking.
3. The introduction of payment by bank card at approximately half of the pay and display ticket machines.

5.2 Overall the revision to the charges has been successful with income from ticket machine sales significantly increased :

<b>Year</b>	<b>Income</b>
2016/17	£673k
2017/18	£647k
2018/19	£806k
2019/20	£832k

5.3 In setting the new car park charges there was clear stakeholder aspiration to introduce an element of free parking. Council officers supported the principle behind this, however, there is a very high percentage of car park users who park for half an hour or less, and the financial impact of the first 15 or 30

minutes being free was not affordable, causing loss of overall income. Instead, the 50p charge for the first 30 minutes was introduced, which is a reduction on the previous minimum payment of £1 for any of the pay & display locations.

- 5.4 The range of charges adopted in 2017 was based on detailed and exhaustive analysis of the available data, with multiple models run to assess the impact of various options, prior to the final recommendations which were adopted. Changing the pricing of charges, or the premise behind the charges at the current time where behaviour patterns are in a state of flux is strongly recommended against.
- 5.5 Given the overall success of the range of car park charges it is not proposed to make any changes at this stage. Any future changes to permanent parking charges would be considered when clear information on revised long-term travel, employment and shopping patterns are established.

## **6. FREE AFTER 3**

- 6.1 For the last five years the council has offered free parking in certain car parks after 3pm in the run up to Christmas.
- 6.2 The initial trial in 2015 was for an extended period of 6 months starting in June 2015. In 2015 the parking ticket machines were altered to issue a nil-value ticket so the quantum of use could be assessed.
- 6.3 Following the first year the findings of officers was that the scheme did not generate sufficient economic benefits to offset the financial impact to the Council to warrant maintaining the scheme on a permanent basis (report to Economic Development & Infrastructure Services Committee on 8 March 2016, para 9 of the minute refers).
- 6.4 An evaluation report by Elgin Business Improvement District in 2016 gave only three quantitative examples of impact on either footfall or transactions, which did not incorporate other factors that could impact on footfall, such as weather or annual economic growth / decline. It was, however, clear from the evaluation report that the campaign was positively received. At the time the occupancy of the car parks in the scheme increased, however, occupancy of car parks not included in the scheme decreased.
- 6.5 For the last four years the car park ticket machines have not been reprogrammed in order to mitigate the cost of the scheme, this means that there is no data available to demonstrate the financial impact of 'Free After 3'. Based on the 2015 scheme, there was a direct cost to Council in relation to loss of car parking income up to £2,500. As the decision was taken in 2016 to minimise costs by not reprogramming the ticket machines, this can only be an estimate.
- 6.6 In line with previous years and given the financial impact, it is recommended that the scheme is promoted for the St Giles Multi Storey Car Park only.
- 6.7 It is recommended that the Free After 3 campaign is introduced this year from Saturday 5 December 2020 to Saturday 2 January 2021 (inclusive).

## **7. CASHLESS PAYMENTS AND NO-CONTACT PAYMENTS**

- 7.1 Increasingly we are living in a cashless society, and this has been furthered during the pandemic with a wide-spread push by many retailers to pay by card / smart device wherever possible. Across various sectors the Scottish Government guidance is for contactless payments to be used where possible to reduce cash handling.
- 7.2 There is the opportunity to introduce cashless payment for parking via mobile phone.
- 7.3 The benefits of cashless parking are:
- Flexibility and convenience for the motorist
    - No need to have the correct change
    - Parking periods can be extended without returning to the vehicle
    - Reminder from the phone to return to the car
  - Reduced maintenance and administration costs associated with parking machines – reducing the number of ticket machines over time
  - Obviate the need to replace ageing ticket machines in c. 5 years time at a cost of approximately £250k (based on the costs of the new machines introduced in 2018).
- 7.4 In the context of the COVID-19 pandemic this provides a 'touch free' way of paying for parking to alleviate public concerns about touching shared surfaces.
- 7.5 A cashless parking solution would cost 4 pence per transaction if paid by the council. There are no set up costs or license fees. In comparison, payment by cash costs the council 3 pence per transaction. There is the option for the motorist to pay the transaction fee – this would be 5 pence per transaction, however, this could be seen as a 'penalty' for adopting the cashless solution whereas the council absorbs the costs of a pay & display ticket in the parking fee.
- 7.6 There are fixed fees for a motorist to subscribe to text message reminders from the cashless solution - the income from these would be shared 50/50 between the service provider and the council.
- 7.7 The contract with the service provider also includes signage and marketing / advertising campaigns at no cost to the council. Whilst for the provider this is clearly about gaining market share for their commercial benefit, this promotes Moray Council's car parks and migration to cashless parking.
- 7.8 Car park attendants are to be issued with smart phones for current enforcement activity as part of existing plans. These smart phones would be equipped with an app that enables them to identify whether a motorist has paid for parking using the cashless solution. As this is part of existing plans, the cost of the handset upgrade has not been attributed to this proposal.
- 7.9 From a sample of local authorities with a payment by phone service, the adoption rate over time is between 50% and 98% of transactions, demonstrating a clear ability to reduce machine costs over time. At least one local authority aims to have all cashless transactions this year. Whilst such an

outcome may not be suitable for Moray, it is clear that motorists are willing to embrace cashless payment methods. Of the 23 Scottish local authorities that charge for car parking, 50% have a cashless parking solution, including Highland Council and Aberdeenshire Council. Whilst working to reduce the number of ticket machines, and eradicate the need to replace ageing machines would be a priority, it would be recommended that a minimum of one machine per car park was retained. With the cashless parking solution there is also the opportunity to pay for parking at any shop with 'PayPoint' facilities.

- 7.10 The outline business case can be summarised as below, on the premise that a reduction in machines is implemented to 50% of current machines, and on the basis of a 50% adoption rate (from para 7.9 above). With a higher adoption rate, whilst there are higher costs they are offset by higher saving, so the case remains positive.

	Cost / Saving per annum
Reduction in maintenance and administration / cash collection	£11,625
Benefit of not replacing car park machines - annualised benefit over 20 years	£12,500
Cost of service @ 50% adoption	-£15,148
Net saving	£8,977

- 7.11 Evidence from other car park operators is that the introduction of payment by phone increases overall income. With no current income baseline to predict from, it is difficult to be certain of the exact impact for Moray, but any increase in choice, and the removal of a perceived hindrance such as not having the correct change, will improve the ability to grow income.
- 7.12 It is recommended that Committee approves the contracting of a pay-by-phone provider and implementation at the earliest opportunity (estimated at c. 6 weeks).

## **8. SUMMARY OF IMPLICATIONS**

### **(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))**

The content of this report relates to delivering and growing and diverse economy through the provision of appropriate parking infrastructure for businesses, shoppers, workers, leisure users and residents.

### **(b) Policy and Legal**

There are no policy or legal implications from the content of this report.

**(c) Financial implications**

The principal financial risk is in relation to the loss of income from car parking charges as set out in Para 4.12.

The Council is forecast to have a budget gap of £5.4m in 2020/21 and £6.7m in 2021/22 without taking account of the impact from Covid-19 virus.

**(d) Risk Implications**

There are reputational risks surrounding the decisions relating to car park charges, which are largely in conflict with the financial risks. Public perception of car parking charges influences opinion, but does not necessarily concur with behaviour. This report attempts to strike a balanced approach on these risks.

**(e) Staffing Implications**

There are no staffing implications from this report.

**(f) Property**

There are no property implications from this report.

**(g) Equalities/Socio Economic Impact**

There are no specific equalities or socio economic implications from this report. Car park charges do not apply to blue badge holders. Increasing choice in technology and payment types improves accessibility of services.

**(h) Consultations**

The following officers have been consulted and their comments incorporated into the report: Depute Chief Executive (Economy, Environment and Finance), Legal Services Manager, Principal Accountant (P Connor), Committee Services Officer (L Rowan) and Equalities Officer.

**9. CONCLUSIONS**

- 9.1 The suspension of car parking charges, whilst clearly necessary in the early stages of the pandemic, is having a significant impact on council income and charges should be reintroduced.**
- 9.2 The annual Free After 3 campaign in the run up to Christmas is recommended for approval.**
- 9.3 To support a reduction in cash handling, and to provide long term cost reduction, a cashless parking solution is recommended for introduction.**



Author of Report:  
Background Papers:  
Ref:

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