Free Parking Review

1.0 The Council has supported town centres with the provision of free parking schemes for several years There are two schemes in operation. The first scheme provides town centres with **five free parking days** were annum to support events in towns, the second scheme as introduce at the end of 2018 and provides towns with **free parking periods for set hours and days of the week**. The periods vary by town. This report provides members with information that considers the impact of the schemes from an output and revenue perspective.

1.1 The Council has twenty-seven pay and display car parks across villages and towns to provide off road parking that adds value to towns and villages. The car parks serve extremely important environmental, economic and social objectives that include:

- Enabling the expeditious movement of traffic*
- Reducing congestion
- Improving air quality
- Managing the environment
- Making towns attractive to visitors/tourists
- Stimulating and supporting economic activity and retail spend in town centres.
- Stimulating sustainable travel

* This is a statutory obligation

1.2 The objectives help deliver a balanced transport solution for town centres. This is particularly important for Carmarthenshire because like most rural and coastal areas, the visitor economy is important and generally there is a high level of car ownership.

1.3 Town Centres across the UK are changing, the COVID pandemic has stimulated behavioural change and has affected the way people shop, (which is impacting on the retail sector) and the way we work.

1.4 The RAC Report on Motoring 2022 confirmed that hybrid working has resulted in less people working in offices around town centres and people using their car less. Forty one percent of people now commute five days a week by car compared to forty nine percent prior to the pandemic, thirteen percent commute four days a week up from eleven percent prior to the pandemic. The number that commute between one and three days in the average week has risen from seventeen percent to thirty six percent .

(1) NimbleFins – Insurance Analyst – Average Cost of Running a Car UK 270223 Danev – Carplusuk 280922
(2) RAC Motoring Report2022
(3) ONS Retail sales index internet sales

How many days a week do drivers use a car to get to and from work?

1.5 Similarly, the continued growth in internet shopping has moved spend from the more traditional retail outlets.

1.6 The matter of car parking charges can often stimulate debate and opinion when charges are introduced or increased.

1.7 Parking charges represent a small proportion of the annual operating costs of a car. The costs of running a car with an average of **7,604** miles per annum is typically **47** pence per mile. The average motorists will spend around **£44** per annum on parking charges. This represents **1.23%** of the annual running costs of a car. (1) Generally, motorists do not consider parking chargers as a major influence when visiting towns. This was confirmed by the most recent RAC Report on Motoring.

1.8 The RAC report identified that the two biggest concerns of drivers was the rising cost of fuel (55%) followed by the state of local roads (46%) with the cost of parking at (12%). Parking was in the lowest quartile of twenty areas of concern raised by drivers. (2) The report also identified that **eighty one** percent of drivers would find it very difficult to adjust their lifestyles to being without a car. This figure rises to **eighty eight** percent in rural areas.

1.9 The Covid pandemic has had a disruptive impact on the retail sector across the UK. Sales volumes continued to fall from January 2020 to January 2023. The proportion of retail sales via the internet grew throughout the pandemic, it has fallen back from a peak of circa thirty eight percent in November 2020 to circa twenty seven percent in January 2023. (3) Overall retail sales, however, have continued to decline.

1.10 Such changes have had an impact on car park use in town centres across the UK. Please refer to Charts One and Two overleaf.

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(3) ONS Retail sales index internet sales

Chart One.

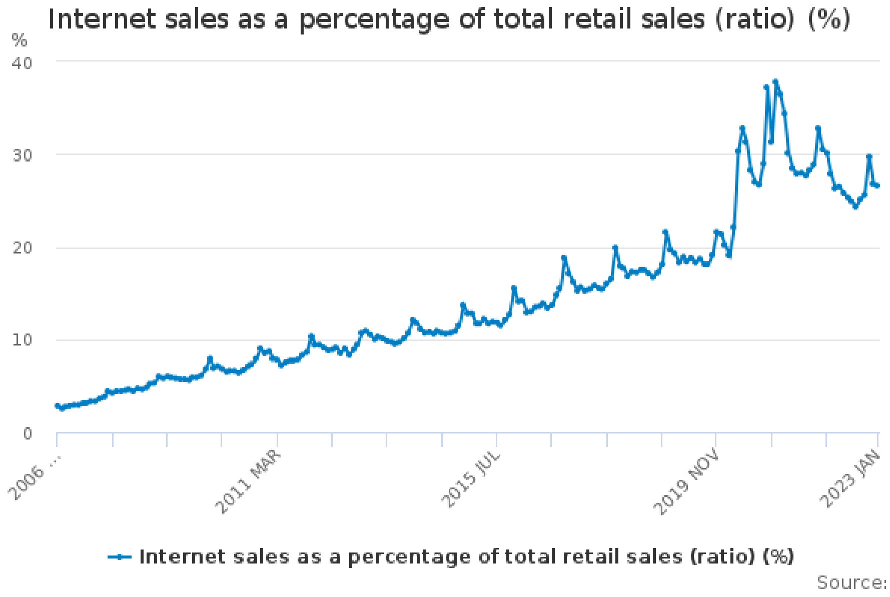
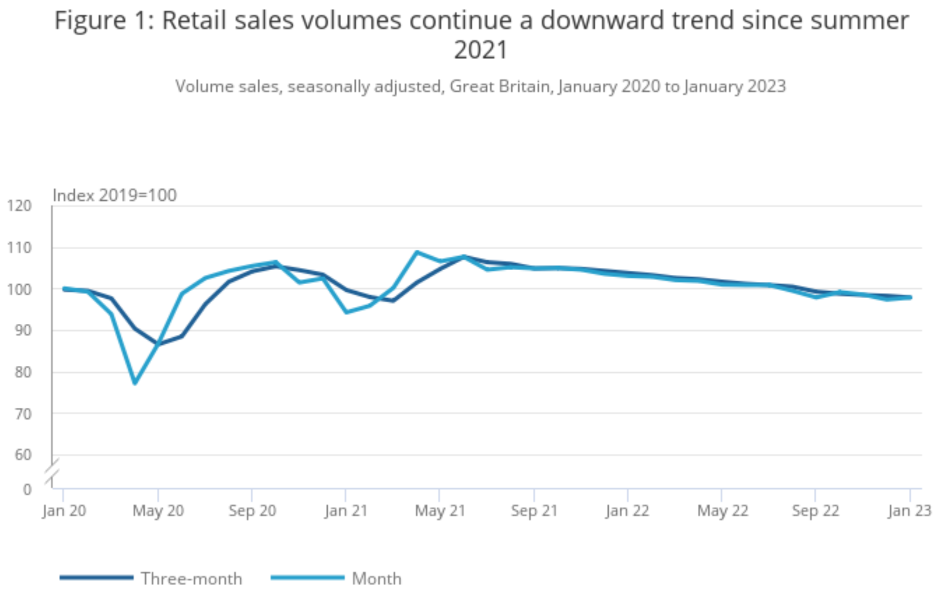


Chart Two.

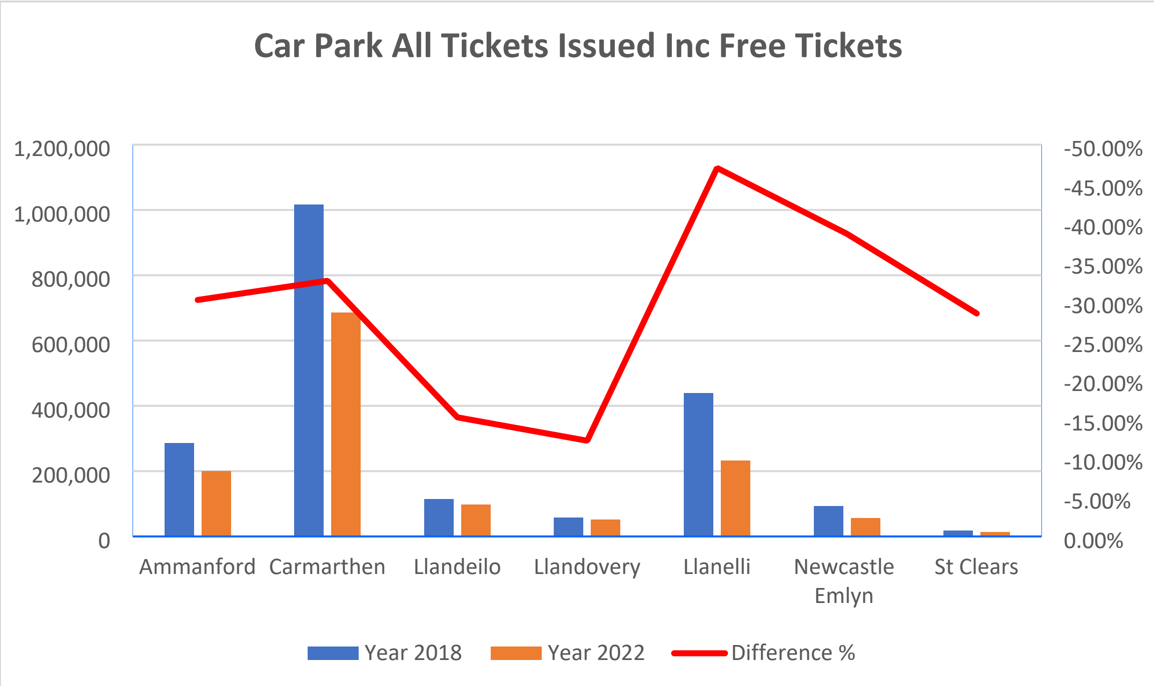


Source: Office for National Statistics – Monthly Business Survey, Retail Sales Inquiry

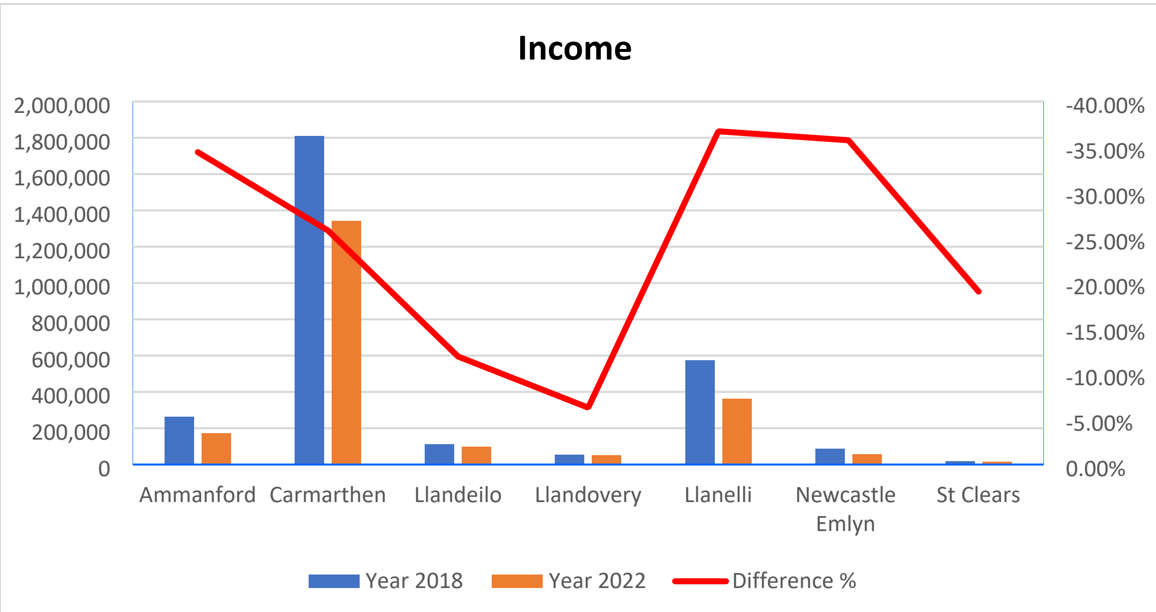
(1) NimbleFins – Insurance Analyst – Average Cost of Running a Car UK 270223 Danev – Carplusuk 280922
(2) RAC Motoring Report2022
(3) ONS Retail sales index internet sales

1.11. A review of car park use across Carmarthenshire has been undertaken. The reviewed covered the period from January 2018 to January 2023. A summary of the analysis of ticket and sales data for the period from 2018 to date follows. Chart three illustrates the total number and the change in the number of tickets sold in car parks across towns. Chart four illustrates the impact on income.

<u>Chart Three – Tickets Issued</u>



<u>Chart Four – Income</u>



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1.12 The variations in income by town reflect the wider parking policy considerations relating to town centres including the local and visitor demographic, population and the different socio-economic characteristics of each town across the County. Local services on town centre streets depend on demand in the local economy which is driven by income and the mix of jobs people undertake.

1.14 From the four charts it is evident that the behavioural change caused and stimulated by the pandemic continues to have an impact on trade and as transport is a derived demand, it has impacted on car park demand as evidenced above. Parking demand for each town fell from the levels attained in 2018 when compared to 2022. The fall in demand for each town is summarised in Table One below:

Table One.

Town	Fall in Demand 2018 to 2022 Tickets	Fall in Demand 2018 to 2022 Revenue
Ammanford	**-30.18%**	**-34.42%**
Carmarthen	**-32.62%**	**-25.79%**
Llandeilo	**-15.2%**	**-11.9%**
Llandovery	**-12.21%**	**-6.27%**
Llanelli	**-47.03%**	**-36.72%**
Newcastle Emlyn	**-38.63%**	**-35.73%**
St Clears	**-28.46%**	**-19.05%**

1.15 The Council has introduced interventions to help stimulate the post pandemic recovery of town centres with the assistance of both Welsh, UK Government funding and further authority support. The Welsh Government funding was provided at the end of 2018 and ceased in 2022, it enabled the Council to introduce **periods of free car parking for each town.** The specific periods adopted for each town were determined by the respective representatives from each town relative to the available allocated budget and proportion of total income. Each town selected different periods. The detail is set out in Table Two below:

Table Two.

Town	Free Parking Period
Ammanford	Monday to Wednesday 10 a.m. to 2 p.m.
Carmarthen	Tuesdays and Thursdays 3:30 p.m. to 6:00 p.m.
Llandeilo	Monday to Wednesday 10 a.m. to 2 p.m.
Llandovery	Monday to Wednesday 10 a.m. to 2 p.m.
Llanelli	Monday and Tuesdays 10 a.m. to 4 :00p.m.
Newcastle Emlyn	Monday to Wednesday 10 a.m. to 2 p.m.
St Clears	Monday to Wednesday 10 a.m. to 2 p.m.

1.16 Further analysis of demand patterns of car park use by day of week and town for the period from 2018 to the end of 2022 is set out in Charts five to eleven that follow:

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(2) RAC Motoring Report2022
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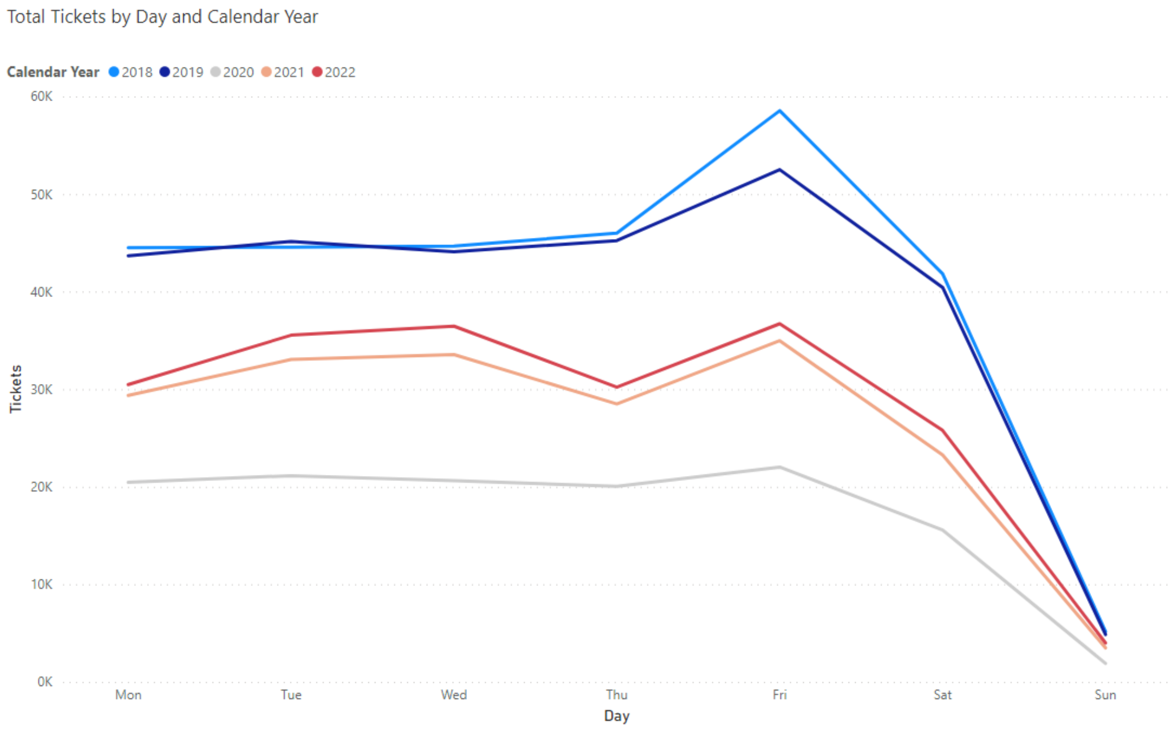
Chart Five - Ammanford

Free Parking Period : Monday to Wednesday 10 a.m. to 2 p.m.



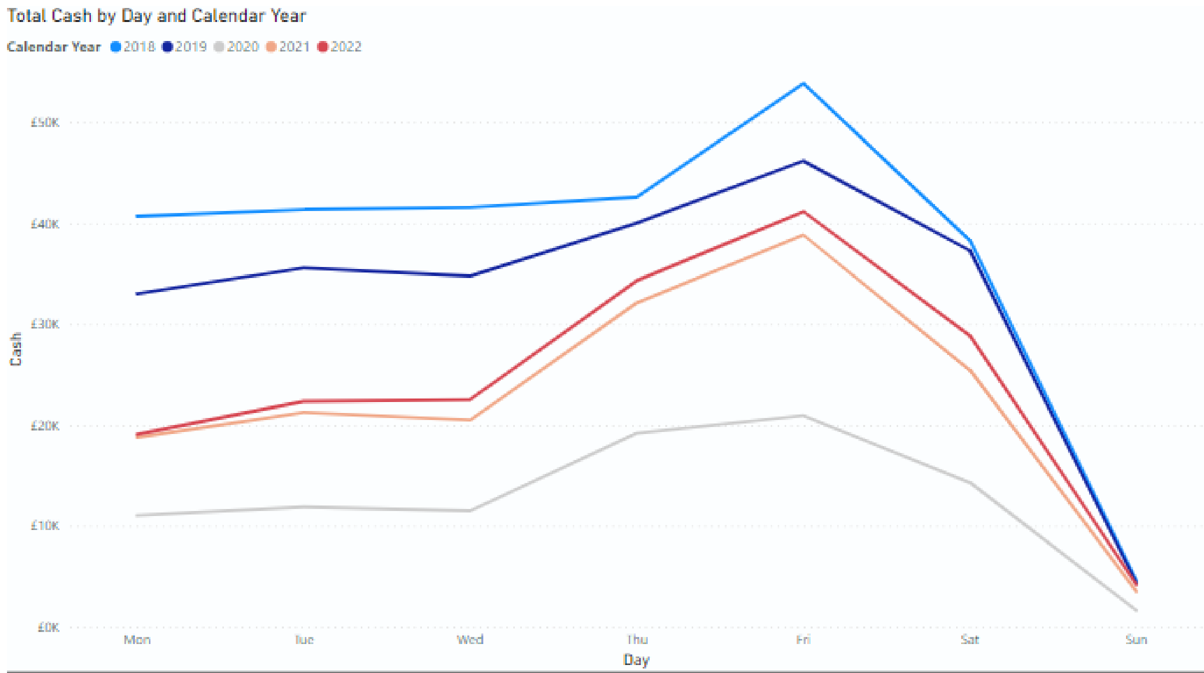


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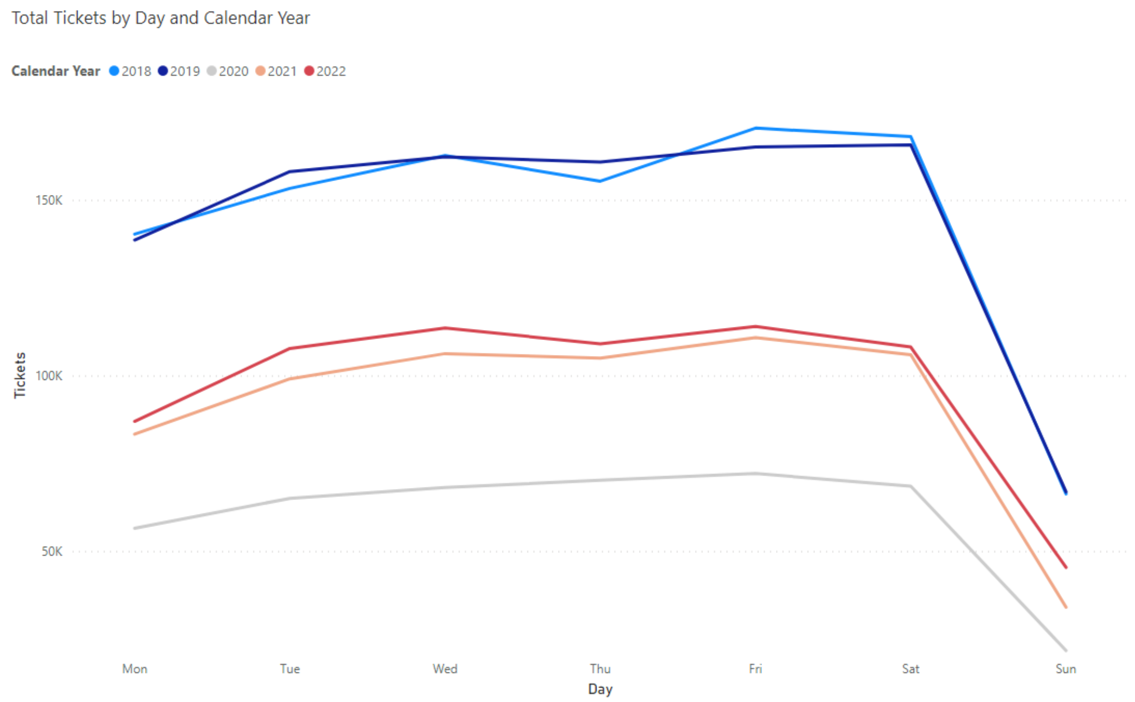
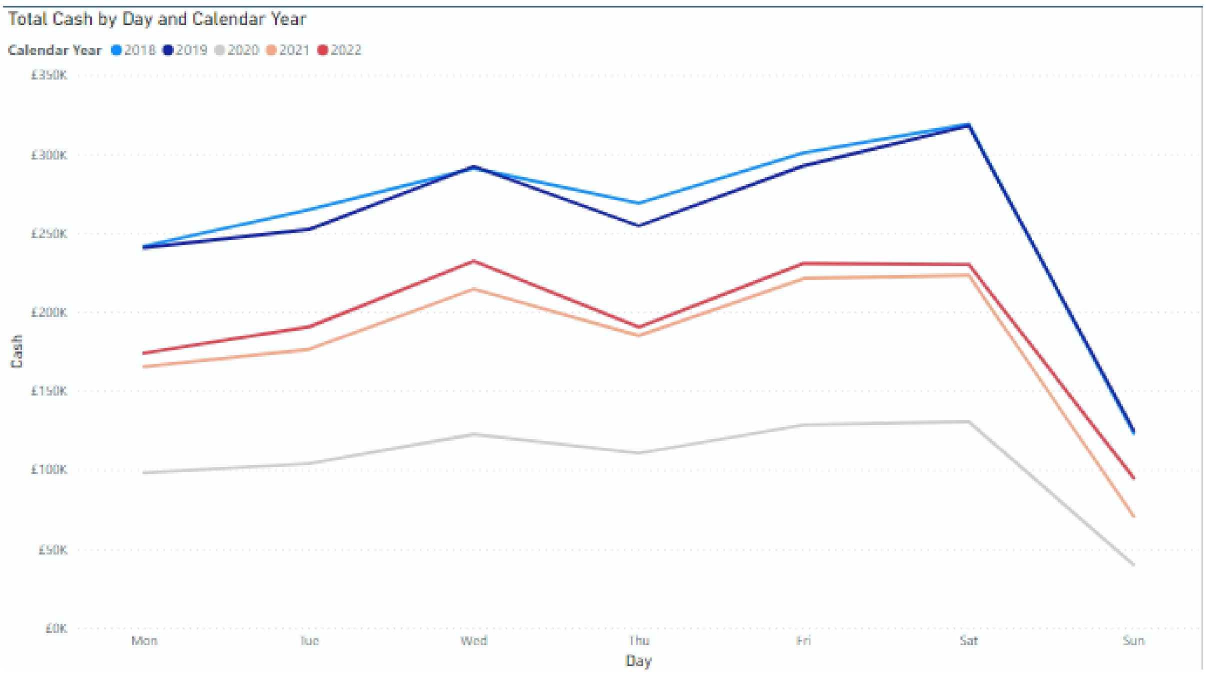
Chart Six - Carmarthen

Free Parking Period : Tuesdays and Thursdays 3:30 p.m. to 6:00 p.m.





(1) NimbleFins – Insurance Analyst – Average Cost of Running a Car UK 270223 Danev – Carplusuk 280922
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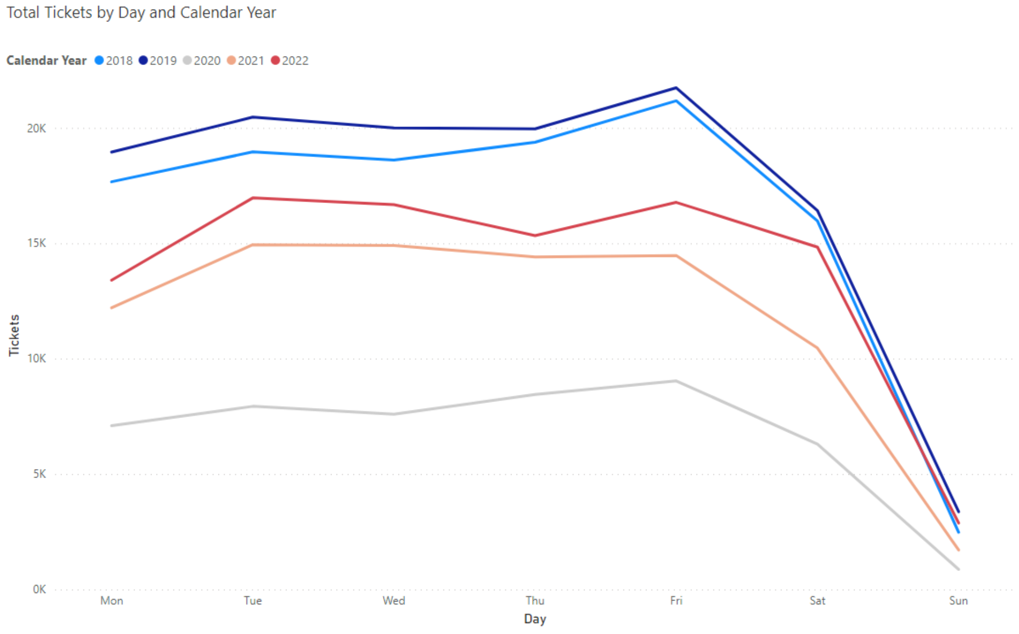
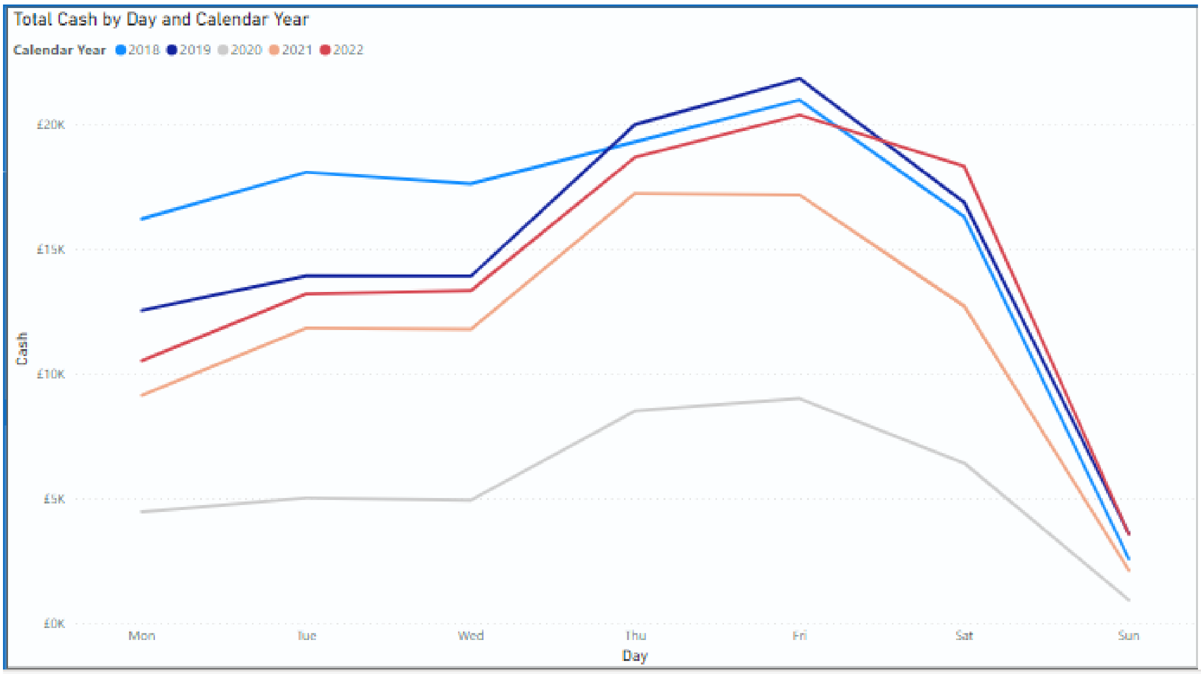
Chart Seven – Llandeilo

Free Parking Period : Monday to Wednesday 10 a.m. to 2 p.m.

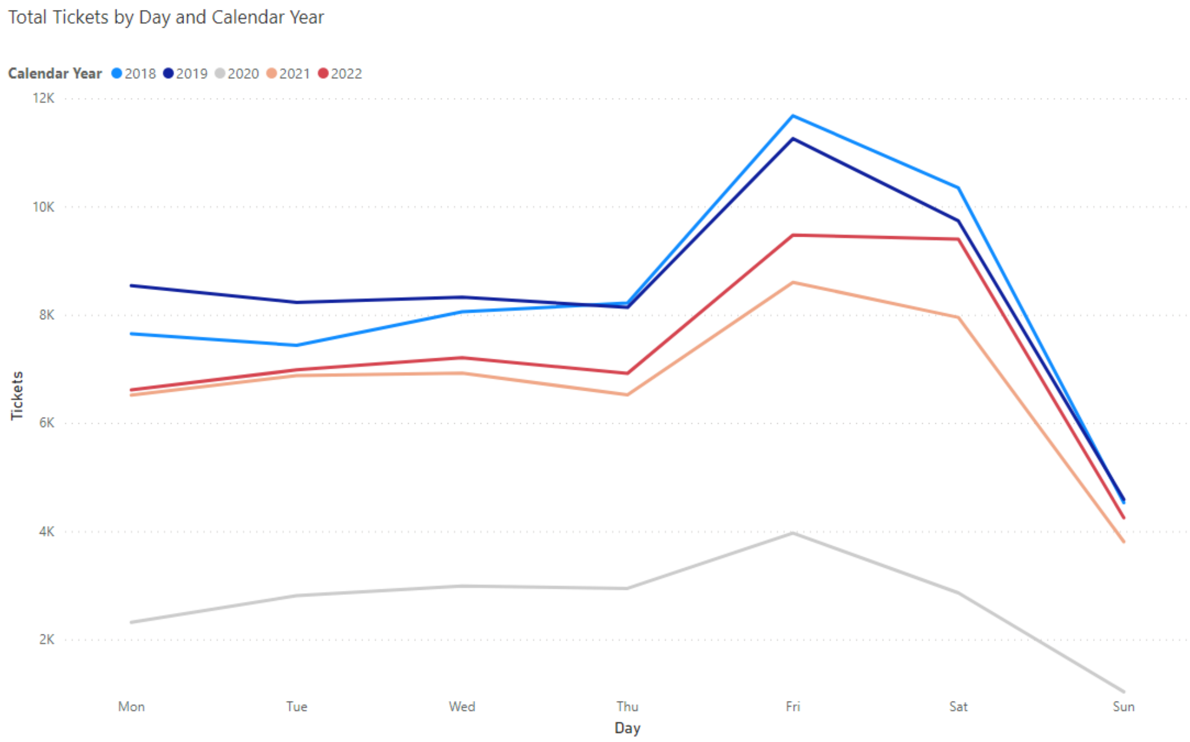


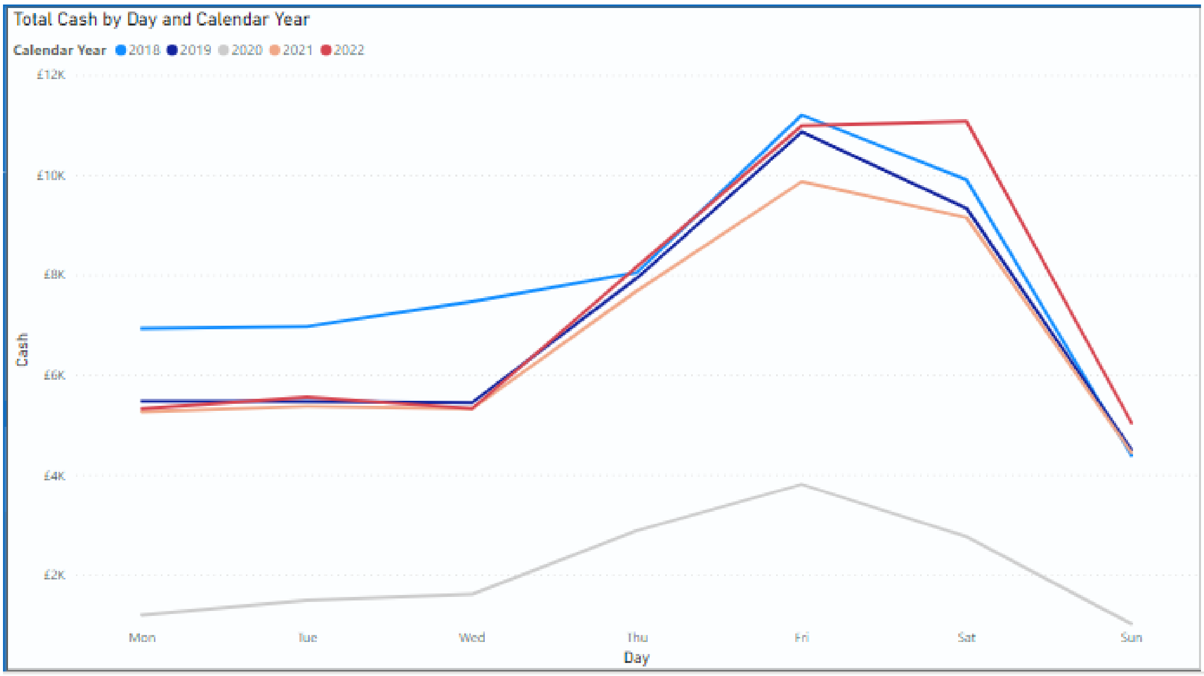


(1) NimbleFins – Insurance Analyst – Average Cost of Running a Car UK 270223 Danev – Carplusuk 280922
(2) RAC Motoring Report2022
(3) ONS Retail sales index internet sales

Chart Eight – Llandovery

Free Parking Period : Monday to Wednesday 10 a.m. to 2 p.m.

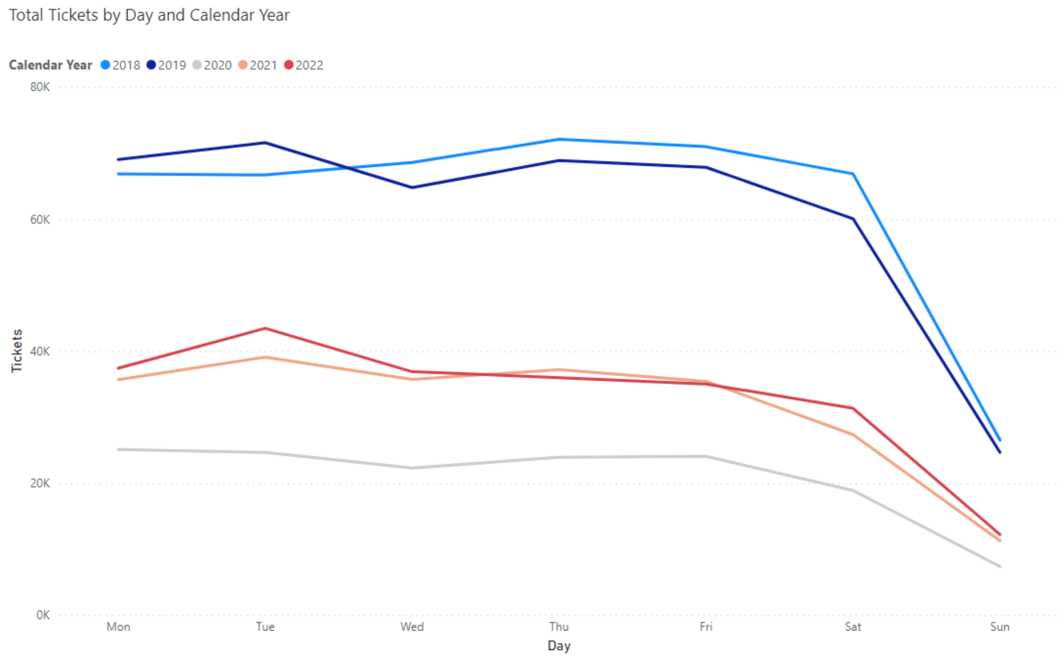


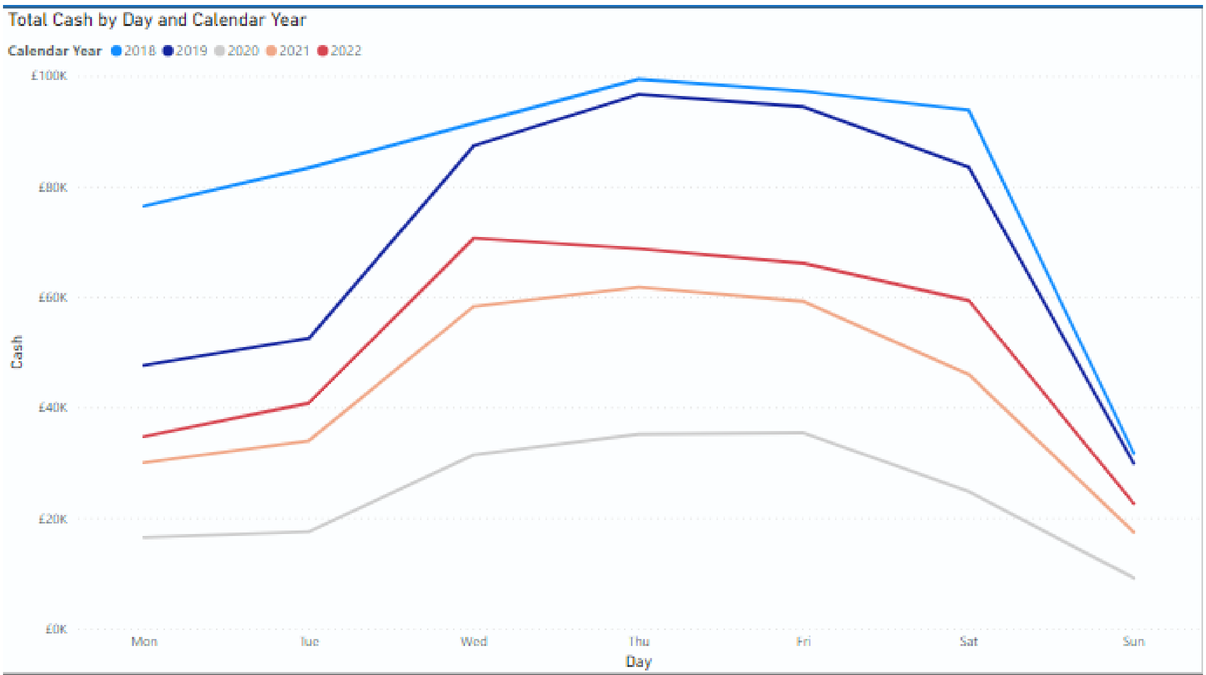


(1) NimbleFins – Insurance Analyst – Average Cost of Running a Car UK 270223 Danev – Carplusuk 280922
(2) RAC Motoring Report2022
(3) ONS Retail sales index internet sales

Chart Nine – Llanelli

Free Parking Period : Monday and Tuesdays 10 a.m. to 4 :00p.m.





(1) NimbleFins – Insurance Analyst – Average Cost of Running a Car UK 270223 Danev – Carplusuk 280922
(2) RAC Motoring Report2022
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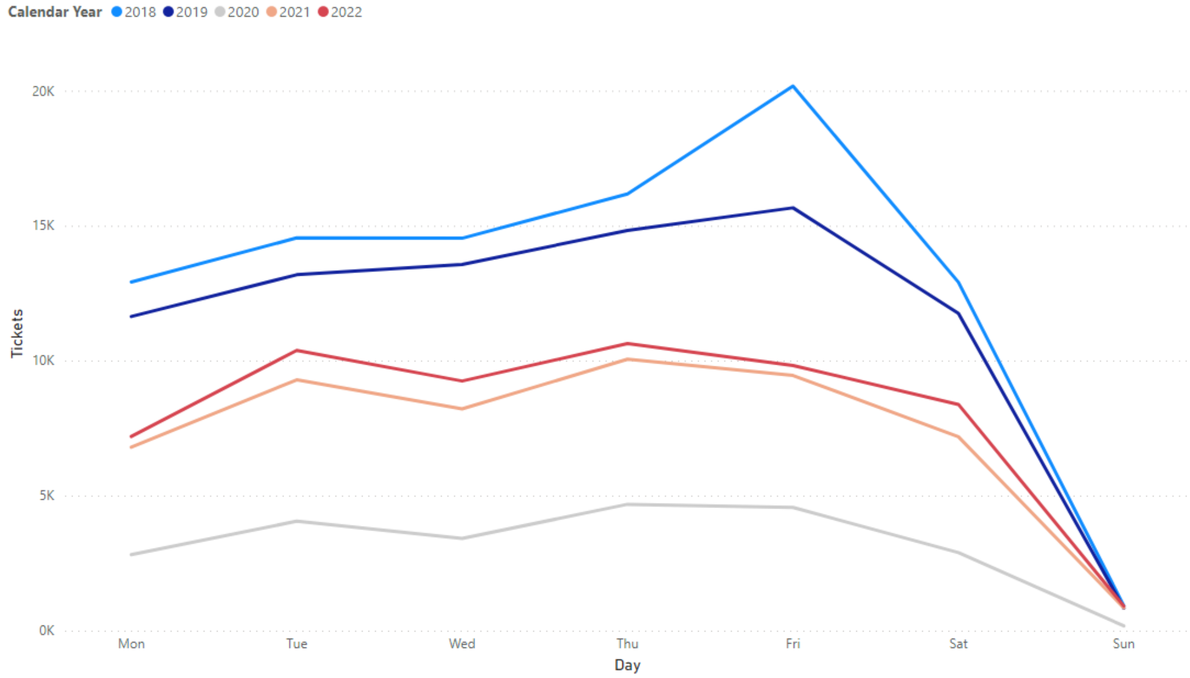
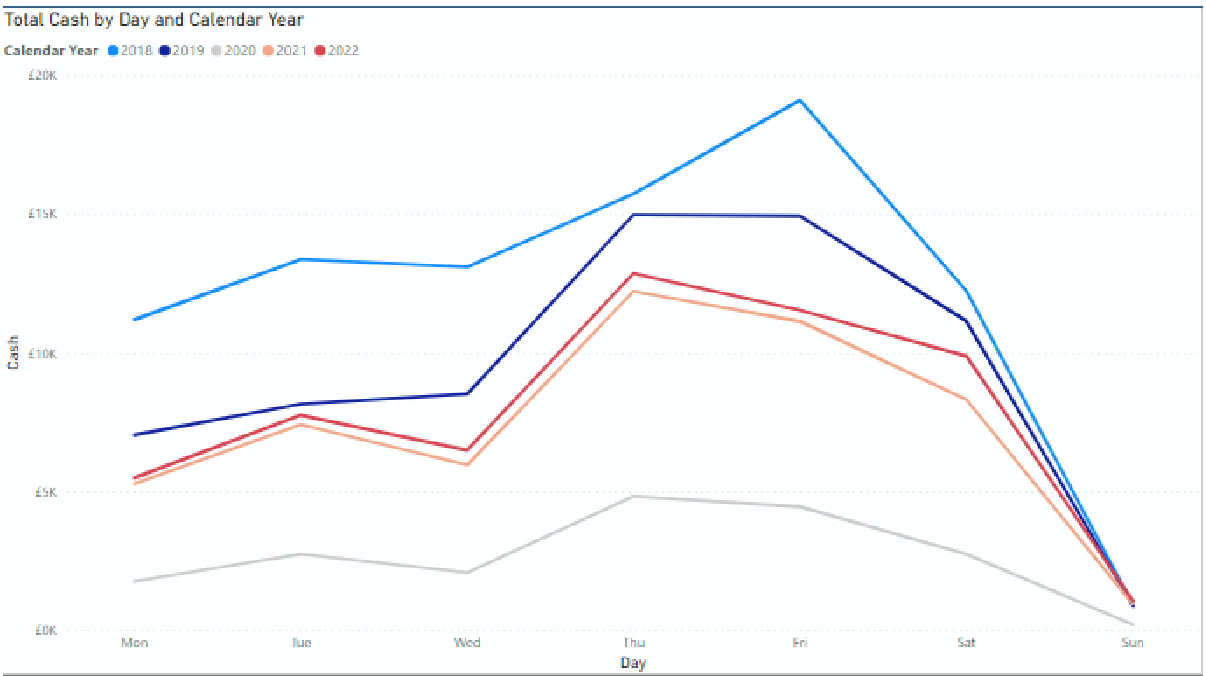
Chart Ten - Newcastle Emlyn

Free Parking Period : Monday to Wednesday 10 a.m. to 2 p.m.

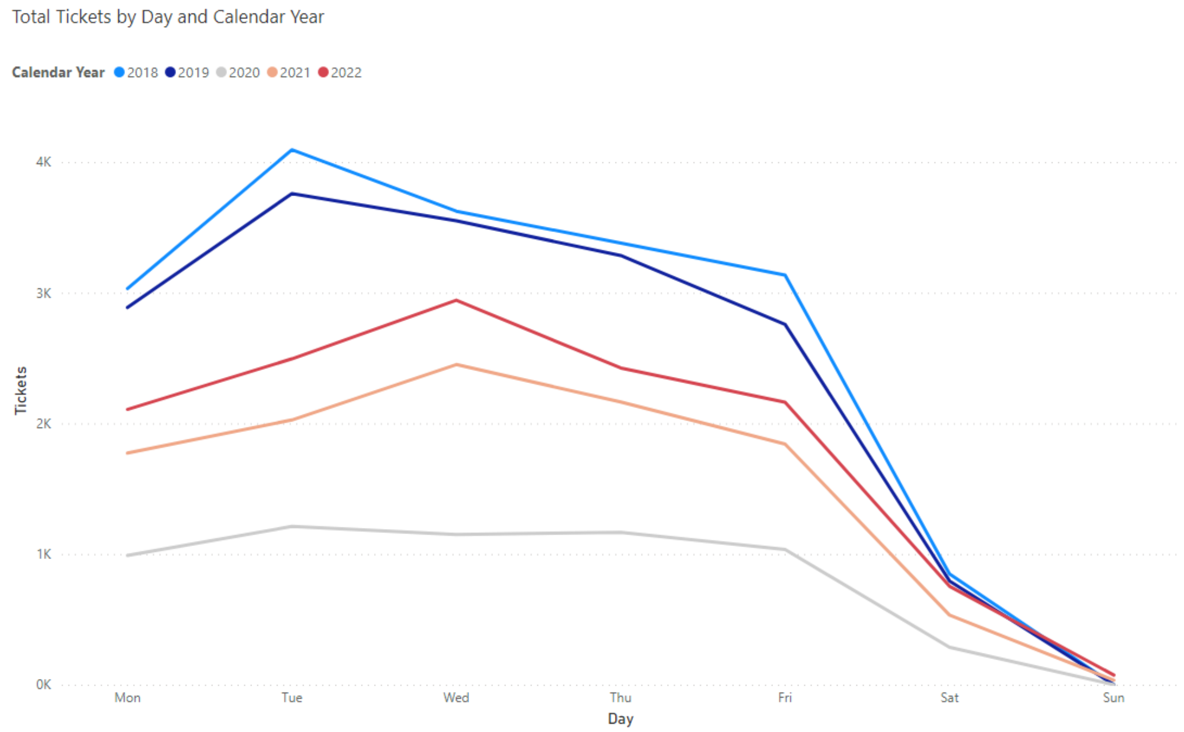


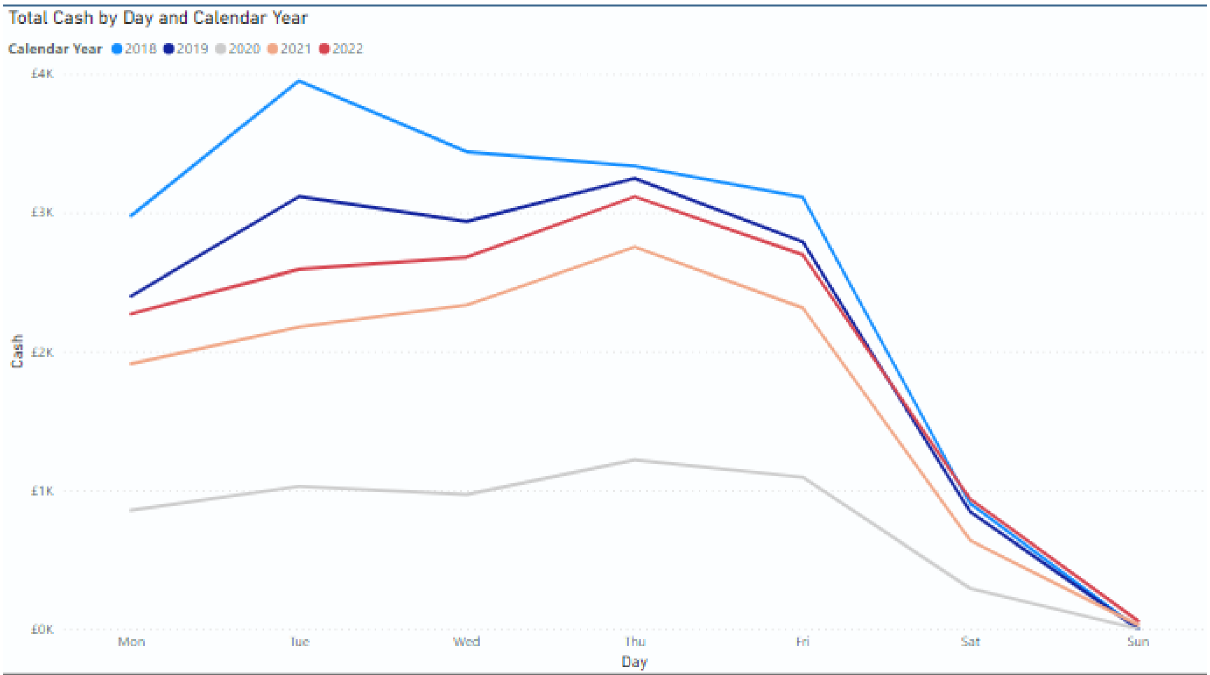


(1) NimbleFins – Insurance Analyst – Average Cost of Running a Car UK 270223 Danev – Carplusuk 280922
(2) RAC Motoring Report2022
(3) ONS Retail sales index internet sales

Chart Eleven - St Clears

Free Parking Period : Monday to Wednesday 10 a.m. to 2 p.m.





1.17 In addition to the Welsh Government funding for free parking periods, the Council has continued to support five free parking days per year to support events within each town centre outside of the peak Christmas trading period. The reduction in Government funding support of £217,000 for the **free parking days** scheme has,

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in effect created an additional budget pressure that is not currently funded. It can be seen from Charts five to eleven above, the free parking period offer has not generated additional demand, the demand distribution has followed the same pattern of demand from 2018 to 2022.

1.18 The extent of behavioural change in society has been sustained. Consequently, the free parking stimulus does not appear to be having a material impact on consumer behaviour. In exploring the trends further, the rural towns appear to have recovered with people shopping locally however the principal towns continue to be impacted. The extent of the impact shows some correlation between the increased trend in internet retail sales with a mean average growth of thirty percent and the reduction in income from parking of circa thirty four percent in Ammanford, twenty six percent in Carmarthen and thirty seven percent in Llanelli.

1.19 The reduction in income from car parks is causing an overall budget pressure. The pressure has been mitigated by a reduction in maintenance spend and an increase in income from mobile on-street parking offences as demonstrated in Table Three overleaf. Both mitigation measures are not sustainable. The impact of the mitigation measures is illustrated in Table Three overleaf:

<u>Table Three:</u>

<u>Comparison of income and maintenance expenditure 2018 to 2022</u>

Budget Item	2018	2019	2020	2021	2022	+/-
PCN Income with Mobile Enforcement	-£311,344	-£307,061	-£212,357	-£387,212	-£652,210	£340,866
Maintenance Expenditure	£287,831	£258,478	£221,927	£172,440	£182,101	-£105,730

1.20 The analysis of income performance against the budget income target is set out in Table Four below:

<u>Table Four</u>

<u>Analysis of parking fees for the Place & Infrastructure department</u>

	2018/19		2019/20		2020/21		2021/22		2022/23	
Account Code	Actual	Budgeted	Actual	Budgeted	Actual	Budgeted	Actual	Budgeted	Forecast	Budgeted
	£	£	£	£	£	£	£	£	£	£
8523 Parking Fees	-2,410,367	-3,005,113	-2,233,409	-2,760,277	-589,252	-2,793,703	-1,859,563	-2,644,287	-2,007,261	-2,838,523
shortfall		594,746		526,868		2,204,451		784,724		831,262
WG covid claim reimbursement						-1,708,047		-674,521		
						496,404		110,203		

The net contribution from off Street Parking to support services is set out in Table Five.

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Table Five

Car Parks Off Street - Net Contribution

Financial Year	2018/19	2019/20	2020/21	2021/22	2022/23*
Net Contribution**	-£658,959	-£676,666	-£516,410	-£375,918	-£576,724

* Forecast

** Net Contribution Income - Expenditure

The net contribution funds essential highways and transportation services.

1.21 Unfortunately, meeting the demands of all, in a challenging economic climate, is extremely difficult if not impossible. Free parking is often sighted by town centre traders as the panacea for recovery. Previous studies and pilot projects have shown that it is the extent of the overall town offer that attracts visitors to town and parking charges that are set at a reasonable level, have little bearing on a decision to visit. This is demonstrated by the trends of parking as illustrated in Charts five to eleven above.

1.22 The current budget position is unfortunately not sustainable. This is an important consideration for the overall Highways and Transport budget where there is continued pressure on key ares such as Highway Maintenance, Public and School Transport and the Parking service.

1.23 Whilst Parking fees will go up by five percent as part of the budget , the net impact on the budget does not bridge the budget shortfall to any great extent. Assuming there is no elasticity of demand and parking followed the same patterns of demand as the current financial year, there would still be a budget shortfall in income of circa £730,000. It would lead to a vicious circle where the condition of the parking stock, similar to highways would continue to deteriorate which in turn would not promote a positive experience to visitors.

1.24 Every neighbouring authority has increased the level of parking charges as part of their 2023/24 budget setting process.

1.25 Nevertheless, an option of introducing free parking for one hour to replace the current free parking offer that was introduced at the end of 2018 whilst retaining the five free parking days for events has been considered. The current free parking period offer has a net cost of circa £219k per annum (excluding events days) , this is based on tickets sales for the current free parking offer by town. There is no longer a budget to fund which is compounding the budget pressure.

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Table Six

Town	Free Parking Period	Free Tickets Issued	Ticket Cost Revenue Foregone	Total Net Revenue Foregone Per annum*
Ammanford	Monday to Wednesday 10 a.m. to 2 p.m.	47,256	1.2	47,256.00
Carmarthen	Tuesdays and Thursdays 3:30 p.m. to 6:00 p.m.	30,232	2.4	60,464.00
Llandeilo	Monday to Wednesday 10 a.m. to 2 p.m.	17,087	1.2	17,087.00
Llandovery	Monday to Wednesday 10 a.m. to 2 p.m.	7,404	1.2	7,404.00
Llanelli	Monday and Tuesdays 10 a.m. to 4 :00p.m.	40,752	2.2	74,712.00
Newcastle Emlyn	Monday to Wednesday 10 a.m. to 2 p.m.	10,454	1.2	10,454.00
St Clears	Monday to Wednesday 10 a.m. to 2 p.m.	1,641	1.2	1,641.00
* Excluding VAT				
				219,018.00

1.26 Should Cabinet wish to consider an alternative option for example free parking for one hour for each day the financial implications have been evaluated and summarised as follows:

Table Seven

Town	Free Parking Period	Ticket Cost	Ticket Sales One Hour	Percentage Revenue Foregone	Net Ticket Cost Revenue Foregone	Ticket Sales Two Hours	Ticket Cost Revenue Foregone	Percenatge Revenue Foregone	Net Ticket Cost Revenue Foregone	Total Revenue Foregone
Ammanford	1 Hour	£ 0.90	82,235	100%	£ 61,676	52,332	£ 1.20	33%	£ 14,391	96,626
Carmarthen**	1 Hour	£ 0.70	48,997	100%	£ 34,298	382,651	£ 2.80	33%	£ 105,229	154,226
Llandeilo	1 Hour	£ 0.90	29,008	100%	£ 26,107	34,795	£ 1.20	33%	£ 9,569	38,577
Llandovery	1 Hour	£ 0.90	18,589	100%	£ 16,730	19,116	£ 1.20	33%	£ 5,257	23,846
Llanelli	1 Hour	£ 1.40	56,443	100%	£ 79,020	38,795	£ 1.80	33%	£ 10,669	67,112
Newcastle Emlyn	1 Hour	£ 0.90	17,130	100%	£ 15,417	23,000	£ 1.20	33%	£ 6,325	23,455
St Clears	1 Hour	£ 0.90	5,008	100%	£ 4,507	2,694	£ 1.20	33%	£ 741	5,749
* Excluding VAT										
** Minimum Charge Band is 2 Hours for all car parks except St Peters					£ 237,756					£ 409,590

1.27 Introducing a free parking ticket for one hour would result in a **loss of net revenue of £237,756** for the absolute value of one hour ticket sales. However, there is likely to be significant displacement of two-hour ticket sales as people shorten their stays. Applying a conservative estimate of thirty three percent; displacement **the total net loss of income would equate to £409,590.** People are likely to modify their visit and will stay for a shorter period in town and potentially spend less.

2.0 Conclusions

2.1 Consumer/Visitor perspective: Behavioural changes and the growth of internet shopping continues to impact on town centres. The stimulus introduced to support free car parking has not changed parking behaviours and this is consistent with the findings of previous research. It is the town centre offer that influences demand. Parking charges are a low proportion of total annual car operating expenditure for a motorist.

2.2 Motorist perspective: The two biggest concerns of motorists from the findings of recent survey work undertaken by the RAC are the cost of fuel which takes up a greater proportion of the operating cost of a car. Motorists are also more concerned

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(3) ONS Retail sales index internet sales

about the condition of the highway. Parking charges feature on the bottom quartile of motorists' concerns.

2.3 Financial. The existing budget pressures caused by a reduction in income are being mitigated by reductions in expenditure on car parks and other highways and transportation related expenditure which impacts on the standard and appeal of car parks and the town centres. It is also mitigated by an increase in revenue from the camera enforcement. Both are not sustainable.

The current free parking pilot is not funded.

2.4 Options. There are options for consideration in the report with regards to changing the free parking offer by offering the first hour free, such an intervention will require funding as will the current shortfall in budgeted income.

3.0 <u>Recommendations.</u>

3.1 Cabinet is asked to consider the following options:

1. **Retain the five free days for events in line with the current policy and cease the current free parking offer which provides towns with free parking periods for set hours and days of the week or provide a budget.**

2. **Retain the five free days for events in line with the current policy and cease the current free parking offer which provides towns with free parking periods for set hours and days of the week or introduce the one-hour free parking and support with a budget.**

3. **Retain the five free days for events in line with the current policy, cease the current free parking offer which provides towns with free parking periods for set hours and days of the week and allow the BID teams from key towns to provide a free car parking offer subject to the bid funding in full the authority's calculated loss of revenue.**

4. **Retain the five free days for events in line with the current policy, cease the existing free parking offer and provide a set budget allocation for towns for them to determine their own free parking periods relative to the budget provided and the authority's calculated loss of revenue.**

5. **Reinstate standard charging to part address the current budget pressures and remove all free parking offers.**

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(2) RAC Motoring Report2022
(3) ONS Retail sales index internet sales