



Finance, Smart City, and City Management Policy and Scrutiny Committee

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| Date: | 4 th November 2021 |
| Classification: | General Release |
| Title: | COVID impact on Parking income and activity, and its recovery to normal levels. |
| Report of: | Executive Director of Environment and City Management |
| Cabinet Member Portfolio | City Management |
| Wards Involved: | All |
| Policy Context: | Cleaner and Greener, Climate Emergency, Air Quality Action Plan |
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1. Executive Summary

The City Council's Parking service was severely impacted by the COVID pandemic. While there has been strong recovery in the latest financial year the levels of activity and income are lower than pre-COVID. This report is a brief overview of how the service's budgets were impacted and how it is recovering. It is recommended that a more in-depth scrutiny take place within the next 6-12 months to enable the understanding of the impacts of ULEZ and changes of customer behaviour.

2. Key Matters for the Committee's Consideration

- Does the committee have questions on the impact of COVID on the Parking Service?
- Considering the other external factors when would the Committee like to undertake a more detailed scrutiny of Parking activity and income?

3. Background

3.1 Parking Income

Westminster's Parking Service is the largest in Europe providing over 47,000 parking spaces, catering for all road users and vehicle types. It is responsible for providing, managing, and enforcing on-street parking facilities and controls throughout the whole of Westminster that includes 1,990 streets and some 600 miles of kerbside.

Parking income falls into 3 main categories:

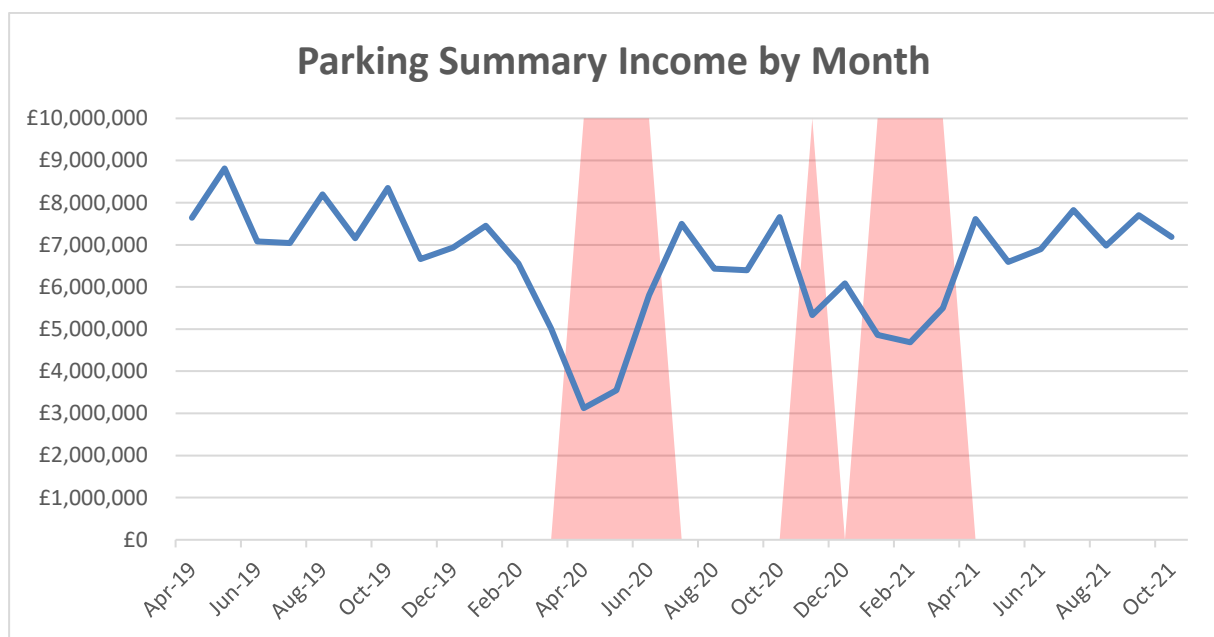
- Enforcement charges from the issue of Penalty Charge Notices (PCNs) either by Marshals on-street or traffic enforcement cameras. PCNs issued by Marshals within Westminster are set at either £80 or £130 depending on the severity of the alleged parking contravention. All Moving Traffic Contravention (MTC) PCNs, issued via traffic enforcement cameras only, are £130. The value of these charges are statutory and are set by London Councils.
- Parking Fees & Charges from the provision of Pay-to-Park on street, issue of Residents Permits, Trade Permits, Parking Dispensations and Suspension of Parking Bays. The level of these charges is discretionary and reviewed by WCC on an annual basis.
- Other – Both round trip (fixed) and flexible Car Club schemes are operated by ZipCar who pay WCC for the use of a number of parking bays within Westminster.

2021/22 income to date has seen considerable improvement on 2020/21. However, we still in recovery mode and there is still a risk that income won't return to pre-pandemic levels this financial year, if at all. The threat of COVID is still prevalent within the capital and there is a possibility of some form of lockdown being imposed should cases rise significantly. Whilst any future lockdowns probably wouldn't last as long as the one introduced in December'20 due to the high take up of the vaccination programme, there could be possible short-term disruption to parking income particularly on Paid for Parking and PCN ticket issue with reduced vehicles come into the city once more. During the January-April lockdown Paid for Parking income fell by 13% on the level experienced throughout September/October 2020. There was also a significant impact on PCN ticket issue during the last quarter of 2020/21, with an average reduction of 40% on issues in the same period.

The parking income budgets are reviewed annually with incremental adjustments usually just made for approved Medium Term Planning (MTP) savings. The current 2021/22 income budget is shown below with a comparison to the 2020/21 budget and outturn. Some income budgets have been reduced for the financial year 2021/22 as part of a temporary one-year-only COVID relief.

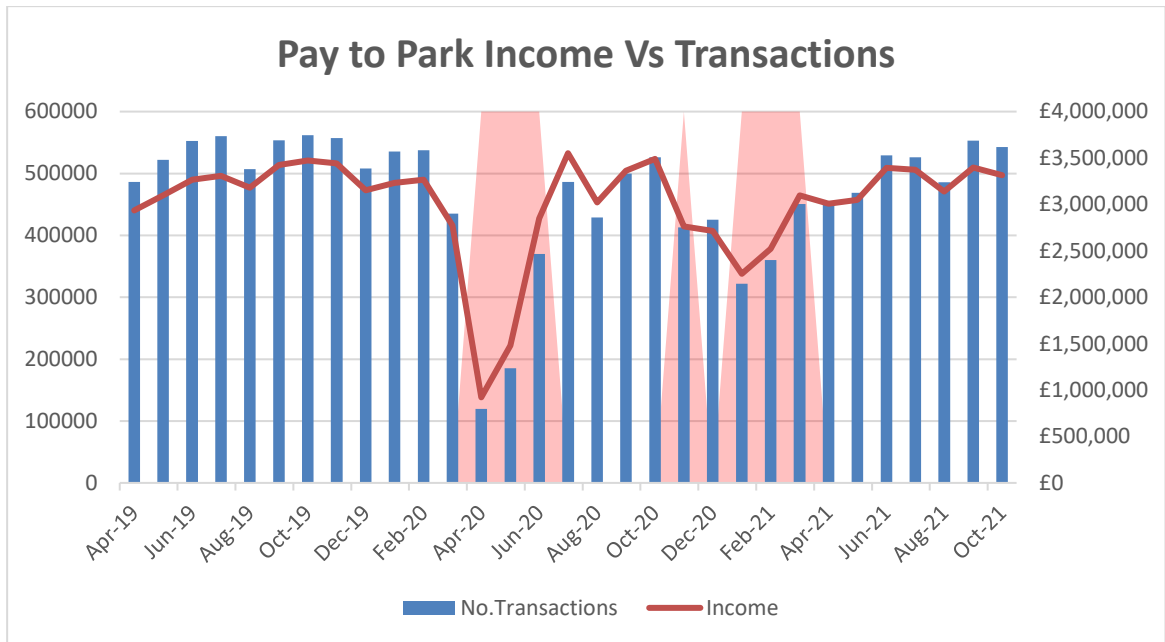
| Income Stream | Approved Budget 2020/21 | Outturn 2020/21 | Variance 2020/21 | Approved Budget 2021/22 | Projected Outturn 2021/22 | Variance 2021/22 @ Oct'21 |
|-------------------------------------|-------------------------|-----------------|------------------|-------------------------|---------------------------|---------------------------|
| | £'000 | £'000 | | £'000 | £'000 | £'000 |
| Penalty Charge Notices | -19,912 | -12,473 | -7,439 | -19,012 | -18,812 | -200 |
| Paid for Parking (Inc. Motorcycles) | -40,491 | -30,850 | -9,641 | -40,346 | -38,271 | -2,075 |
| Resident Permits | -4,471 | -4,491 | 20 | -4,562 | -4,562 | 0 |
| Trade Permits/Dispensations | -1,320 | -1,079 | -241 | -1,320 | -1,370 | 50 |
| Suspensions | -21,772 | -17,564 | -4,208 | -19,530 | -21,280 | 1,750 |
| Car Club/Electric Vehicles | -1,031 | -710 | -321 | -1,101 | -801 | -300 |
| | -88,997 | -67,167 | -21,830 | -85,870 | -85,095 | -775 |

3.2 COVID Income impacts



The red zones in the above graph (and in subsequent graphs) are periods of lockdown impacting highway use.

As at the end of October 2021 there has been an additional £10.7m (27%) received above the same period in 2020/21. All income streams have seen much recovery, the most significant being pay-to-park and suspensions. However, cumulatively to date revenue is £3.4m (6.5%) down on 2019/20 levels.



Reduction in vehicles on-street during the various lockdowns in 2020/21 had a major adverse effect on Pay-to-Park revenue, the most severe of which was in April and May. Income has recovered extremely well and cumulatively to date and additional £4m (21%) has been received above 2020/21.

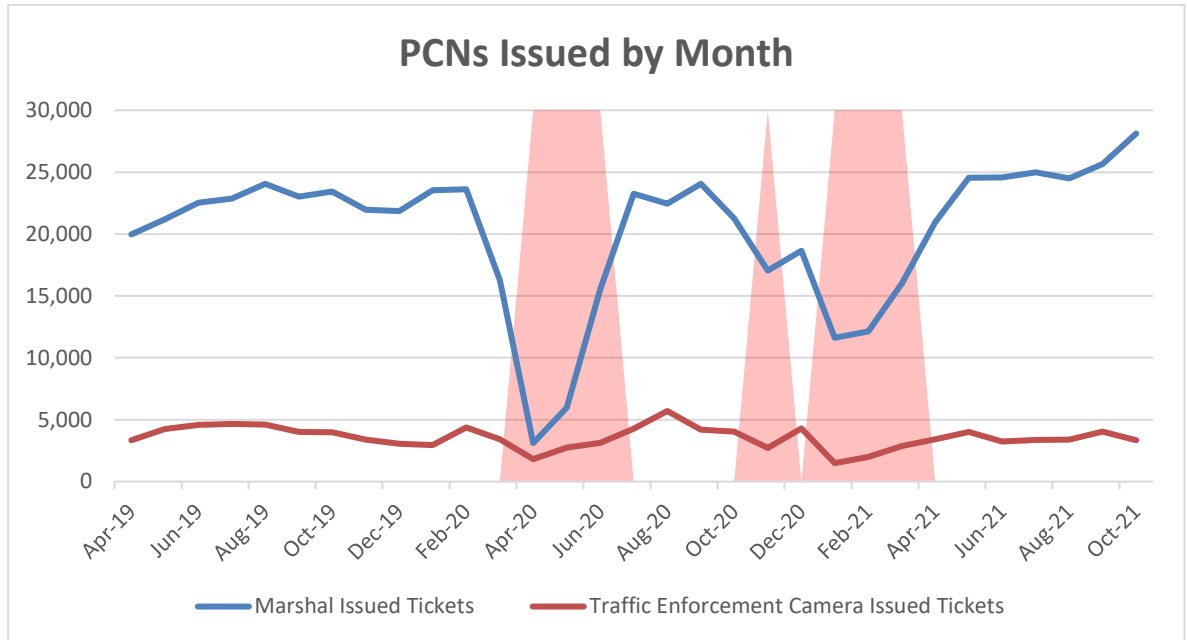
3.3 Enforcement

Working with our NSL partners the City Council endeavoured to maintain as much business-as-usual enforcement through the pandemic. However, at certain times when staffing was adversely affected by travel restrictions there had to be refocusing on critical streets and locations. The reduced level of on-street activity though did lead to a reduction in PCNs issued.

PCN levels are now exceeding pre-COVID levels. This is due to the return of traffic volumes to the City also coinciding with a trial of tighter enforcement protocols on streets deemed Traffic Sensitive. The trial involves a greater Marshal presence on the 622 streets within Westminster defined as being ‘traffic sensitive’, as well as a reduction in vehicle observation times for commercial vehicles on those streets from 20 minutes to 5 minutes; bringing those streets in line with the protocols generally employed in other London Boroughs. Reduced. Observation time is that given to ascertain whether commercial vehicles are actively involved in loading/unloading. This is to encourage kerbside activity to take place away from traffic sensitive locations or to take place as quickly as possible.

This change also complementing the licensing regimes of other areas of City Highways whereby activity on “Traffic Sensitive” streets are subject to greater restrictions.

It is anticipated that the trial will feed into wider proposals as to how impacts on traffic sensitive streets are managed, which could in time include a proposal to charge more for permissions (suspensions, dispensations, Skip licences etc) on such streets. Any change to enforcement protocols would of course be subject to a decision by the Cabinet Member.



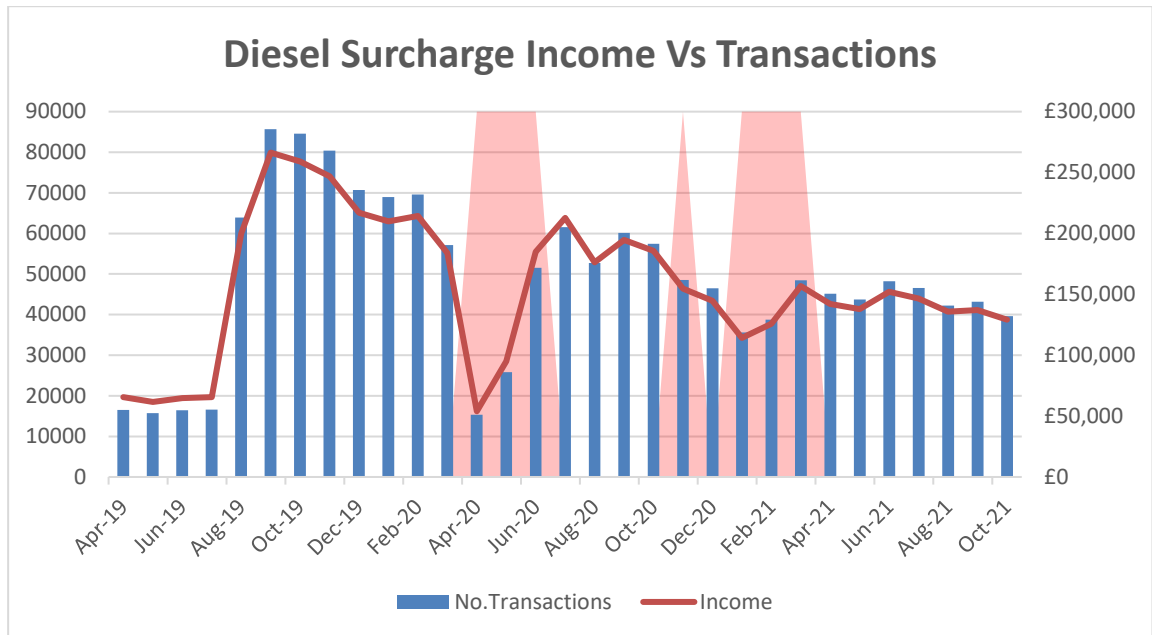
Traffic enforcement via camera has started to struggle in comparison. This is due in part to an increase in compliance at the enforced locations. Additional camera locations are being rolled-out following a needs assessment. Locations for enforcement are prioritised to focus on those where the greatest impacts on accident statistics or reductions of dangerous non-compliance can be achieved.

3.4 Diesel Surcharge

The Diesel Surcharge was introduced City-wide in August 2019 after an initial localised trial as part of our air quality commitments. This policy allows for a 50% surcharge on top of pay-to-park charges for the most polluting pre-2015 diesel cars. Initially this accounted for around 7.2% of total pay-to-park revenue but this has fallen to now be running around 4.3%. This fall was expected as affected vehicles age and form a smaller percentage of those coming into the City. Issues such as the ULEZ extension will only increase downward pressures on the use of these vehicles and as such it is expected that income stream will reduce further. Obviously such a change in behaviour by drivers should be applauded given the disproportionately negative impact on air-quality in the City created by older diesel vehicles.

The requirement for councils to do more to protect vulnerable residents living within 25m of a strategic road network was a clear recommendation in the coroner’s report following the inquest into the death of Ella Kissi-Adoo-Debra in Lewisham where exposure to poor air pollution was listed for the first time as a

contributing factor in the cause of death. A recent scrutiny committee meeting was held into Air Quality and the public health impacts and the need to continue the focus on bringing down pollutants was clear.



4. Future Steps

4.1 Use of parking income

The Parking Service is unusual as it is accounted for differently to other areas within the council. While the income and expenditure sits within the Council's General Fund and contributes to the overall financial position, WCC is bound by legislation to re-invest any surplus made from parking services in prescribed transport related activities only. This is recorded through a memorandum statement, the Parking Places Reserve Account (PPRA), which details the Parking surplus and how it has been reinvested on such areas as Public Realm enhancements, Highways Planning, Concessionary Fares and Home to School transport.

The extent of qualifying expenditure undertaken is such that Westminster presents a deficit on the PPRA in most financial years, so there is no requirement to ring-fence funds for application in further prescribed ways under the legislation.

| | 2018/19 £000 | 2019/20 £000 | 2020/21 £000 |
|---|-----------------|-----------------|-----------------|
| Parking Surplus | 69,453 | 69,471 | 49,112 |
| Qualifying Expenditure | (75,032) | (87,454) | (86,315) |
| <i>Comprised of Expenditure by Portfolio:</i> | | | |
| <i>Environment & City Management</i> | (52,017) | (65,451) | (65,148) |
| <i>Place Shaping & Planning</i> | (3,267) | (1,297) | (2,065) |
| <i>Public Protection & Licensing</i> | (1,782) | (1,457) | (1,573) |
| <i>Finance, Property & Regeneration</i> | (1,600) | (2,433) | (1,445) |
| <i>Family Services & Public Health</i> | (16,366) | (16,815) | (16,084) |
| PPRA Surplus / (Deficit) | (5,579) | (17,983) | (37,203) |
| Contribution from General Fund | 5,579 | 17,983 | 37,203 |
| Net Position on PPRA | 0 | 0 | 0 |

The majority of PPRA expenditure is on management, maintenance, and improvement of the council's highways (43% in 20/21); followed by Street Cleansing (25% in 20/21) and the council's contribution to TFL's Freedom Pass scheme (15% in 20/21).

The extent to which Highways capital works are funded by TFL over the coming years will impact the level of qualifying expenditure, however it is the overall General Fund rather than PPRA balances that determine the continuing affordability of the capital programme.

4.2 Impacts of external factors

Parking policy and enforcement in Westminster does not operate in a vacuum.

Around 15% of all new car sales are of EVs (up from around 11% only a few months ago). Rising fuel prices, extensions of charging networks and other policy levers encouraging greener car use and increases in effectiveness of EV models are making them a more attractive purchase for customers and interest in environmental issues mean that the trend for increasing amounts of EV's travelling on our roads is expected to rise. Currently EV's receive a considerable discount on pay-to-park fees and resident Permits as we wanted to stimulate the market and reduce the amount of polluting diesel vehicles coming into the city. If trends continue this may need to form part of a wider review on how we charge for our parking to ensure access to kerbside space is maintained as well as cleaner air for residents and visitors.

Changes to ULEZ and Congestion Charge may alter how many vehicle journeys are made in the City and what sort of vehicles are making those journeys. The extent and depth of these changes are not known at present but will be subject to greater assessment and reconciliation over the coming months.

When ULEZ was introduced in April 2019, there was an average reduction in Pay to Park transactions of 3.5% in the affected parking zones during the first 4

months of operation. However, there was also a smaller reduction of 1.5% within the non-affected zones which is an indication of the continued changes in parking habits. Since then, there have been further reductions caused by the pandemic therefore it is difficult to quantify at this time what the effect of the ULEZ extension would have on overall Pay to Park income.

In recognition of these changing external factors a full Parking Occupation survey has been commissioned to be undertaken from January 2022. This report, which will detail statistics relating to the pressures on kerbside space and how our bays are utilised, will be released in or around August 2022.

If you have any queries about this Report or wish to inspect any of the Background Papers, please contact Jonathan Rowing
jrowing@westminster.gov.uk