

## **Cabinet**

**17 March 2021**

### **Covid Recovery and Town Centre Parking Charges**

#### **Ordinary Decision**



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### **Report of Corporate Management Team**

**Amy Harhoff, Corporate Director of Regeneration, Economy and Growth**

**Councillor Carl Marshall, Cabinet Portfolio Holder for Economic Regeneration**

#### **Electoral division(s) affected:**

Countywide

#### **Purpose of the Report**

- 1 To review the provision of subsidised or free parking for centres across County Durham for both on street and off street parking as a stimulus to support the economic recovery from the global pandemic.

#### **Executive summary**

- 2 The national and local lockdown restrictions required in response to the coronavirus pandemic, have impacted on trade and footfall across all of our town centres.
- 3 All of the usual functions within our town centres have been affected, from retail, leisure and hospitality to the many events that would have taken place effectively being cancelled during 2020. This has created a cumulative impact, having a major effect on footfall and the city, town and village high street economies in County Durham.
- 4 The recent announcements from Government on 22 February included a broad roadmap for the country's route out of lockdown including guidance on the tests that would need to be met for town centres uses to open gradually and with phased conditions in terms of social distancing requirements.

- 5 During 2020/21 there have been a range of financial support measures put in place, most notably in terms of national retail rate relief and business rates grant schemes, but also the Council's Business Recovery Grants scheme to assist businesses. However, it will be essential in the coming months, in line with national guidance, that all efforts are taken to ensure our town centres can become sustainable and accessible locations for both shopping and leisure use and that the county receive appropriate national funding to address these many needs.
- 6 As we look to move to safely drive forward our economic recovery, the vibrancy of centres will be key, not only to our economic revival and recovery as a county, but culture, health and environment. There is a number of aspects that are key to a vibrant town centre, from the quality of the built and natural environment, to the offer from leisure, retail, hospitality and the staging of events.
- 7 One issue often raised in terms of town centre access and footfall is the role played by parking charges. Such charges have been used for many years to address issues of demand and ensure that parking spaces are available for those wishing to visit. Measures for parking charges need to be applied with careful consideration in order to balance a number of objectives including inclusivity, economy, availability of spaces and environment.
- 8 The current demand for parking in our town centres is low due to the impact of the Covid 19 pandemic and it is unclear how this will change and how quickly demand will return to pre-pandemic levels once lockdown measures are eased. In balancing the different objectives, this report puts forward proposals for a time limited period of free parking as a short-term measure to encourage people to return to retail and leisure destinations in a time frame in line with government health advice.
- 9 It is important that we provide broad and sustainable accessibility to our city, town and village centres. This includes investment in walking and cycling, investment in our park and rides as well as working in partnership with bus operators to ensure that the public transport services can meet the needs of communities.

## **Recommendations**

- 10 Cabinet is recommended to:
  - (a) agree that parking charges are suspended from 2 pm each day in both on and off-street town centre carparks until end December 2021 to support the initial recovery from the global pandemic;

- (b) note that this policy will be reviewed regularly every 3 months to ensure its effectiveness and make any amendments where required.

## Background

- 11 The county has been heavily affected by the economic impact of the global pandemic. Our leisure, hospitality, culture and retail sectors have effectively been closed down for a significant amount of time over the last 12-month period. This is having an effect on employment and economic resilience overall; we know for example that in parts of our County young persons make up 16% of claimant counts which is in comparison to a national average of 6%.
- 12 A clear and visible manifestation can be seen by our high streets, although here we see a varied picture across the County where some areas including Bishop Auckland have seen higher occupancy rates between 2019 and 2020 as had Seaham, Crook and Consett. It is also important to highlight that in the case of Bishop Auckland, this area has seen relatively high rates over time, which reflect a number of complex factors. Spennymoor has seen an increase in vacancy from 2019 to 2020. However, the investments in Festival Walk will address this issue and this is also the case with planned investments in Newton Aycliffe and Durham City.
- 13 There are many measures that will be required to support our overall response to the pandemic, more capital investment, ensuring our skills programmes meet the needs of our labour market, business support and inward investment. We will deliver a significant investment programme including at our strategic sites such as Aykley Heads in Durham City and NETPark at Sedgfield.
- 14 Our city, town and village centres will be key to recovery and rely on a number of measures to ensure success, including an attractive built environment, a strong offer for visitors and accessible centres for all transport modes particularly public transport. It will also be important that we consider a strong events programme balanced with the public health guidance, attracting visitors safely and with confidence.
- 15 It is important that we provide broad and sustainable accessibility to our city, town and village centres to ensure we support not only increased footfall for the town centre economies, but to ensure that accessibility is sustainable to balance our clear environmental objectives. We also have a duty to ensure that our policies and investments are inclusive, particularly in the case of accessibility where we consider many of our residents do not own a private car.
- 16 This includes investment in walking and cycling for our centres, investment in our park and rides which helps to avoid congestion in the main centres, as well as working in partnership with bus operators to

ensure that the public transport services can meet the needs of communities and provide a viable alternative to car use.

- 17 The use of parking charges to support vibrancy in town centres has also been the subject of much debate in recent years. Some view parking charges as an essential tool to reduce the reliance on the private car, whilst others see the imposition of parking charges and availability of spaces as the reason for a move to out of town shopping. Whatever the merits of each side of the debate, the travel choice and the volume of people accessing our town centres in the coming months will play a significant part in the post Covid economic recovery.
- 18 Parking charges have been widely used for many years to control parking availability and ensure access for all. The introduction of charges has been established as an effective way to control the demand for parking ensuring that the available spaces are well used and visitors can feel confident they can find a suitable space.
- 19 The vast majority of parking in County Durham is for periods of two hours or less (78%). Our current charges, which remain regionally relatively low, ensure a turnover of spaces throughout the day. The income from parking also helps to maintain facilities to a good standard, welcoming people to our town centres.
- 20 Prior to the restrictions brought in by the Covid pandemic, our car park occupancies remained generally high, suggesting that a good balance was being achieved between cost and availability. However, recent changes in travel behaviour as a consequence of local and national restrictions and the impact of consumers using online shopping means that this balance needs to be re-examined in the short term to aid the economic recovery process.
- 21 More widely when considering parking charges, we must balance the intended and unintended consequences of any policy. Particularly important to parking is ensuring a balanced availability that results in increased footfall for the town centres, inclusivity but without any detriment to the environment, that policies which appear to encourage increased car use could otherwise create.
- 22 The issue of parking in our town centres was considered by the Economy and Enterprise Overview and Scrutiny Committee (2018) which concluded that free parking initiatives should only be considered when they are of genuine benefit to retailers to ensure a turnover of spaces.

## **The impact of Covid-19 on travel behaviour**

- 23 Travel behaviour during the pandemic has obviously changed. More people are working from home and there has been a significant decline in the number of people using public transport especially. Offset against this the summer months saw increases in the number of people walking and cycling.
- 24 Interpeak car use returned to near normal levels prior to the recent national lockdown and even during the first week in February daytime car use was up to 80% of normal whilst peak levels remain subdued.
- 25 This would suggest that the public remains very keen to use the private car for discretionary trips especially those associated with recreation and leisure. Whilst we will strive to ensure that alternatives to the car form a central part of our thinking going forward, it remains the case that for all of our population, both car and non-car users, the survival of our town centres is an essential component to a more sustainable future.
- 26 As the current lockdown continues with the closure of non-essential retail and the growth in on-line shopping, footfall and car parking occupancy levels in our town centres remains very low. The traditional use of charges to limit over demand, at least in the short-term, needs to be questioned. As we consider how the gradual process of normal life returning will evolve, we should also consider the role of parking charges against this background.
- 27 By contrast the number of people visiting some of our recreational areas such as Hardwick Park and Chester-le-Street Riverside have in some instances increased. This has in turn created challenges in preventing full car parks overflowing onto nearby roads and verges with resultant safety issues. There is therefore a strong rationale to retain parking charges for these facilities as a way of ensuring turnover and managing supply.

## **Options**

- 28 It has been suggested that one way to aid recovery is to make all parking in our town centres free, indeed this was initially introduced during the first lockdown when demand was very low. However, this is likely to cause significant difficulties as demand for parking increases as the restrictions are lifted and demand gradually returns to pre-pandemic levels.
- 29 Previous experience of offering free parking on “Small Business Saturday” was that people simply park all day. People who work in our town centres are naturally attracted to free all day parking as an

alternative to public transport which reduces the amount of space and turnover for shoppers.

- 30 In recent years we have tried to remedy these issues by offering free parking after 10 am, however this simply causes people who wish to park all day to pay on arrival for say 2 hours and then parking is free thereafter. Again, this actually limits the amount of parking available and is a deterrent to people visiting our town centres for future shopping and leisure.
- 31 The offer of free all day parking in Durham City is likely to be more pronounced with commuters likely to fill residential streets which offer pay and display rather than using Park and Ride. Not only would this be to the detriment of residents and visitors, it would also undermine City Centre commercial carpark operators who will equally be keen to see their businesses recover as usage returns to pre-pandemic levels.
- 32 One recognised way of offering an element of free parking to support town centres is the pre-Christmas “free after three” initiative. This is considered to be more suitable as it prevents all day parking but targets the hours which tend to be naturally quieter for traders. Such an offer could be implemented from April and run through the summer until the usual period in the run up to Christmas to give a consistent message. The offer could also be extended to provide free parking from 2 pm rather than 3pm.
- 33 It is considered that such an offer gives the right balance between assisting recovery whilst not abstracting City and town centre workers from more sustainable forms of transport.
- 34 As we enter the recovery phase alongside parking changes, it will be essential to continue our investment in more sustainable modes. Previous success in attracting emergency walking and cycling funding is continuing with a regionally funded ambitious project in Newton Aycliffe out for consultation, with more routes to be consulted upon in the summer months.
- 35 In addition, regional funding is set to be agreed in the coming weeks which will allow promotion and walking and cycling both for leisure and access to town centres.

## **Financial Implications**

- 36 As part of the Government’s response to the pandemic, the Council has been able to access the Sales, Fees and Charges Income Guarantee Scheme, to recover a proportion of the income lost as a direct result of the pandemic. The scheme has been extended to 30 June 2021.

- 37 In 2020/21 the Council is forecast to have lost £1.4 million of car parking income and will recover £1.0 million under the Income Guarantee Scheme. It is unclear how any Government assistance under this scheme could be extended to offset additional income that would be lost if the Council voluntarily foregoes part of the potential income, therefore this element would be a call on the Covid-19 grant funding provided next year, which totals £15.6 million.
- 38 It is uncertain what the exact extent of the ongoing Covid-19 costs will be next year, given uncertainties regarding the extent of restrictions that will be in place and the pace of recovery to pre-pandemic levels. The Council will undoubtedly face ongoing unbudgeted costs in areas such as refuse collections, waste disposal, household recycling centres, within culture and sport etc. The Covid-19 funding provided will be held corporately and used to fund these pressures through service groupings treating such cost and implications as outside the cash limit. Providing free parking would be another pressure that would need to be counted against this funding.
- 39 When considering the financial implications of offering free parking, there are a number of factors that need to be estimated. Firstly, whilst it is easy to understand the impact on the expected budget in a normal year, it is more difficult to forecast the expected parking income in a post Covid recovery period, with and without further discounts being provided.
- 40 In considering the likely impact of Covid-19 in 2021/22 and the likely need to draw on the £15.6 million of Government Covid-19 support, it is forecast that parking income during April and May could reach 30% of normal levels, extending to 50% in June and July, then 70% in August and September. It is then assumed that normal parking income levels could be reached from October and beyond. These estimates are merely working assumptions and could be considered to be highly speculative. Whatever the eventual outcome, it is accepted that the normal budgeted levels of parking income will not be achieved in 2021/22 and there will be a need to call upon the financial support provided by government for Covid-19.
- 41 It is forecast the in 2021/22 off street parking income will be reduced by £290,000 and on street by £247,000.
- 42 In terms of offering free parking after 2:00 pm it is assumed that this will reduce potential income by a further 40%. Rather than simply reducing hourly income across the day, it is assumed that the offer will have some minor impacts on the time of day people visit our towns.

- 43 Assuming a further 40% reduction in income from offering free parking after 2 pm in our town centre car parks and on-street in Durham City up to 31 December, this will see a further reduction of potential income of £430,000. Further details in terms of modelling these assumptions are set out in Appendix 2.
- 44 Should the free parking period be extended to the end of the financial year, the potential additional loss of income rises to £644,500. For the reasons set out earlier, non town centre and recreational parking charges are assumed to remain unchanged and that free parking would not apply to these car parks.
- 45 The potential loss of income above does however, need to be considered alongside the longer term prosperity of our town centres which should be improved by this measure. Free parking is not viewed as a sustainable long term answer as it does not assist in moving towards more sustainable methods of transport, has significant issues in terms of displacement and has long term significant financial implications for the Council's budgets.

## **Timescales**

- 46 Currently the demand for people to travel in our town centres remains low and the extent of restrictions that will be in place across 2021 will be phased in line with the recent Government announcements and subject to ongoing review. It is also the case that the introduction of free parking will take a short period to organise in terms of the necessary signage, communication and messaging. It is however suggested that the free parking after 2 pm offer could be introduced from 1 April.
- 47 As well as the usual press notifications and the use of social media, temporary signs will be placed in our off-street car parks together with information on every pay and display machine. In addition, people using the pay by phone app will be automatically notified of the free period. At some point parking levels in all town centres will hopefully return to pre pandemic levels and when this occurs it may be necessary for the normal parking charges to be reintroduced. This will ensure we can affectively deal with the issues of supply and demand.
- 48 It is initially suggested that the free parking offer extends until the end of December and that this is reviewed regularly every 3 months to ensure its effectiveness and make any amendments where required.
- 49 As stated, the purpose of introducing a period of free parking is to encourage people to return to town centre shopping and leisure in a time frame in line with Government health advice. The measure of the effectiveness of the proposal and future monitoring will therefore focus on carpark occupancy and turnover.

## **Conclusion**

- 50 In order to assist with the recovery of our town centres, it is concluded that free parking should be offered in both on and off-street car parks from 2:00 pm each afternoon. This offer should initially be introduced from 1 April until the end of December with regular monitoring and review to understand the success of the scheme against clear objectives of increasing town centre footfall and supporting town centre vibrancy.
- 51 Such an offer would not be extended to recreational car parks where demand has remained high.

## **Background papers**

- None.

## **Author(s)**

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## **Appendix 1: Implications**

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### **Legal Implications**

The provision of parking is a non-statutory service. Whilst the setting of charging levels requires due notice to be given, the temporary suspension of charges does not.

### **Finance**

It is currently forecast that in 2021/22 off street parking income will be £290,000 lower than budget, whilst on street will be £247,000 lower than budget due to reduced footfall in our town centres.

If free parking after 2:00 pm was introduced, it is assumed that this will reduce potential income by a further 40%.

Assuming free parking after 2:00 pm in our town centre car parks and on-street in Durham City up to 31 December, this will see a further reduction of potential income of £430,000.

Should the free parking period be extended to the end of the financial year the potential additional loss of income rises to £644,500.

The cost of the recommendation will be financed from Government financial support provided for Covid-19.

### **Consultation**

Suitable notice of the change will be given prior to implementation.

### **Equality and Diversity / Public Sector Equality Duty**

It is not considered that the temporary suspension of parking charges during part of the day will have any consequential equality or diversity impacts.

### **Climate Change**

Whilst the measures suggested in the report give benefits to cars owners only, it is considered that the longer term benefits of ensuring a sustainable future for our town centres, our most accessible locations, outweighs any short term issues.

### **Human Rights**

None specific in this report.

## **Crime and Disorder**

None specific in this report.

## **Staffing**

None specific in this report.

## **Accommodation**

None specific in this report.

## **Risk**

Parking levels and occupancy rates in our car parks will be monitored to ensure that the intentions of the report are being met. The risks of displacement will be offset by not introducing the free parking until after 2 pm.

The policy will not be popular with private car park operators, who could view this initiative as undermining their recovery. There will be reputational risks and issues when the free parking initiative is withdrawn and there is a tension between attracting car users into our town and city centres and our climate change / environmental ambitions in terms of promoting more sustainable forms of transport and improving air quality.

## **Procurement**

None specific in this report.

## Appendix 2: Income Forecasts

Total	Do Nothing	Free After 2 Full year	Free After 2 until Christmas
<b>Budgeted Income 2021/22</b>	<b>£2,148,383</b>		
<b>Covid Effect</b>	<b>£537,096</b>		
<b>Forecast Income 2021/22</b>	<b>£1,611,287</b>	<b>£966,772</b>	<b>£1,181,611</b>
<b>Forecast Lost Income 2021/22</b>		<b>£644,515</b>	<b>£429,677</b>

OFF STREET					ON STREET						
Forecast Income					Forecast Income						
<b>Budgeted Income 2021/22</b>					<b>Budgeted Income 2021/22</b>						
£988,820					£1,159,563						
Approx monthly income					Approx monthly income						
£82,402					£96,630						
			Reduced income	No. months			Reduced income	No. months			
Apr/May	Reduced to	30%	£24,721	2	£49,441	Apr/May	Reduced to	30%	£28,989	2	£57,978
Jun/Jul	Reduced to	50%	£41,201	2	£82,402	Jun/Jul	Reduced to	50%	£48,315	2	£96,630
Aug/Sep	Reduced to	70%	£57,681	2	£115,362	Aug/Sep	Reduced to	70%	£67,641	2	£135,282
last 6 months		100%	£82,402	6	£494,410	last 6 months		100%	£96,630	6	£579,782
<b>Forecast Income 2021/22</b>					<b>Forecast Income 2021/22</b>						
£741,615					£869,672						
<b>Free after 2 all year</b>					<b>Free after 2 all year</b>						
			Reduced income				Reduced income				
Apr		30%	£24,721	1	£24,721	Apr		30%	£28,989	1	£28,989
May		30%	£24,721	1	£24,721	May		30%	£28,989	1	£28,989
Jun		50%	£41,201	1	£41,201	Jun		50%	£48,315	1	£48,315
Jul		50%	£41,201	1	£41,201	Jul		50%	£48,315	1	£48,315
Aug		70%	£57,681	1	£57,681	Aug		70%	£67,641	1	£67,641
Sept		70%	£57,681	1	£57,681	Sept		70%	£67,641	1	£67,641
Oct/Mar		100%	£82,402	6	£494,410	Oct/Mar		100%	£96,630	6	£579,782
					Income						Income
					£741,615						£869,672
			Free after 2 (40% reduction)		£444,969				Free after 2 (40% reduction)		£521,803
<b>Free after 2 until Christmas</b>					<b>Free after 2 until Christmas</b>						
			Reduced income						Reduced income		
Apr	Reduced to	30%	£24,721	1	£24,721	Apr	Reduced to	30%	£28,989	1	£28,989
May	Reduced to	30%	£24,721	1	£24,721	May	Reduced to	30%	£28,989	1	£28,989
Jun	Reduced to	50%	£41,201	1	£41,201	Jun	Reduced to	50%	£48,315	1	£48,315
Jul	Reduced to	50%	£41,201	1	£41,201	Jul	Reduced to	50%	£48,315	1	£48,315
Aug	Reduced to	70%	£57,681	1	£57,681	Aug	Reduced to	70%	£67,641	1	£67,641
Sep	Reduced to	70%	£57,681	1	£57,681	Sep	Reduced to	70%	£67,641	1	£67,641
Oct		100%	£82,402	1	£82,402	Oct		100%	£96,630	1	£96,630
Nov		100%	£82,402	1	£82,402	Nov		100%	£96,630	1	£96,630
Dec		100%	£82,402	1	£82,402	Dec		100%	£96,630	1	£96,630
					£494,410						£579,782
			Free after 2 (40% reduction)		£296,646				Free after 2 (40% reduction)		£347,869
Jan to Mar (No 40% reduction)		100%	£82,402	3	£247,205	Jan to Mar (No 40% reduction)		100%	£96,630	3	£289,891
					Income				Income		£637,760
					£543,851						£637,760
<b>OFF STREET</b>					<b>ON STREET</b>						
			Do Nothing	Free After 2 Full year	Free After 2 until Christmas				Do Nothing	Free After 2 Full year	Free After 2 until Christmas
<b>Budgeted Income 2021/22</b>			£988,820			<b>Budgeted Income 2021/22</b>			£1,159,563		
<b>Covid Effect</b>			£247,205			<b>Covid Effect</b>			£289,891		
<b>Forecast Income 2021/22</b>			£741,615	£444,969	£543,851	<b>Forecast Income 2021/22</b>			£869,672	£521,803	£637,760