

## Briefing Note on Car Park Budgets

### 1. Introduction

- 1.1 The Resource Management Select Committee has queried why there is a differential between budgeted and actual car park income. This paper sets out the background to this situation.

### 2. Overview

- 2.1 There are a number of reasons why car parking income has fluctuated over the last five years and these are described in Section 4 and the attached graph. The 'target income,' or budgeted income, has varied over the same period and this paper attempts to explain some possible reasons for the resulting differential.

### 3. Summary of budget situation

- 3.1 The following table sets out the net budget position for each of the last five years and provides a projected estimate for the current year, 2010/11.

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11 (Projected)
Tariff Changes	-	60p to 70p	-	70p to 80p	80p to £1	-
Budgeted net surplus £	823,660	994,630	941,470	1,155,660	1,150,330	1,248,210
Actual net surplus £	835,655	1,001,557	843,504	763,988	926,250	1,030,934
Difference £	11,995	6,927	-97,966	-391,672	-224,080	-217,276
Variation %	101%	101%	90%	66%	81%	83%
Actual Income £	1,725,190	1,864,523	1,786,490	1,814,556	2,345,799	2,390,524
Variation %		8%	-4%	2%	29%	2%
Costs £	(889,535)	(862,866)	(942,986)	(1,050,568)	(1,419,546)	(1,359,590)
Tickets Sold	1,916,724	1,743,319	1,789,555	1,478,988	1,469,557	1,469,557

- 3.2 The table also shows the number of tickets sold annually and it can be clearly seen that numbers have been declining since the high of 1.9m tickets sold in 2005/06. Reasons for this include the recession and the closing of a number of Newbury Town Centre car parks and possibly the effect of roadworks in the town centre in recent years. Further details of ticket sales and income are shown on the attached graph.
- 3.3 The budgeted income has generally increased year on year in line with inflation and also to align with tariff changes as it was assumed this would result in increased income.

#### **4. Summary of annual issues/events**

##### **2005/06**

- Target net position achieved – small increase over net budget of £11,995
- 1.9m tickets sold
- Kennet Centre MSCP converted to pay on foot in May 2005

##### **2006/07**

- Charges in Newbury increased from 60p to 70p hour
- Target net position achieved again – small increase over net budget of £6,927
- Total income increased by 8%
- 1.74m tickets sold
- Northbrook MSCP converted to pay on foot in July 2006

##### **2007/08**

- Shortfall of £97,966 in net position offset by other directorate savings.
- Total income down by 4%
- Slight increase in ticket sales to 1.79m

##### **2008/09**

- Charges across district increased (from 70p to 80p hour in Newbury)
- Shortfall of £391,672 in net position as budget increased by 22% although actual income increased by 2%
- Ticket sales down to 1.48m
- Cheap St car park closed
- All Parkway car parks closed
- Recession having an effect
- Reported in Parking Review magazine that English Local Authority parking revenue fell by more than 10% in 2008/09
- The Wharf car parks converted to pay on foot in September 2008

##### **2009/10**

- Clear Streets project commenced in April 2009
- Charges across district increased (from 80p to £1 hour in Newbury)
- Ticket sales down slightly to 1.47m
- Shortfall of £224,080 in net position but better than last year
- Budget increased by £350,000, later reduced by £360,000 due to recession
- Very bad winter weather
- Recession continuing

##### **2010/11 (Projected)**

- Shortfall in net position of approximately £220,000
- Assuming ticket sales same as 2009/10.

## **5. Conclusions**

- 5.1 It can be seen from the data provided that ticket sales have been slowly declining since 2005/06. Even without any other budget adjustments, a pressure was being created.
- 5.2 From 2007/08 across the UK ticket sales were declining due to the recession and local factors in Newbury such as tariff changes, car park closures and town centre developments may also have contributed.
- 5.3 Looking at the net budget situation it can be seen that there wasn't really a problem until 2008/09 when the income budget was increased by 15% to £2,213,310 resulting in a year end shortfall of £391,672. The budget increase was due to the introduction of an evening charge in Newbury and an increase from 70p to 80p per hour. However, partly due to the recession and possibly the tariff change, the forecasted income failed to materialise. This resulted in a differential between actual and budgeted income, although it should be noted that with one exception (2007/08) actual revenue from the car park operation has increased year on year since 2005/06.
- 5.4 In the three years prior to 2008/09, two had presented a small surplus above the target budget and the third, 2007/08, had resulted in a pressure of £98,000, which was offset by other directorate savings and so did not become an issue.
- 5.5 The 2009/10 pressure reduced to £224,080 and it is expected that the 2010/11 pressure will reduce further to approximately £220,000. However steps have been taken to offset this pressure in year so there will be no budget pressure this year. Furthermore, the car park budget starts with a more reasonable and achievable income target in 2011/12.

**Mark Edwards**  
**Head of Highways and Transport**  
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### Tickets Sold vs Income

