

**The Royal Borough of Kensington and
Chelsea**

**Key Decision Report dated 27 January
2011**



THE ROYAL BOROUGH OF
KENSINGTON
AND CHELSEA

**For Decision by Councillor Nicholas
Paget-Brown, Cabinet Member for
Transportation, Environment and
Leisure**

**Report by the Director of
Transportation and Highways**

**ANNUAL REVIEW OF CHARGES FOR
TRANSPORTATION AND HIGHWAY
SERVICES**

1. Introduction

1.1 This paper seeks approval to increase the fees for certain miscellaneous Transportation and Highways services with effect from 1 April 2011.

2. Background

2.1 In October 2010, the Cabinet Member for Finance and IT recommended that there be an increase of 3.1 per cent on fees and charges for Council services. He also recommended that in reviewing charges, business groups should consider the level of demand for the service, the market position and how the charging policy helps to meet our service objectives, in line with the Council's Charging Policy.

2.2 This report covers those miscellaneous chargeable functions that are exercised by Transportation and Highways and fall within your responsibility under the Constitution. Certain other chargeable services are delegated to me under the Constitution, including: highway related Land Charge enquiries, the approval of the design of private works on the highway, the permission for the erection of temporary signs and the supply and erection of traffic signs and road layout searches. Together with the fees and charges reserved to you for decision these details are itemised in Appendix A to this report.

3. Miscellaneous Transportation and Highways Services

3.1 The services provided by my Directorate for which charges may be imposed and on which you make decisions are:

- Applications for footway crossovers
- Making temporary and permanent road traffic orders
- Stopping up of the highway
- Christmas illuminations to street lighting columns
- Obstructions to the highway
- Street Works
- To vet proposals for new local direction signs

The strategic objective in each case is to recover full costs.

3.2 The various methods of charging according to the particular function are detailed in Appendix A to this report. All charges are set to recover full costs. I recommend an increase at the minimum level of 3.1 per cent for those functions where a flat rate is charged.

4. Residents' Parking Permits

4.1 The strategic objective for charging is to support the Council's traffic management policies (which take account of government guidance and legislation). The income from residents' permits in 2009/10 was £5,321,610 net of refunds.

4.2 Since 2002 we have linked any increases in the price of residents' parking permits to the Retail Price Index (RPI), except in 2009 when we applied an across the board increase of ten per cent to all permit prices. In 2010 you decided not to increase the price of residents' permits, as the RPI at the time was broadly zero. Currently RPI stands at 4.6 per cent.

4.3 In 2008 the Council introduced a graduated pricing structure for residents' parking permits, based on the "polluter pays" principle that vehicles with high CO2 emissions should attract a higher permit fee than those with low emissions. At the same time we introduced a diesel surcharge, and a supplementary charge for second and subsequent permits in a household.

4.4 In 2008 the Council adopted its Climate Change Strategy, which committed the Council to achieving reductions in the levels of carbon dioxide emissions of carbon within the borough. Fifteen per cent of such emissions come from road transport.

- 4.5 There are currently seven bands in the charging structure that relate to CO2 emissions. The bands are designed to give residents an incentive to choose less polluting cars and they apply to all vehicles registered after March 2001, when the Government first established official emissions figures for new cars. For vehicles registered before March 2001 the price of the permit is based on engine size.
- 4.6 Table 1 below shows how the proportion of vehicles in each band has changed since before we introduced the graduated structure.

Table 1 Distribution of residents’ permits between bands

	No CO2 band	1	2	3	4	5	6	7
2006	53%	0%	2%	4%	4%	5%	15%	17%
2008/9	41%	0%	4%	9%	9%	10%	18%	9%
2009/10	36%	0%	4%	11%	10%	12%	18%	9%

4.7 In 2006 just over half of residents’ cars were registered before 2001, and because of this did not have a CO2 rating. This category has fallen over the years as vehicles have been replaced. Of those that did have a rating, two-thirds were in Bands 6 or 7. Although the number of vehicles in Band 7 reduced rapidly in the first year of the new pricing structure it has remained stable then. Similarly, the initial growth of Bands 1 and 2 has not been sustained.

5. Proposed changes to residents’ permits in 2011

Vehicles in Bands 1 and 2

- 5.1 We issue few permits in the two cleanest bands, although the proportion in Band 2 has doubled from a low base in 2006. We monitor the proportion of permits in Bands 1 and 2 as one of our local performance indicators. Although this indicator does not have a high profile, it is a useful barometer of the greening of the residents’ fleet. Increasing the price differential between the lowest bands and the highest bands would to some extent also provide a greater incentive to residents to choose vehicles in the lower bands.
- 5.2 While there are currently very few vehicles in these two bands, it is likely that in a few years’ time there will be rather more of them, and fewer in the higher bands. Thus the financial impact of any decisions to change the price differentials is likely to be greater in the long term than in the immediate future. When we introduced the graduated permit scheme in 2008, we set the bands in such a way as to make the policy broadly income-neutral, but we did so knowing

that over time, as the distribution of vehicles moved from the higher bands to the lower bands, the real-terms effect of the policy would be to lose income.

- 5.3 I propose to freeze the cost of permits for these vehicles at £66 and £88 for Bands 1 and 2 respectively, for 2011/12.

Bands 3 to 7 and vehicles registered before March 2001

- 5.4 I propose to increase the price of a permit by 4.6 per cent for Permit Bands 3 to 7 and vehicles registered before March 2001.
- 5.5 Table 2 below shows the prices that would be charged if you were to approve all of the proposals that I have set out in paragraphs 4.3 and 4.4.

Table 2 Effect of proposals on annual permit prices

VED Banding	Annual permit prices	
	Current	Proposed
Band 1 - up to 100g/km	£66	£66
Band 2 - 101 - 120g/km	£88	£88
Band 3 - 121 - 150g/km	£99	£104
Band 4 - 151 - 165g/km	£110	£115
Band 5 - 166 - 185g/km	£121	£127
Band 6 - 186 - 225g/km and vehicles over 225g/km registered from 01/03/2001 to 22/03/2006	£132	£138
Band 7 -over 225g/km and registered from 23/03/2006	£154	£161
Engine size not over 1549cc pre 01/03/01	£99	£104
Engine size over 1549cc pre 1/03/01	£132	£138

Diesel surcharge

- 5.6 The modest surcharge (currently £5.50) for diesel fuelled vehicles was introduced at the same time as the graduated charging structure to raise awareness that diesel cars emitted more particulates and Nitrogen Oxides (NOx) than petrol cars of a similar size and to avoid giving an incentive to residents to buy cars that would increase particulate levels. However, from January 2011 the Euro V standard for new diesel vehicles is the same as that for petrol engines, and represents an 80% reduction in accepted particulate levels from the Euro IV diesel standard. In relation to NOx, the Euro

V standard for petrol cars is still tougher than the Euro V standard for diesels, and diesel vehicles are expected to make a much larger contribution to direct emissions of NO₂ than petrol vehicles. On the other hand, the diesel standard for carbon monoxide is tougher than the petrol standard. Given this, and given that the new congestion charge Green Vehicle Discount is available to Euro V diesel vehicles, the main justification for the diesel surcharge would not apply to Euro V diesels.

- 5.7 I propose that we exempt Euro V vehicles from the diesel surcharge.
- 5.8 I also propose that we increase the diesel charge for pre Euro V vehicles to £15. While this figure would still represent a very small fraction of the total cost of purchasing a car, it is comparable to the average differential between each CO₂ band and would be a more credible illustration of the Council's commitment to cleaner air.

Supplement for second and subsequent permits

- 5.9 There are approximately 5,000 households with more than one permit. This has decreased from around 6,500 in 2007. I propose to increase the charge for second permits by 4.6%, from £55 to £57.50.

6. Possible future changes to residents' parking permits

- 6.1 We currently have an anomaly in our permit banding structure. At present, we classify vehicles with a CO₂ figure of over 225g/km *and* registered after 23 March 2006 as Band 7 but vehicles registered before that date (but still over 225g/km) as Band 6. We do this because it was on that date the Government created a new highest band at over 225g/km for its VED banding. Previously, the Government had set the threshold for the highest band at 185g/km.
- 6.2 This means that a vehicle registered before March 2006 with emissions of say 300g/km would be charged a lower permit fee than one registered the following month with emissions of 226g/km.
- 6.3 I am also concerned that nearly one in ten of our residents' vehicles is still in the highest emissions band. Technology has moved on and there is a bigger choice of low emission vehicles that can cater for most needs, including large family cars in Band 6.
- 6.4 I will instruct officers to look into these issues and report their findings in a later report.

7. Car club permits

- 7.1 In September 2009 you took a Key decision regarding our policy on car club permits and this policy said we would increase the price of permits by RPI each year. This means that the cost of a permit for a petrol car in VED bands A to C would increase from £500 to £523 and the price of a petrol car in VED bands D and E and diesel cars would increase from £900 to £941 per annum.

8. Parking suspensions and dispensations

- 8.1 We suspend parking bays for a variety of reasons including facilitating building works, furniture removals, utility and highways works, filming and special events. An application to suspend a parking bay is called a 'suspension'. If we allow vehicles to park on a yellow line during the hours of control this is called a 'dispensation'. In 2009/10 we issued 54 chargeable dispensations.
- 8.2 In order to establish parity between the suspensions and dispensations regimes, I propose that we change the way we charge for dispensations so that they are based on the length of space taken, rather than the number of vehicles parked. I also propose that we increase the charge for dispensations so that they match the charges for suspensions, i.e. £44 per space per day for dispensations under six chargeable days, £66 per space per day for dispensations between six and 42 chargeable days and £88 per space per day for dispensations which are longer than 42 chargeable days, where a space is defined as being five metres.

9. Emergency road closures

- 9.1 In addition to planned road closures we sometimes need to implement emergency road closures for urgent work by utility companies. Such work may include restoration of power to properties or repairing leaking gas or water mains. These situations require officers to liaise with utility companies and stakeholders, attend site meetings and draft formal paperwork. The proposed new fee of £250 will cover officer time spent dealing with these closures.

10. Town Hall Car Park Charges

- 10.1 The car park charges have not been increased since 2004. The current charge of £3 per hour is lower than all other privately owned car parks in the vicinity (with the exception of the Copthorne Tara Hotel in Scarsdale Place). The income from daily parking and season tickets in 2009/10 was £990,916.

- 10.2 You recently approved a decision to increase the cost of on-street pay and display parking in the area from £3 per hour to £4 per hour, from January 2011. The principal justification for this increase was to try to limit the likely impact on traffic levels in the borough of the removal of the Western Extension Zone. This justification applies equally to the Town Hall Car Park.
- 10.3 I propose that we increase the cost of parking in the Town Hall car park to the same charge as on-street pay and display bays in the area around the car park, for vehicles parked up to ten hours. For vehicles parked for longer than ten hours, I propose to increase the charges by one third – the same rate of increase as for shorter stays. Our short-term parking rates would still be cheaper than most privately owned car parks in the vicinity, but would be more expensive for long-stay parking (with local car parks charging between £30 and £40 for 24 hours). Our policy objective is to discourage car commuting, so we should continue to avoid providing a discounted rate for long stays. The current and proposed rates are shown in Table 3.
- 10.4 The Town Hall car park is underused with average occupancy at 53 per cent. Short term parking (one to three hours) makes up approximately 77 per cent of car park usage. It is important that we keep car park prices competitive so we do not lose customers to nearby car parks. At present we offer season tickets for 13 or 52 weeks at a charge of £900 and £3,600 respectively. The NCP car park in Young Street advertise season tickets at £464 for one month, £898 for three months and £3,525 for 12 months but they often negotiate considerably lower prices with customers. To remain competitive we also negotiate rates with customers. Currently this is achieved under officers' delegated powers in consultation with the Transport and Leisure Services' Cabinet Member. I propose that in future this is carried out in consultation with the Executive Director of Transportation, Environment and Leisure Services.
- 10.5 Although we do not advertise a monthly permit we issue them informally to a small number of customers who cannot make use of our current range of season tickets. I suggest we introduce a one month season ticket. This may increase car park usage. We will charge for this ticket at a slightly higher rate to reflect higher administrative costs.
- 10.6 I do not propose any changes to the residents' day rate.

Table 3 Current and proposed charges for Kensington Town Hall Car Park

Monday to Saturday	Current	New tariffs
up to 1 hour	£3	£4
up to 2 hours	£6	£8
up to 3 hours	£9	£12
up to 4 hours	£12.50	£16
up to 6 hours	£17.50	£24
up to 8 hours	£24	£32
up to 10 hours	£30	£40
up to 24 hours	£33	£44
Sundays		
night rate	£3	£4
Sunday rate	£4	£6
Residents (day rate minimum 7 days)	£6	£6
Season tickets		
1 month		£350
3 months	£900	£1000
6 months	NA	£1900
12 months	£3600	£3600
overnight 13 weeks, Monday to Friday	£32	£40
Overnight 13 weeks plus Saturday, Sunday and Bank Holidays	£85	£100

11. Financial, Legal, Sustainability, Risk, Personnel and/or Equalities Implications

11.1 The Group Finance Manager comments that the Town Hall Car Park has not achieved pre Congestion Charge and recession income levels for some years. In 2009/10 income was over £200,000 below budget. The charges proposed in this report would increase income by £200,000, and if there were no change in customer behaviour, restore income to levels previously attained and achieve budget.

- 11.2 The income from residents' permits in 2009/10 was £5.217 million in 2009/10. The proposals in this report will achieve and exceed the 4.6 per cent increase as per the current policy but do so by applying additional and differential charges while freezing other rather than a flat rate increase. Graduated permits have an automatically built in decrease in real income as more residents vehicles will fall into lower bands in future years. If the band 1 and 2 prices are frozen it will not have very much impact in 2011/12 but as more vehicles fall into these groups, and supplementary charges fall out, it will accelerate the decline in real income unless there is a future policy change to address this.
- 11.3 Director of Legal Services comments that variation of charges at on and off street parking places can be dealt with by way of notices pursuant to Sections 46A and 35C of the Road Traffic Regulation Act 1984 respectively.
- 11.4 The Director of Personnel and General Services notes that there are no personnel implications arising as a result of the recommendations in this report.
- 11.5 The recommendations shown in this report do not have equality implications.

Recommendation(s)

12. I recommend that you should agree to the proposed charges as referred to in this report.

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FOR COMPLETION BY AUTHOR OF REPORT:

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