



## **ALEXANDRA PARK AND PALACE CHARITABLE TRUST BOARD**

**14 December 2020**

**Report Title:** Car Park Charging Update

**Report of:** Louise Stewart, CEO

**Purpose:** The report updates the Board on the progress to date, actions planned and to highlight issues that will need to be considered as the project develops.

**Local Government (Access to Information) Act 1985** N/A

### **1. Recommendations**

1.1 To note:

- i. the progress made on the car park charging project and the target implementation date of April 2021;
- ii. the possibility that, to achieve the financially efficient treatment of the income and to effectively manage risk, the Trust may need to establish a second trading subsidiary;
- iii. that a special Trustee Board meeting may be required in January/February to finalise the financial and governance arrangements for parking income and management.

1.2 To delegate the assessment of any future discounts and exemptions to the Executive Team using the same criteria.

### **2. Background**

2.1 Following the Trustee Board's approval of the introduction of car park charges, at its meeting on 14<sup>th</sup> September 2020 the Charity Commission has approved the proposal, in the form of an Order (attached at Appendix 1)

### **3. Progress and next steps**

3.1 Plans are now underway to implement the agreed car park charging proposals with a target date of April 2021.

3.2 Integrated Transport Planning Limited (ITP) will continue to provide expert technical support, as well as project management resource to assist Alexandra Palace to implement the scheme.

3.3 A suitable parking partner to provide management and enforcement services required. The specification of requirements for a car parking partner and the scheme is being finalised with expert input from ITP.

#### **4. Treatment of Parking Income**

4.1 There are some technical accounting details to resolve in relation to the treatment of car parking income.

4.2 Car park income is considered to be 'commercial' and should therefore be contained within a trading subsidiary to minimise risk to the Trust and to assist effective tax planning. There are several options to achieve this, including routing the income via the existing trading subsidiary, establishing a new subsidiary, or establishing a new subsidiary as a joint venture with a third party parking contractor. We have asked our auditors for advice with the aim of ensuring that,

- the most financially efficient outcome for the Trust is achieved
- the Trust is guaranteed the income from car park charging and the risk of it subsidising other commercial activity is minimised.

4.2 The initial advice received indicates that the establishment of a new trading subsidiary would be an efficient and effective option. More work is required to fully assess the options and detail the governance arrangements that may be required.

#### **5. Timing**

5.1 There is a sensitivity in terms of timing. This work on treatment of income will need to be completed and approved by the Trustee Board before any third-party supplier is awarded a contract to operate parking on site. It is expected that this work will be completed in January. However, the initial stages of the procurement process can take place alongside this work being undertaken.

5.2 The timeframe for making a decision on the treatment of income falls between scheduled Board meetings in 2021. An additional Special Board meeting may be required in the final quarter of the financial year to receive the recommendations on the most effective treatment of parking income for the Trust.

#### **6. Charging Tariffs and Exemptions**

6.1 The approval by the Trust was based on charges being reasonable. No changes have been made to the charges consulted on and approved by the Trust. Any changes to the proposed tariffs prior to or after implementation need to be approved by the Trustee Board.

6.2 The approval was also based on discounts and exemptions being made for specific groups of users, against set criteria. It is appropriate that the assessment of any future discounts and exemptions is delegated to the Executive Team using the same criteria. However, any changes to the assessment criteria, would need to be approved by the Trustee Board.

#### **7. Risks**

7.1 Capacity

The most immediate risk will be the ability to progress this project during the current situation due to the restrictions on normal working practices but also internal capacity. The need for project management capacity has been recognised and addressed

## 7.2 Local objection

There is a risk that despite the open and transparent approach that has been taken to date and the very obvious need for the Trust to generate new income streams there could still be a level of objection to charging. The existing complaints policy and process will be used if objections are raised. However, it is worth acknowledging the risk, to emphasise the need to implement this scheme carefully and abide by best practice standards at all times. A communications plan will be developed to align with the timetable for implementation.

## 7.3 Insurance

Once the scheme specification is agreed it will be shared with our insurance provider to assess if implementation alters the risk profile and premium assessment.

## 7.4 Car parking law and regulation

There are legalities around car park charging, even on 'private land'. Whilst the Trust now has the legal ability to charge for parking it is an increasingly regulated industry. Working with an expert partner such as ITP throughout and securing an expert delivery partner to implement and operate car park charging will assist the Trust to ensure compliance with relevant legislation and best practice guidance.

## 5. **Legal Implications**

5.1 The legal ability to charge has been granted by the charity commission. The Trustee Board approved the Car Park Charging proposals in September 2020.

5.2 The Council's interim Head of Legal and Governance has been consulted in the preparation of this report, and given the stated intention to both follow the restrictions imposed on the grant of permission by the Charity Commission, and to work with experts to implement the proposal, has no comments.

## 6. **Financial Implications**

6.1 The income from the implementation of car park charging is anticipated to commence in April 2021.

6.2 The Council's Chief Financial Officer has been consulted in the preparation of this report. The report advises that there is a possibility that an additional trading subsidiary may be required. If this is the case the Trust needs to ensure that the newco can be consolidated into the accounts of the Trust group accounts in the same way as its existing trading subsidiary. The group accounts of the trust are then consolidated into the Council's group accounts. It is not anticipated that the establishment of a new subsidiary will impact on the Council's finances but to ensure that this is the case the financial effect of a new subsidiary on the Council's consolidated accounts should be modelled in advance of its establishment.

## 7. **Use of Appendices**

Appendix 1 – Charity Commission Section 105 Order

## 8. **Background Papers**

APPCT Car Park Charging Report 14 Sept 2020