

Date: 21 September 2023

Item: Business Update: Car Park Portfolio

This paper will be considered in public

1 Summary

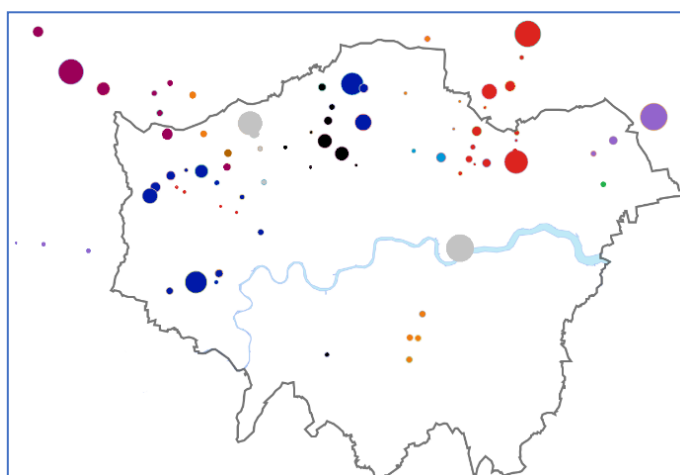
- 1.1 This paper provides an overview of Places for London’s Car Park Portfolio.
- 1.2 A paper is included on the Part 2 agenda which contains supplementary information that is exempt from publication by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to the business affairs of TfL. Any discussion of that exempt information must take place after the press and public have been excluded from this meeting.

2 Recommendation

- 2.1 **The Committee is asked to note the paper and the supplementary information on Part 2 of the agenda.**

3 Context

- 3.1 Places for London’s car park portfolio consists of 77¹ car parks, ranging in size from 7 parking bays to over 500, providing daily parking capacity for over 10,000 vehicles. The car parks are located by stations, with 57 being at London Underground, 11 at London Overground and nine at Elizabeth line



Legend	Central Line	Northern Line
	District Line	Piccadilly Line
	Jubilee Line	Elizabeth Line
	Metropolitan Line	London Overground

¹ 7 of the 77 car parks are currently in the process of being transferred from TfL to Places for London

stations.²

- 3.2 Most sites are in outer London, with some outside the Greater London boundary. The plan over page illustrates the geographical spread and the relative size of each site and operating line. The location, size and distribution of sites support a range of Mayoral priorities, with several programmes already established and delivering benefits, including housing, expansion of Electric Vehicle (EV) charging, logistics and sustainability.
- 3.3 Dedicated bays for Blue Badge holders are provided in all car parks, and the use of these bays is non-chargeable, with a provision of 336 bays in total.
- 3.4 In January 2023, Saba Parking was awarded the contract to manage and maintain the estate on behalf of Places for London. PayByPhone was awarded the contract to provide the digital payment platform.
- 3.5 Places for London's car park portfolio is valued at £122m and is forecast to generate £16.2m of gross property income in 2023/24, up from £15.9m in 2022/23. The car park portfolio constitutes over 8.1 per cent of Places for London's investment portfolio value and 19 per cent of forecast gross property income for 2023/24.

4 Housing Delivery

- 4.1 The car parking portfolio has been identified as an opportunity to deliver a significant number of homes as part of Places for London's wider housing delivery programme.
- 4.2 The table below shows the current housing projects being or planned to be delivered on car park sites.

Site	Total Number of Homes	Affordable Homes	Project Status
Blackhorse Road	350	50%	Completed
Wembley Park	454	40%	Build Phase
Arnos Grove	162	40%	Enabling Works
Cockfosters	351	40%	Planning

- 4.3 The impact of the above developments will be to reduce the car park portfolio by 963 spaces and reduce annual income by £1.5m.

² This paper references the operational car parking portfolio managed by third party Saba only. Places for London has an additional 7 land parcels that are currently used as car parks and leased to third parties.

5 Market Context

- 5.1 The parking sector has remained relatively unchanged over the last decade, with a limited number of operating models.
- 5.2 The pandemic had a devastating impact on the parking sector, not only impacting revenues but also amplifying the flaws in legacy business models and unsustainable contractual agreements.
- 5.3 Unlike Place for London's sites that benefit from strong network demand, some operators and landlords such as retail and leisure and on-street, have not experienced the same recovery. This has led to consolidation, business restructures, a greater focus on operating efficiencies, cost reduction, new revenue streams through diversification along with asset disposal.
- 5.4 To address the inherent limitations of the traditional car park operating model, Places for London redesigned a new framework, separating the manage and maintain element from technology and innovation, which is now fully embedded.

6 Strategy and Vision

- 6.1 Places for London's Car Parking sector strategy is:

To diversify our portfolio in response to changing market and environmental demands to grow sustainable parking and non-parking revenue, enhance customer experience, reduce operating expenditure through asset investment and technology, and deliver wider environmental and socio-economic benefits.

- 6.2 The Car Park Portfolio has the following key objectives:

- 6.3 In the immediate term:

- (a) deliver sustainable parking revenue growth through aligning tariffs to local market conditions; and
- (b) improve the asset base through a targeted improvement programme and rolling maintenance schedule.

- 6.4 In the medium to long-term:

- (a) grow non-parking revenue through the repositioning of sites with low occupancy;
- (b) enhance customer experience through capital investment, further roll out of technology and improved insights to better understand customer trends and needs, with a view to introducing new parking products and services;
- (c) reduce operating expenditure through an asset infrastructure renewals programme and wider use of technology;

- (d) align with and support the delivery of Places' Environmental, Social and Governance (ESG) strategy through the diversification of the portfolio; and
 - (e) and support the delivery of Mayoral priorities, including on housing, air quality and freight.
- 6.5 Our customer approach is to provide a simple offer, focusing on getting hygiene factors right and making parking easier for customers, all underpinned by our core principles to:
- (a) ensure a safe, secure and clean place to park – sites are well lit, kept clean and tidy and have adequate security for customers to be confident they and their vehicles are being protected;
 - (b) provide easy access to the right support – essential information clearly accessible and customers can quickly obtain any further support they may need;
 - (c) quick and simple payments – with transactions completed digitally or automatically, allowing customers to park quickly and with minimal touchpoints; and
 - (d) understanding and engaging with customers – to inform the service offering.
- 6.6 Places for London's car parking portfolio also offers opportunities to deliver ESG benefits, notably the delivery of housing including affordable, supporting the shift to electric vehicles through charging infrastructure, enabling improvements to London's logistics network and providing opportunities for biodiversity gain and climate adaptation measures.
- 6.7 Examples of current workstreams include a recent high-level audit of the energy consumption of each car park that has identified opportunities to deliver annual operating cost savings of over £500k coupled with an annual CO₂ reduction of 550 tonnes through the conversion of legacy light heads to efficient light-emitting diode (LED) lighting. This will deliver immediate financial, sustainability and customer benefits, as well as longer term maintenance savings.
- 6.8 To support the Mayor's Healthy Streets approach and the Freight Action Plan, 78 Click and Collect Lockers – through two operators – have been installed in 52 car parks. In addition to the rental income generated, thousands of km of van journeys and tonnes of CO₂ emissions will be eliminated per annum. Deployment plans are in development to expand the installation of lockers in all car parks and across the wider estate.
- 6.9 Other opportunities are currently being explored in collaboration with Saba and PayByPhone including energy generation and storage, solar car ports, micro logistics hubs, wider EV charging, secure cycle storage, emission

absorbing signage, sustainable drainage and increasing the green estate and biodiversity.

7 Estate Management

- 7.1 Saba Parking's operating model is a flexible hybrid model, comprising a proactive planned maintenance programme, ensuring each site is fit for purpose while reducing potential future issues coupled with a reactive maintenance programme to respond immediately to any issues.
- 7.2 The approach is supported through the use of monitoring software recording details of all assets, providing valuable insights to identifying trends and targeting potential issues before they materialise.
- 7.3 Asset management under the legacy operating model and managed service contract applied a reactive maintenance approach. In addition to new lower cost operating model, an asset investment approach is being adopted, recently securing funding to improve the condition at a number of sites, installing speed restriction measures and improved lighting to enhance customer and staff safety.
- 7.4 A longer-term asset investment plan is in development which will further improve site conditions, reduce future operating costs along and enhance the overall amenity and value of each site.

List of appendices to this report:

Supplementary information on Part 2 of the agenda.

List of Background Papers:

None

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