

The Highland Council

Agenda Item	9
Report No	SR/30/25

Committee: Isle of Skye and Raasay

Date: 1 December 2025

Report Title: Car Park Finance Update

Report By: Assistant Chief Executive - Place

1	Purpose/Executive Summary
1.1	This report provides an overview of parking income and expenditure for 2024/25, in line with statutory requirements under Section 55 of the Road Traffic Regulation Act 1984. It outlines the allocation of Penalty Charge Notice income, on-street and off-street parking income, the financial performance of the Parking Service, and the operational cost structure for car parks subject to the community service split. The report also highlights current income trends for 2025/26.
2	Recommendations
2.1	Members are asked to note the contents of this report.
3	Implications
3.1	Resource – No Implications.
3.2	Legal - No Implications.
3.3	Risk - No Implications.
3.4	Health and Safety (risks arising from changes to plant, equipment, process, or people) - No Implications.
3.5	Gaelic - No Implications.
4	Impacts
4.1	In Highland, all policies, strategies or service changes are subject to an integrated screening for impact for Equalities, Poverty and Human Rights, Children's Rights and Wellbeing, Climate Change, Islands and Mainland Rural Communities, and Data Protection. Where identified as required, a full impact assessment will be undertaken.

4.2	Considering impacts is a core part of the decision-making process and needs to inform the decision-making process. When taking any decision, Members must give due regard to the findings of any assessment.
4.3	This is an update report and therefore an impact assessment is not required.
5	On Street Parking and Penalty Charge Notice Income allocation
5.1	Section 55 of the Road Traffic Regulation Act 1984 (RTRA 1984) governs the application of income from Penalty Charge Notices (PCNs) and on-street parking income, requires that any surplus income after covering costs for parking provision, enforcement services and deficit recovery be used for specific, permitted purposes. These permitted uses include but are not limited to maintenance or improvement of off-street parking places, highway and road improvements, the purpose of environmental improvements. This is recorded in the Authorities Annual Parking Account which is reported to Transport Scotland each year. As all on street activities are classed as traffic management issues HMRC zero rate the VAT on these activities unlike Off-Street Parking which has a 20% rate.
5.2	The 2024/25 annual parking account has been prepared and the full break down of income and expenditure can be found in Appendix 1 with the summary of annual income and expenditure as follows:- Annual income total £1,740,915 Annual expenditure total £1,753,505 This gave a nominal deficit of £12,589. The Statutory provisions for Decriminalised Parking Enforcement require that the service be provided without any substantive deficit to a Scottish Local Authority. To this end all income related to on-street activity is used to fund the service provision, including all related costs – payroll, administration, equipment, external services etc.
6	Off Street Parking Income Allocation
6.1	The Parking Strategy 2021 paper was presented at the Economy and Infrastructure (E&I) Committee on 2 December 2021. It was agreed that a 50%/50% Service/Local split of net income would be implemented for new pay and display carparks.
6.2	Prior to the establishment of decriminalised Parking Enforcement in October 2016 any income generated from parking was allocated to the general Councils budget. Further to a review of parking policy in October 2019 at E&I Committee, agreement was reached by Members to allocate 50% of any new, net off street income to Area committees (non-Legacy Car Parks).

	The Parking Strategy 2021 paper that was presented to the E&I Committee was predicated on the basis that the parking services budget should be rebased in the March 2022 budget paper to allow a standing start for the service. This would have allowed a local split of all parking charge increases on existing car parks (as well as new). Paragraph 7.4 set out that "...clearly if the Council budget for car parking is reviewed as part of the Council budget setting process, any "rebased" of the budget will allow a greater degree of flexibility and this (<i>the local/strategic split for existing car parks at that time</i>) can be considered at that point". Given the financial position of the Council in March 2022, rebasing did not take place, and the parking budget is continually under strain. As a result, any additional split has not happened. Legacy car parks are not subject to any funding split from income or increases to that income. Since 2018 budgets have been set by Members that have increased the targets for Parking income to help balance the Councils annual budget.																											
7	Carpark Operational Costs and Maintenance																											
7.1	Since 2021 car parks where invitation to pay has been implemented have costs allocated which are recovered from the income prior to the local service split. These costs include:- • All transaction fees for card and remote payments. • A £400 maintenance/service cost per ticket machine. • A £53 per bay per year annualised maintenance cost. The annualised maintenance cost is a calculated cost based on a 40-year lifespan of the carpark and is broken down as follows. This rate has not been recalculated since 2018 and to date, does not include business rates which are paid for our car parks. <table><tr><td>40 Year Lifetime</td><td>Lifetime Cost</td><td>1 Year Cost</td></tr><tr><td>Maintenance costs 23.02.18</td><td>Price Per Bay (£)</td><td>Price Per Bay (£)</td></tr><tr><td>Bay Surface (5 m x 2.5 m per bay)</td><td>437.50</td><td>10.94</td></tr><tr><td>Running surface</td><td>481.25</td><td>12.03</td></tr><tr><td>Lining (8 m per bay)</td><td>80.00</td><td>2.00</td></tr><tr><td>Waste (2 x 80 l bins)</td><td>416.00</td><td>10.40</td></tr><tr><td>Lighting (4 Lamps)</td><td>300.00</td><td>7.50</td></tr><tr><td>Amenity (misc)</td><td>416.00</td><td>10.40</td></tr><tr><td></td><td>2131.00</td><td>53.00</td></tr></table> These costs are included in the service income back to the Council Budget. It should be noted that due to prescribed legislative requirements Common Good related sites are administered in a different manner.	40 Year Lifetime	Lifetime Cost	1 Year Cost	Maintenance costs 23.02.18	Price Per Bay (£)	Price Per Bay (£)	Bay Surface (5 m x 2.5 m per bay)	437.50	10.94	Running surface	481.25	12.03	Lining (8 m per bay)	80.00	2.00	Waste (2 x 80 l bins)	416.00	10.40	Lighting (4 Lamps)	300.00	7.50	Amenity (misc)	416.00	10.40		2131.00	53.00
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7.2	There is no capital or revenue budget allocated to Parking Services for parking maintenance. Car parks are classed as part of roads infrastructure supporting the road network and therefore any capital spend on car park infrastructure must compete with the maintenance requirements of the wider road network. It is for elected Members to approve the allocation of Roads Capital spend and therefore allocate any of the Road's budget to off-street Car Parks.																											

8	2025/2026 Current Income																																																																																
8.1	The following table presents the Year-to-Date (YTD) income after VAT for the car parks on Skye subject to the community split, alongside comparative figures from previous years. This overview provides a clear picture of current performance and highlights a slight growth in income for the current year. This information has been provided at Members request to help inform decision-making for future planning. <table><tr><th></th><th colspan="5">Skye Car Park Income after VAT</th><th></th><th></th></tr><tr><th></th><th>2019/20</th><th>2020/21</th><th>2021/22</th><th>2022/23</th><th>2023/24</th><th>2024/25</th><th>2025/26 YTD (Oct)</th></tr><tr><td>Bayfield Car Park</td><td>N/A</td><td>N/A</td><td>£94,933</td><td>£105,743</td><td>£162,660</td><td>£234,246</td><td>£235,240</td></tr><tr><td>Storr Car Park</td><td>N/A</td><td>£32,494</td><td>£109,133</td><td>£163,989</td><td>£305,948</td><td>£337,419</td><td>£339,115</td></tr><tr><td>The Green Car Park</td><td>£40,935</td><td>£30,809</td><td>£34,149</td><td>£53,084</td><td>£67,692</td><td>£72,515</td><td>£55,269</td></tr><tr><td>Somerled Square Car Park</td><td>£43,302</td><td>£42,486</td><td>£42,937</td><td>£66,780</td><td>£71,974</td><td>£96,059</td><td>£82,269</td></tr><tr><td>Quiraing Car Park</td><td>£16,725</td><td>£16,901</td><td>£39,356</td><td>£77,026</td><td>£118,086</td><td>£103,476</td><td>£117,171</td></tr><tr><td>Fairy Glen Car Park</td><td></td><td></td><td>£36,697</td><td>£50,674</td><td>£64,670</td><td>£91,389</td><td>£82,424</td></tr><tr><td>Kilt Rock Car Park</td><td></td><td></td><td></td><td></td><td>£22,694</td><td>£53,856</td><td>£59,134</td></tr><tr><td></td><td>£100,962</td><td>£122,690</td><td>£357,205</td><td>£517,296</td><td>£813,724</td><td>£988,960</td><td>£970,623</td></tr></table>		Skye Car Park Income after VAT								2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26 YTD (Oct)	Bayfield Car Park	N/A	N/A	£94,933	£105,743	£162,660	£234,246	£235,240	Storr Car Park	N/A	£32,494	£109,133	£163,989	£305,948	£337,419	£339,115	The Green Car Park	£40,935	£30,809	£34,149	£53,084	£67,692	£72,515	£55,269	Somerled Square Car Park	£43,302	£42,486	£42,937	£66,780	£71,974	£96,059	£82,269	Quiraing Car Park	£16,725	£16,901	£39,356	£77,026	£118,086	£103,476	£117,171	Fairy Glen Car Park			£36,697	£50,674	£64,670	£91,389	£82,424	Kilt Rock Car Park					£22,694	£53,856	£59,134		£100,962	£122,690	£357,205	£517,296	£813,724	£988,960	£970,623
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	Designation: Assistant Chief Executive - Place Date: 11 November 2025 Author: Ross Bartlett (acting Principal Traffic Officer) Shane Manning (Principal Traffic Officer) Background Papers: Environment, Development and Infrastructure Committee 24 October 2019 Economy and Infrastructure Committee 2 December 2021 Appendices: Appendix 1 – 2024/25 Annual Parking Account Return																																																																																

Appendix 1 2024/25 Annual Parking Account Return

DPE: INCOME AND EXPENDITURE 2024/25

LOCAL AUTHORITY: The Highland Council

No. of tickets issued for 2024/25	
No. of Penalty Charge Notices (excluding contraventions of new parking prohibitions listed below)	19094
No. of Penalty Charge Notices for Pavement Parking	680
No. of Penalty Charge Notices for Double Parking	4
No. of Penalty Charge Notices for Parking at Dropped Kerbs	12
No. of Bus Lane Enforcement Notices (only applicable to local authorities with Bus Lane Enforcement powers)	0

Income (£)	
Penalty charges	805845
Penalty charges for new parking prohibitions	34179
Bus Lane Enforcement charges (only applicable to local authorities with Bus Lane Enforcement powers)	0
Charges for removal of vehicles	0
Ticket sales: on-street	473745
Income - DPE Off Street (8% of Off-street Income)	260047
Income - Permits	167099
Annual income total	1740915

Expenditure (£)	
Set up costs *(this should include set up costs for the new parking prohibitions)	
Car park purchase	
Signs and lines	
Enforcement equipment	
Parking attendant equipment	
Back office set up costs/equipment	
Other capital/set up costs (broken down if appropriate): e.g. training, legal fees	
On-going Capital costs total	
Operating costs	
Employee costs	1045315
Signs and lines	114476
Enforcement & Parking Attendant equipment	309540

Back office running costs	110475
Premises	
Transport	95611
Adjudication	20894
Capital Loan repayments for Investment	54038
Debt Collection	3156
Operating costs total	1753505
Annual expenditure total (capital + operating costs)	1753505

Annual Balance 2024/25	
Annual Balance (income minus expenditure)	-£12589

Information on what surplus income is used for ? (i.e. enforcement; additional off street parking provision, passenger facilities/services or road improvements)