

Environment, Development and Transport Committee

Item No.

Report title:	2016-20 Norfolk Parking Partnership Forward Programme & Budget Report
Date of meeting:	29 January 2016
Responsible Chief Officer:	Tom McCabe (Executive Director of Community and Environmental Services)

Strategic impact

The financial sustainability of Civil Parking Enforcement (CPE) in Norfolk (outside of Norwich City) is dependent on the additional revenues associated with planned new on-street charges, or alternative sources of new revenue income. Without these revenues the scheme fails to cover costs and puts at risk the County Council's ability to manage the road network in accordance with Traffic Management Act duties. Partners are also seeking arrangements which avoid the perceived unfairness of large transfers of revenue raised from some districts to offset the costs of enforcement in other parts of the County.

Executive summary

The attached report will be considered at the Norfolk Parking Partnership Joint Committee on 18 February 2016, following the completion of the work of the CPE Task and Finish Working Group. The Working Group was convened following a report to the Joint Committee in October 2015 detailing the review of the financial business model for CPE in Norfolk. The Working Group, which comprised members and senior officers of the Partner organisations, has now concluded its review of the options available to the Partnership to ensure a sustainable financial model can be achieved.

Recommendation:

That Members note the report and its recommendations.

1. Proposal

- 1.1. These are set out in the attached report to the Norfolk Parking Partnership Joint Committee, titled '2016-17 Forward Programme and Budget Report'.

2. Evidence

- 2.1. Progress towards a financially sustainable CPE Forward Programme has been impacted by a combination of factors, including:
 - 1) Underlying assumptions of the original Business Model have not been reflected in the actual performance of the scheme.
 - 2) Stakeholder concerns about the justification for schemes at the local level, often in the light of incomplete information on the operations, proposals or financial implications.
 - 3) On-going perceptions that the Business Model gives rise to unfairness in

the distribution of revenues and costs between different parts of the County.

- 2.2. The proposed Forward Programme and Budget are considered sufficient to ensure that the scheme will achieve financial sustainability without the need for partners to make any additional contributions. There remains a strong concern that the Business Model unfairly depends on residents or visitors of some communities to help fund the enforcement actions across Norfolk, and specific commitments to re-balance this are required.
- 2.3. It is proposed to address this by including a specific aim for the Officer Working Group to share the financial information from the CPE Operations in ways that will support more equitable outcomes at the District level. This would include:
 - Consideration of the allocation of spend across the range of County Council services to take into account the financial reporting of CPE activities. For example, allocations of spend under the County's Highways Parish Partnerships scheme could take into account the way that CPE revenues and costs are distributed.
 - Consideration by District partners as to whether revenue contributions to the CPE budget are appropriate taking account of the range of parking services and policies to be supported at the local level.
- 2.4. Such considerations are supported by the Task and Finish Working Group as sitting well with the emerging scenarios for locality working which are under discussion between the councils as part of the County Council's Re-imagining Norfolk process.

3. Financial Implications

- 3.1. The review of the Business Plan carried out this year has shown that the current CPE arrangements are not sustainable and would lead to large and increasing deficit for which the County Council would be liable under the Delegated Function Agreement. The proposed option is to roll out further schemes across the County to ensure the operation remains sustainable.
- 3.2. The cost of rolling out further schemes would require additional funding and a net budget of £284,494 for 2016-17 would enable the scheme to become financially self-sustaining over the medium term. To enable the roll out we would propose to use CPE reserves , operating reserve and capital replacement, these could be replenished as a result of the additional revenue income from additional on-street charging schemes.

4. Issues, risks and innovation

- 4.1. The concerns about the fairness of the CPE arrangements are at the centre of the proposals to re-constitute the membership of the Norfolk Parking Partnership Joint Committee. Whilst it is not possible for Officers to recommend that these concerns are reflected in changes to the Agreement, it is intended that the changes to the Committee participation will allow the matters of fairness to be addressed alongside the management of the CPE operations, through the work of the Officer Working Group.

5. Background

- 5.1. Under the Delegated Functions Agreement the County Council retains the income from civil parking enforcement, and pays King's Lynn and West Norfolk and Great Yarmouth Borough Councils, and South Norfolk District Council their reasonable costs incurred to carry out the CPE functions.
- 5.2. The County Council retains ultimate financial liability to cover any deficits arising from the CPE operations. Whilst it is not permitted by the legislation to plan for surpluses to made from CPE operations, if any surpluses do arise these must be spent by the County Council in accordance with Section 55 of the Road Traffic Act 1984, as set out below:

Section 55 of RTA 1984 Financial Provisions relating to delegation orders

Key Points

1. Norfolk County Council must keep a separate account and records of expenditure and income related to parking places
2. At the end of each financial year any deficit in the 'parking account' should be made good from the general fund.
3. Any surplus can either be
 - a. spent on a project (as defined below)
 - b. allocated to a project (as defined below) which will be carried out in a future financial year
 - c. carried forward in the parking account to the next financial year

Permitted areas of investment

- a) paying back the general fund for any deficit covered in the previous 4 financial years
- b) funding the provision or maintenance of off street parking
- c) funding the provision or maintenance of existing on street parking
- d) provision of, operation of or facilities for, public passenger transport services
- e) highway or road improvement projects (as defined by Highways Act 1980)
- f) environmental improvement projects including
 - a. the reduction of environmental pollution
 - b. improving or maintaining the appearance or amenity of a road; land in the vicinity of a road; open land or water that has general public access
 - c. the provision of outdoor recreation facilities available to the public without charge

NOTE: An authority must not manage CPE to deliberately make surpluses. The above informs us what can be done IF a surplus is made.

- 5.3. An internal audit of the County Council's processes, resources and actions in

relation to the Delegated Functions Agreement has highlighted a number of matters for further attention and action, all of which have been, or are being, addressed.

Officer Contact

If you have any questions about matters contained in this paper or want to see copies of any assessments, eg equality impact assessment, please get in touch with:

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Attachment to the Norfolk Parking Partnership Joint Committee report –
This item is not for decision at EDT Committee.

Report title:	2016-17 Forward Programme & Budget Report
Date of meeting:	18 February 2016
Responsible Chief Officer:	Tom McCabe (Executive Director of Community and Environmental Services)

Strategic impact

The financial sustainability of Civil Parking Enforcement in Norfolk (outside of Norwich City) is dependent on the additional revenues associated with planned new on-street charges, or alternative sources of new revenue income. Without these revenues the scheme fails to cover costs and puts at risk the County Council's ability to manage the road network in accordance with Traffic Management Act duties. Partners are also seeking arrangements which avoid the perceived unfairness of large transfers of revenue raised from some districts to offset the costs of enforcement in other parts of the County.

Executive summary

The CPE Task and Finish Working Group was convened following a report the Joint Committee in October 2015 detailing the review of the financial business model for CPE in Norfolk. The Working Group has now concluded its review of the options available to the Norfolk Parking Partnership to ensure a sustainable financial model can be achieved.

Recommendations:

- 1) That the NPP approves the changes to the Agreement set out in Appendix A, subject to ratification by each District Council.**
- 2) That the NPP endorses the forward programme allocations and Business Plan projections for 2015-16 to 2019-20 as set out in Appendix B, and requests that the Officer Working Group acts on the basis of these.**
- 3) That the NPP endorses the 2016-17 CPE Budget as set out in Appendix C and recommends that officers submit this to the Chair of the EDT Committee for approval as the basis for performance and financial controls.**
- 4) That the NPP endorses the Forward Programme schemes listed in Appendix D and recommends that Orders are prepared and submitted to the Chair of the EDT Committee for approval to advertise at the appropriate time.**

1. Proposal

- 1.1. The recommendations of CPE Task and Finish Working Group are that the following changes to the arrangements for CPE should be endorsed by the Norfolk Parking Partnership as the basis for developing a Forward Programme and setting a budget for 2016-17.
 - i) In accordance with clause 17.1 of the Agreement, the Joint Committee resolves to admit North Norfolk, Broadland and Breckland District Councils to the Joint Committee, subject to the agreements set out in 17.2.
 - ii) The Agreement be amended under Schedule 1, clause 1.4, to increase the quorum from two to four executive members.
 - iii) The Agreement be amended to include updated Business Case

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projections under Schedule 2, as set out in this report.

iv) The Agreement be amended under Schedule 3 to include for a minimum of 50% of any surplus arising from CPE to be allocated for schemes within the District areas which contribute to that surplus.

v) Additional changes to the Agreement which have been endorsed by the CPE Delivery Group.

- 1.2. The changes to the constitution of the Norfolk Parking Partnership Joint Committee are intended to strengthen the role of the Committee and the Officer Working Group in managing both the financial performance of the CPE operations and, importantly, the fairness of the distribution of revenues and costs associated with parking management and enforcement.
- 1.3. Details of the proposed changes to the Agreement are set out in Appendix A, and the requirements for new on-street parking provision which underpin the updated Business Case are shown in Appendix B.
- 1.4. These changes are intended to ensure that the County Council is able to set a budget in 2016-17 which will allow for the financial sustainability of CPE operations in Norfolk, based on extending full voting rights to all the District Council partners. A proposed budget for the NPP for 2016-17 is shown in Appendix C.
- 1.5. In order that the financial basis of the proposed budget can be delivered, the Working Group has recommended that the required Traffic Regulation Orders (TROs) be submitted for authorisation for advertisement alongside the proposed budget for 2016-17. The draft schedules for these Orders are shown in Appendix D.

2. Evidence

- 2.1. The CPE Task and Finish Working Group has met three times since the Joint Committee considered the current financial position in October 2015, with the aim of reviewing the current arrangements for CPE in Norfolk. Two key concerns have been at the centre of these considerations:
 - i) Implications of a review of the financial business model reported at the October meeting of the Joint Committee.
 - ii) Concern that the financial sustainability of the CPE operations rests heavily on the revenues raised within some districts, whilst other are forecast to generate on-going large deficits within the overall financial model.
- 2.2. Officers have provided additional financial and other supporting information to allow consideration of options for funding a CPE service in Norfolk, and minutes of the Task and Finish Working Group meetings are available [here](#).
- 2.3. The Working Group has recommended that changes be made to the Agreement and the constitution of the Norfolk Parking Partnership Joint Committee (as set out in Appendix A), which will broaden the participation to include executive members of all Districts covered by the Norfolk CPE scheme.
- 2.4. This has resulted in a recommendation that the County Council sets a budget for

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2016-17 based on a projection for additional revenue to be raised by extending on-street parking charges in Hunstanton, Cromer and Sheringham, as set out in Appendix B and Appendix C.

- 2.5. The proposed Forward Programme and Budget are considered sufficient to ensure that the scheme will achieve financial sustainability without the need for partners to make any additional contributions. There remains a strong concern that the Business Model places depends unfairly on residents of some communities to help fund the enforcement actions across Norfolk, and specific commitments to re-balance this are required.
- 2.6. It is proposed to address this by including a specific aim for the Officer Working Group to share the financial information from the CPE Operations in ways that will support more equitable outcomes at the District level. This would include:
 - Consideration of the allocation of spend across the range of County Council services to take into account the financial reporting of CPE activities. For example, allocations of spend under the County's Highways Parish Partnerships scheme could take into account the way that CPE revenues and costs are distributed.
 - Consideration by District partners as to whether revenue contributions to the CPE budget are appropriate taking account of the range of parking services and policies to be supported at the local level.
- 2.7. Such considerations are supported by the Task and Finish Working Group as sitting well with the emerging scenarios for locality working which are under discussion between the councils as part of the County Council's Re-imagining Norfolk process.

3. Financial Implications

- 3.1. The review of the Business Plan carried out this year has shown that the current CPE arrangements are not sustainable and would lead to large and increasing deficit for which the County Council would be liable under the Delegated Function Agreement. The proposed option is to roll out further schemes across the County to ensure the operation remains sustainable.

4. Issues, risks and innovation

- 4.1. The concerns about the fairness of the CPE arrangements are at the centre of the proposals to re-constitute the membership of the Norfolk Parking Partnership Joint Committee. Whilst it is not possible for Officers to recommend that these concerns are reflected in changes to the Agreement, it is intended that the changes to the Committee participation will allow the matters of fairness to be addressed alongside the management of the CPE operations, through the work of the Officer Working Group.

5. Background

- 5.1. A report to the Joint Committee on 1 October 2015 has recommended that a Working Group be formed to consider options for managing the projected deficits from CPE operations in Norfolk. A copy of the report, which is titled 'Review of the CPE Business Model' can be viewed [here](#).

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- 5.2. The current business model for CPE in Norfolk uses the surpluses from on-street parking charges to offset the net costs of enforcement across the County. Any remaining surpluses have been used to fund a forward programme of schemes with the aim of securing long-term sustainability of the service and, potentially, other transport improvements, as prescribed in Section 55 of the Road Traffic Act 1984.
- 5.3. In the light of the review of the Business Case, actions are now required to ensure the longer term financial sustainability of CPE in Norfolk.

Officer Contact

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Amendments to the Agreement of the Norfolk Parking Partnership

- 1) In accordance with Clause 17.1, the Joint Committee to resolve to admit North Norfolk District Council, Broadland District Council and Breckland District Council as New Participants, once the agreements in writing have been submitted to the Joint Committee in accordance with Clause 17.2.
- 2) In accordance with Schedule 1 each New Participant Council to appoint an executive member and a named substitute member.
- 3) Schedule 1, Clause 1.4 to be amended to require four executive members as a quorum.
- 4) Schedule 2 to be amended to reflect the revised information prepared by the chief finance officer and summarised in Appendix B of this report.
- 5) Schedule 3 to be amended as follows: '2.6 After an annual reconciliation by the County Council, should an overall surplus be identified in any Financial Year, it will be split in the following manner: after any deficits brought forward from prior years have been settled the total income for each district council area shall have deducted from it the reasonable Costs relating to on street civil parking enforcement in that area, to produce a net income figure. For those district council areas where there is a positive net income 50% of the surplus will be shared in a proportionate manner, taking account of surpluses contributed over the full period of operation of the Agreement. For the avoidance of doubt these funds shall be spent by the County Council on transport related expenditure only, and in accordance with Section 55 of the road Traffic Act 1984 (as amended). The remaining 50% of the surplus will be retained for the delivery by the County Council of the Forward Programme, or if not required for this purpose, to be added to the surplus for distribution as above.'
- 6) Schedule 4 to be amended to allow cross-border working between Districts as endorsed by the CPE Delivery Group.
- 7) Addition to section 3.3 of the delegated authority to include removal of obstructions from the highway.
- 8) Addition of enforcement of School Keep Clear markings to section 3.3 referencing camera enforcement in 2015 amendments regulations.
- 9) Addition of Norfolk County Council off-street parking places (Cromer Bus Station, Thetford Bus Station , Norwich Bus Station and all Park & Ride Sites).
- 10) Amend 3.3a) to include reference to the 2005 bus lane contravention act and the 2015 parking contraventions amendment regulations.

Norfolk Parking Partnership – CPE Forward Work Programme 2016 to 2017**Coastal towns On-street pay and display**

King's Lynn.- Highgate area	Introduction of charging using pay and display (with 45 minutes free parking)	Scheme under construction
King's Lynn – Tennyson Avenue	Introduction of charging using pay and display (with 45 minutes free parking)	Scheme under construction
Sheringham: Town Centre, Front and approaches.	Introduction of charging using pay and display (with 45 minutes free parking)	Required TROs to be approved by delegated authority to Chair of EDT Committee.
Cromer: Town Centre and Front	Introduction of charging using pay and display (with 45 minutes free parking)	Required TROs to be approved by delegated authority to Chair of EDT Committee.
Hunstanton: Town Centre and cliff top area.	Introduction of charging using pay and display (with 45 minutes free parking)	Required TROs to be approved by delegated authority to Chair of EDT Committee.

<u>Norfolk Parking Partnership - Effect of Additional On-Street Pay & Display Schemes</u>						
	2015/16	2016/17	2017/18	2018/19	2019/20	Total
2015/16 Outturn Forecast for Partnership	-92,373					-92,373
King's Lynn & West Norfolk Borough Council		-26,910	107,567	194,291	186,041	460,989
North Norfolk District Council		-188,306	110,272	106,564	102,875	131,405
Breckland District Council		-27,664	-34,185	-40,745	-47,345	-149,939
Broadland District Council		-36,249	-37,647	-39,063	-40,495	-153,454
Great Yarmouth Borough Council		25,698	44,545	28,243	11,887	110,373
South Norfolk District Council		-31,063	-32,809	-34,569	-36,348	-134,789
Total for Norfolk Parking Partnership	-92,373	-284,494	157,743	214,721	176,615	172,212
Balance in Partnership Fund Brought Forward	148,106					
CPE Reserve	55,733			143,703	320,318	
Capital Replacement Reserve	173,348	3,587	220,330	350,348	409,348	
Net Funds	229,081	3,587	220,330	494,051	729,666	

Note: In 2018/19 and 2019/20 there will be a need to allocate further contributions to the Capital Replacement Fund following the creation of new capital assets under the forward Programme schemes.

APPENDIX C

Budget for Norfolk Parking Partnership 2016-17

	King's Lynn	North Norfolk	Breckland	Broadland	Great Yarmouth	South Norfolk	NPP Total
<u>Civil Parking Enforcement</u>							
Costs							
Parking Enforcement – Annual Operating Costs	(159,448)	(64,783)	(64,783)	(32,392)	(379,219)	(31,768)	(732,393)
Annual 'over-the-counter' PCN Charges	0	0	0	0	0	0	0
Parking Dept (NCC) – Ann. Operating Costs	(20,647)	(8,389)	(8,389)	(4,194)	(49,106)	(4,114)	(94,839)
Central Processing Unit – Ann. Operating Costs	(52,698)	(25,136)	(24,986)	(3,119)	(75,389)	(4,935)	(186,263)
Signs & Road Markings Maintenance	(22,206)	(9,022)	(9,022)	(4,511)	(52,814)	(4,424)	(101,999)
Capital Contribution	(12,845)	(5,219)	(5,219)	(2,609)	(30,549)	(2,559)	(59,000)
Total Costs	(267,844)	(112,549)	(112,399)	(46,825)	(587,077)	(47,800)	(1,117,494)
Income							
On-street Parking Enforcement – PCN Income	178,712	85,243	84,735	10,576	255,665	16,737	631,668
Total Income	178,712	85,243	84,735	10,576	255,665	16,737	631,668
Surplus/(Deficit) from CPE	(89,132)	(27,306)	(27,664)	(36,249)	(331,412)	(31,063)	(542,826)
<u>On-street Pay & Display</u>							
Costs							
Cash Collection and Maintenance ²	(2,805)	0	0	0	(81,183)	0	(83,988)
Residents Permit Scheme Costs	0	0	0	0	(17,955)	0	(17,955)
Scheme Set Up Costs		(161,000)	0	0	0	0	(161,000)
Total Costs	(2,805)	(161,000)	0	0	(99,138)	0	(262,943)
Income							
Residents Permit Scheme Income	0	0	0	0	79,458	0	79,458
On-street Pay & Display	65,027	0	0	0	376,790	0	441,817
Total Income	65,027	0	0	0	456,248	0	521,275
Surplus from P&D and Residents' Schemes	(32,778)	(161,000)	0	0	357,110	0	163,332
Overall NPP Surplus / (Deficit)	(26,910)	(188,306)	(27,664)	(36,249)	25,698	(31,063)	(284,494)

Notes:

1. Hunstanton On-Street Pay & Display scheme expected to go live in 2017/18
2. King's Lynn and North Norfolk cash collection costs are based on GYBC and will be confirmed
3. Summer charging is based on 50% occupancy and Winter on 5%
4. Contribution from King's Lynn residents parking permits expected to be negligible
5. On-Street Scheme set up costs for Hunstanton are expected to be incurred in 2016/17, and include design, equipment and implementation costs
6. North Norfolk Enforcement costs based on the number of CEOs (2)
7. Cromer and Sheringham On-Street Pay & Display schemes expected to go live in 2017/18
8. On-Street Scheme set up costs for Cromer and Sheringham are expected to be incurred in 2016/17, and include design, equipment and implementation costs
9. Breckland Enforcement costs based on the number of CEOs (2)
10. There are currently no plans for On-Street Pay & Display schemes to be implemented in Breckland
11. Broadland Enforcement costs based on the number of CEOs (1)
12. There are currently no plans for On-Street Pay & Display schemes to be implemented in Broadland
13. Great Yarmouth winter charging for On-Street Pay & Display scheme expected to go live in 2017/18
14. No changes are expected to be made to the Great Yarmouth residents parking permit zone
15. There are currently no plans for On-Street Pay & Display schemes to be implemented in South Norfolk

1) Draft Schedules for Traffic Regulation Orders to be made 2016-17

Pay & Display in the Town of **Hunstanton**.

Cliff Parade

Lincoln Square

Boston Square

St Edmunds terrace

Le Strange Terrace

First 45 mins free then, £2.50 for 1-2 hrs, £3.0 for 2-3 hrs, £4 for 3-4hrs. Max stay 4 hrs, no return in 5 hrs.

High Street

First 45 mins free then, £2.0 for 1 ½ hrs. Max stay 1 ½ hrs, no return in 2 hrs.

Pay & Display in the Town of **Sheringham**

The Esplanade (including no overnight parking)

First 45 mins free then, £2.50 for 1-2 hrs, £3.0 for 2-3 hrs, £4 for 3-4hrs. Max stay 4 hrs, no return in 5 hrs.

High Street

Church Street

Station Road

First 45 mins free then, £2.0 for 1 ½ hrs. Max stay 1 ½ hrs, no return in 2 hrs.

Pay & Display in the town of **Cromer**

A149 Runton Road

First 45 mins free then, £2.50 for 1-2 hrs, £3.0 for 2-3 hrs, £4 for 3-4hrs. Max stay 4 hrs, no return in 5 hrs.

The Croft

Louden Road

Mount Street

Bond Street

First 45 mins free then, £2.50 for 1-2 hrs No Return within 3 hrs.

Canada Road

Hamilton road

Garden Street

Church Street

Tucker Street

First 45 mins free then, £2.0 for 1 ½ hrs. Max stay 1 ½ hrs, no return in 2 hrs.

2) Forward Programme (NB not in priority order)

King's Lynn: residential area south of town centre	Investigation of resident parking issues in streets south of Town Centre	Investigation carried out and concluded traffic management issues more relevant than parking.
Sheringham: Town Centre, Front and approaches	Investigation of rationalization of waiting and parking restrictions.	Investigation and public consultation on hold.
Sheringham: central Residential Roads	Investigation of resident parking issues.	There is only sporadic support for introducing resident only parking. Issues raised could be resolved with changes to waiting restrictions. On hold.

Appendix D

Cromer: Town Centre and Front	Investigation of rationalization of waiting and parking restrictions.	Further discussions with stakeholders required. Scheme on hold.
Cromer: Residential streets surrounding Town Centre and Front	Investigation of resident parking issues.	Further discussions with stakeholders required. Scheme on hold.
Thetford town centre and Station area	Investigation of resident parking issues relating to local workers and rail commuters.	Not programmed.
Hunstanton	Parking issues would be considered further in 2015/2016	Not programmed.
Trowse with Newton	Parking issues relating to local workers and commuters	Not programmed.