

Norfolk Parking Partnership Joint Committee

Item No.

Report title:	Amendments to 2016-17 Forward Programme & Budget Report
Date of meeting:	23 March 2016
Responsible Chief Officer:	Tom McCabe (Executive Director of Community and Environmental Services)
Strategic impact <p>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.</p>	

Executive summary

The Joint Committee meeting on 18 February 2016 was adjourned after North Norfolk District Council stated that they would not support the recommendations of the Working Group, as set out in the 2016-17 Forward Programme & Budget Report. This report presents amendments to that report and revised recommendations below, to allow an interim budget for 2016-17 and enable the further development of a county-wide approach to CPE arrangements in Norfolk through the continued meeting of the Task and Finish Working Group.

Recommendations:

- 1) That the NPP approves the changes to the Agreement set out in Appendix A,
- 2) 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.
- 3) That the NPP defers a decision on setting the forward programme allocations and Business Plan projections for 2017-18 to 2019-20, to allow further meetings of the Task and Finish Working Group to set out a methodology for determining the criteria to be applied in more detail.

1. Proposal

- 1.1. To defer the following recommendations of CPE Task and Finish Working Group in relation to 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 projections under Schedule 2, as set out in [the 18 February] report.
- 1.2. To approve the following change which addresses the fairness of the distribution of revenues and costs associated with parking management and enforcement.
 - 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.
- 1.3. To re-convene the CPE Task and Finish Working Group in order to conclude the basis for identifying either new schemes on the Forward Programme or alternative methods of financing CPE in District areas where there is a deficit, and to identify further efficiencies.
- 1.4. Further changes to the Agreement are also proposed to enable the Partnership to make efficiencies over the next year and to operate on the latest updated government regulations. Details of the amended proposed changes to the Agreement are set out in Appendix A.
- 1.5. As an interim, to adopt the previously reported Business Plan Update, as shown in Appendix B, as the basis for setting a budget in 2016-17, and to report an updated Business Plan at the meeting in September 2016, following further considerations by the Task and Finish Working Group.
- 1.6. A proposed budget for the NPP for 2016-17 is shown in Appendix C, which includes target savings of £100k to be delivered through efficiencies, operational changes and other contributions.

2. Evidence

- 2.1. There is a continuing need to review the current arrangements for CPE in Norfolk. Two key concerns are 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. The Working Group also asked the CPE Delivery Group to identify further efficiencies and best practices, and these have been set out in a separate report. It is considered that some efficiencies can be brought forward into the budget for 2016-17, which would allow further time to review the Forward Programme and determine a revised Business Plan for CPE operations.
- 2.3. Until a revised Forward Plan is agreed, it is recommended that a budget for 2016-17 should be based on the Business Model Update Report of 1 October 2015 (as shown at Appendix B), with additional savings of £100k to be delivered through:
 - Staff savings and cross-boundary working
 - Efficiency savings including reduced overheads
 - Financial contributions Partner councils
 - Reduced spend on signings and markingsPreliminary discussions have been held with officers of the NPP organisations and it is considered that these levels of savings can be achieved in 2016-17.
- 2.4. The proposed budget for 2016-17 is set out in Appendix C.

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 Functions Agreement. The proposed interim budget would address the projected shortfalls in 2016-17, but further action is required to address the remaining shortfalls over the period from 2017 to 2020.

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 this has had to be deferred in this amended report, it remains the aspiration of the NPP to seek fuller participation of the District Councils to ensure that the arrangements for CPE are fair and reflect a consistent, countywide approach to supporting communities, businesses and the economy and to deliver the duties under the Traffic Management Act.

5. Background

- 5.1. A report to the Joint Committee on 1 October 2015 recommended that a Working Group was 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](#).
- 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

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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Amendments to the Agreement of the Norfolk Parking Partnership

- 1) 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 overall 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.'
- 2) Schedule 4 to be amended to allow cross-border working between Districts as endorsed by the CPE Delivery Group.
- 3) Addition to section 3.3 of the delegated authority to include removal of obstructions from the highway.
- 4) Addition of enforcement of School Keep Clear markings to section 3.3 referencing camera enforcement in 2015 amendments regulations.
- 5) Addition of Norfolk County Council off-street parking places (Cromer Bus Station, Thetford Bus Station , Norwich Bus Station and all Park & Ride Sites).
- 6) Amend 3.3a) to include reference to the 2005 bus lane contravention act and the 2015 parking contraventions amendment regulations.

APPENDIX B1

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 – South Quay	Introduction of charging using pay and display (with 45 minutes free parking)	Scheme under construction
King's Lynn – Springwood	Introduction of charging using pay and display (with 45 minutes free parking)	Scheme under construction

Norfolk Parking Partnership –Revised Business Plan Projection

	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		-12,198	-24,605	-37,070	-49,596	-123,469
North Norfolk District Council		-23,820	-30,155	-36,527	-42,937	-133,439
Breckland District Council		-24,178	-30,484	-36,826	-43,206	-134,694
Broadland District Council		-34,506	-35,798	-37,105	-38,426	-145,835
Great Yarmouth Borough Council		46,107	30,404	14,659	-1,129	90,041
South Norfolk District Council		-29,354	-30,994	-32,649	-34,319	-127,315
Total for Norfolk Parking Partnership	-92,373	-77,948	-121,632	-165,519	-209,612	-667,084
Balance in Partnership Fund Brought Forward	148,106	55,733	-22,215	-143,847	-309,366	
 CPE Reserve	55,733	-22,215	-143,847	-309,366	-518,978	
 Capital Replacement Reserve	173,348	173,348	173,348	173,348	173,348	
 Net Funds	229,081	151,133	29,501	-136,018	-345,630	

Notes

1. There are no surpluses to allocate due to the scheme being in deficit overall
2. The balances for each district are an indication of the efficiencies that need to be found

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	(12,502)	(5,079)	(5,079)	(2,540)	(29,733)	(2,491)	(57,424)
Central Processing Unit – Ann. Operating Costs	(52,698)	(25,136)	(24,986)	(3,119)	(75,389)	(4,935)	(186,263)
Signs & Road Markings Maintenance	(21,771)	(8,845)	(8,845)	(4,423)	(51,778)	(4,338)	(100,000)
Capital Contribution	(12,845)	(5,219)	(5,219)	(2,609)	(30,549)	(2,559)	(59,000)
Total Costs	(259,262)	(109,063)	(108,913)	(45,082)	(566,668)	(46,091)	(1,135,079)
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	(80,550)	(23,820)	(24,178)	(34,506)	(311,003)	(29,354)	(503,411)
<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	(2,745)	0	0	0	(17,955)	0	(20,700)
Total Costs	(5,550)	0	0	0	(99,138)	0	(104,688)
Income							
Residents Permit Scheme Income	8,875	0	0	0	79,458	0	83,333
On-street Pay & Display	65,027	0	0	0	376,790	0	441,817
Total Income	73,902	0	0	0	456,248	0	530,150
Surplus from P&D and Residents' Schemes	68,352	0	0	0	357,110	0	425,462
Overall NPP Surplus / (Deficit)	(12,198)	(23,820)	(24,178)	(34,506)	46,107	(29,354)	(77,948)
Target savings and contributions							100,000
Interim Budget for 2016-17							22,052

Notes:

1. Breckland, Broadland and North Norfolk cost split by number of CEOs (2 for Breckland, 1 for Broadland and 2 for North Norfolk)
2. King's Lynn and West Norfolk P&D Income is for King's Lynn
3. Permit Costs and Income for King's Lynn South Quay P&D area based on 2015/16
4. Efficiency Savings are based on reducing overheads to 20%.
5. Staffing & Other Saving comes from potential to reduce GYBC July & August FTE to Apr-June & Sept-Oct levels, and a challenge to North Norfolk, Broadland and Breckland areas to reduce costs. This likely will involve a change in operational practice.
6. King's Lynn Residents Permit Scheme based on 2015/16 figures