



BUDGET PANEL

SUPPLEMENTARY AGENDA (ITEM 9)

Tuesday, 29th November, 2011

7.00 pm

Town Hall, Watford

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CONTACT

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COMMITTEE MEMBERSHIP

Councillor J Dhindsa (Chair)

Councillor T Poole (Vice-Chair)

Councillors G Derbyshire, R Martins, S Rackett, S Counter, S Greenslade, M Meerabux and M Watkin

AGENDA

PART A - OPEN TO THE PUBLIC

9. REVIEW OF CONTROLLED PARKING ZONE (Pages 113 - 124)

Report of the Head of Strategic Finance and Head of Planning

Agenda Item 9

Report to: Budget Panel
Date of meeting: 29 November 2011
Report of: Head of Strategic Finance and Head of Planning
Title: Review of Controlled Parking Zone Reserve

1.0 **SUMMARY**

1.1 This report reviews the current levels of income received by the parking service and analyses the potential draw on the Parking Reserve by proposed traffic related schemes. If traffic related schemes are to be continued to be delivered it will be necessary to increase charges for parking permits. It is not possible to increase charges for Penalty Charge Notices, as these are nationally set.

2.0 **RECOMMENDATION**

2.1 The Budget Panel are requested to comment to Cabinet regarding the future use of the CPZ Reserve and the need to ensure its solvency through an increase in parking permits.

Contact Officer:

For further information on this report please contact: Bernard Clarke or Jane Custance telephone extension 8189 / 8044

3.0 **DETAILED PROPOSAL**

3.1 **Purpose of report**

To consider the solvency of the CPZ Reserve and the need to increase charges for residential parking permits.

3.2 **Background**

Under the 2003 Agency Agreement with the Highway Authority, Hertfordshire County Council, Watford Borough Council manages parking in the Borough. The management function consists of the enforcement service and the introduction of new or revised parking schemes of varying scales. In practice, the Borough has a fairly free hand to manage and develop parking controls in the town with only a very 'light touch' reference back to HCC as part of the traffic order process as new schemes come forward.

3.3 In budgetary terms, funding to maintain the service both in terms of managing the contract for parking enforcement and the development of new schemes is raised from income arising from:-

- Income from surface car parks and on-street bays
- Permit charges in Controlled Parking Zones (CPZs)
- Penalty Charge Notice (PCN) income
- Sundry income from dispensations and other charges.

3.4 Originally the income from the above led to a surplus year on year which has accumulated into the Parking Reserve which now totals approx. £406,000 (as of March 2011) but has reduced significantly in recent years.

3.5 In consequence, current projections for the Parking Service budget indicate that if current trends continue the Parking Reserve will be exhausted by 2013/14. This situation has arisen for a number of reasons however the key factors are:

- the level of permit charges which have not been revised in line with inflation for a number of years
- a reduction in the number of PCNs issued
- increased enforcement costs charged to the Council by the Enforcement Contractor

3.6 These factors coupled with predicted spend on capital schemes recharged back to the Reserve reduce the Reserve down to approximately £190,000 at the end of 2011/12 and £75,000 by the end of 2012/13. If this rate of depletion continues, the reserve will be fully expended during 2013/14.

3.7 Much of the infrastructure installed when the Council adopted Civil Parking Enforcement powers in 1994 is approaching the end of its useful life and is in need of replacement. This principally relates to the Pay and Display machines. A rolling programme of replacement has been initiated

over the last two financial years which has seen many of the older machines replaced at a cost of £33k in both 2009/10 and 2010/11. The cost of continuing this programme of replacement in 2011/12 along with the essential replacement of all coin selector equipment in every machine by January 2012 so that amended coinage with revised weights due to be issued by the Bank of England can be accepted is estimated at £59k in 2011/12.

- 3.8 The annual parking account for 2011/12 is projected to deliver a surplus of approximately £40k. This is offset by capital expenditure on schemes (including expenditure detailed in 3.7 above) of an estimated £255k resulting in an overall loss charged against the reserve for 2011/12 estimated at approximately £215k.
- 3.9 The Council has aspirations to develop further parking controls in the town. Attached at **Annex A** is a list of current schemes and projects **identified by officers** and requires member endorsement at some point. The list includes notional costs to take the schemes to fruition and for the purposes of this report have been provisionally programmed to specific financial years in order to develop the financial projections outlined above.
- 3.10 As well as the potential proposals at Annex A, a large number of requests come forward from members, residents and businesses for new parking controls or changes to existing controls to address road safety or obstruction concerns and again could place financial pressure upon the CPZ Reserve.
- 3.11 Based on the assumptions contained in Annex A, it is anticipated that the parking reserve will be exhausted by 2013/14 at which time if the Council wishes to continue delivering new schemes it will need to consider current levels of parking charges or a long overdue review into current parking permit levels.
- 3.12 Some increases in off-street car park charges were made in April 2011 which has increased income from the Council's directly managed off-street car parks. Casual observation has indicated that demand has dropped in these car parks and whilst it is not possible to attribute this directly to the increases in charges, it is likely to be a significant factor. Further increases in tariff at this time may therefore be self defeating if occupancy levels fall as motorists seek to find alternative parking locations elsewhere.
- 3.13 The residents' permit charges in Watford have remained unchanged for some years. Current income from permit sales in Watford is approximately £210k p.a. The table at **Annex B** shows predicted levels of additional income generated if permit charges were increased by 10%, 20% or 30%, assuming continued levels of uptake. Although some drop in demand is possible as a result of increase in these charges, demand is likely to be less elastic than for off-street car parks. If, for example,

Residents' Parking Permit charges be increased by 30% this would result in an estimated increase in income of £63,000 p.a. For comparison purposes, **Annex C** illustrates permit charges in a range of Local Authority areas in Hertfordshire and surrounding Counties. The Budget Panel are requested to consider (and refer to Cabinet) its views to the extent and degree that parking permits should be increased.

- 3.14 Although income from Penalty Charge Notices is substantially (in excess of £600k p.a.), charging levels are set by Government. Although Local Authorities can opt for charges based on an upper or lower level set by Government, as Watford have already opted to charge at the higher level there is no scope to increase PCN charges further at this time.
- 3.15 The Service Prioritisation exercise has involved an examination of staffing levels in the Parking Service which resulted in reductions in staffing costs arising from rationalisation of posts following the recent retirement of the Parking Manager. It is not considered that staffing levels in the Parking Service can be reduced further at this time. Council staff are required by Parking Legislation to consider appeals against PCN's independently from the Parking Contractor and the bulk of the staff employed at the Parking Shop carry out this role. A further reduction in this level of staffing would impact directly on both the speed and quality of responses to appeals.
- 3.16 The contract charges from the Council's Parking Contractor are approximately £1 million p.a. The contract was let through a competitive tendering exercise in 2008 and runs for 10 years with the option of a break clause after 5 years. Re-tendering either after 5 years or at the end of the current contract might realise some cost reductions however this is not certain. In the last tendering exercise in 2007/8, award was made based on a range of criteria which assessed both cost and quality. Although the weighting given to cost in any assessment exercise could be increased, service quality is important to the Council and award based predominantly on cost may be problematic in terms of customer satisfaction post-award. The current contractor is seeking annual contract increase geared to RPI and going back two years. This is subject to dispute by the Council but an increase in the current contract is inevitable.
- 3.17 **Summary**
- 3.18 The CPZ Reserve is being rapidly reduced. The cost of running the service has already reduced and enforcement costs will almost certainly increase due to the effects of inflation. Customer resistance reduces the ability for the Council to increase parking charges and PCN tariffs are controlled by central government. Residents parking permits have not been reviewed for a number of years and, by reference to Annex C, Watford's charges are in the lower quartile in comparison with neighbouring authorities. In these circumstances a 30% increase would not appear unreasonable.

3.19 The Budget Panel are requested to consider the information in this report and to endorse the need for an increase in residents permit charges.

4.0 IMPLICATIONS

4.1 Financial

The Head of Strategic Finance comments that the CPZ Reserve has been heavily drawn down in recent years and can be compared with parking permit levels which have remained unchanged. Perhaps this balance needs to be redressed.

4.2 Legal Issues

The head of Legal and Property Services comments that all legal issues have been covered within the report.

4.3 Equalities

Should parking permits be increased then the proposal will not be particularly targeting any specific sector of the community.

4.4 Potential Risks

Potential Risk	Likelihood	Impact	Overall Score
The CPZ Reserve will be in deficit	3	3	9
An increase in permit charges will result in resistance	2	2	4

4.5 Staffing & Accommodation

There are no staffing or accommodation implications arising out of this report

Appendices

Annex A Parking Schemes – potential provisional programme and costings

Annex B Permit Charges

Annex C Residents Permit Charges; comparative data

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ANNEX A - PARKING SCHEMES - Provisional programme and costings

Scheme name	Financial year (provisional)	Estimated cost £'000
Cassiobury CPZ review	11/12	60
Hempstead Rd experimental order	11/12	5
Hempstead Road Closes (Kildonan, Kenilworth, Oaklands)	11/12	8
TRO 735 (various sites)	11/12	10
TRO 737 (various sites)	11/12	10
Taxi rank review	11/12	12
Percy Rd/ Francis Road	11/12	10
Nascot Parking Review	11/12	40
Horseshoe Lane/ Eastbury Rd TRO	11/12	12
Shaftesbury Rd car park review	11/12	15
Queens Rd (The Broadway)	11/12	9
Replacement and upgrade of P and D machines	11/12	59
Town Police Clauses Act closures	11/12	5
Sub total 11/12		255
Oxhey Parking review*	12/13	90
Radlett Road estate review		15
TRO various sites		20
Town Police Clauses Act closures		5
Sub total 12/13		130
N Watford Review	Beyond 12/13	90
Surface car parks review		TBC
Watford Business Park parking review		TBC

* Oxhey Parking Review commenced in 11/12 with initial consultation however the bulk of spend is anticipated in 12/13.

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Annex B

WATFORD BOROUGH COUNCIL PERMIT CHARGES

	Current charges	+10%	+20%	+30%
standard zone				
First permit	£20	£22	£24	£26
Second permit	£40	£44	£48	£52
Match Day zone				
First permit	£6	£6.60	£7.20	£7.80
Second permit	£12	£12.20	£14.40	£15.60

Estimated additional income p.a.

% increase in permit charges	Estimated increase in income
10	£21,000
20	£42,000
30	£63,000

Note: Above figures assume no drop in demand for permits as a result of increases in permit charges

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RESIDENTS PARKING PERMIT CHARGES 2011/12

ANNEX C

TOWN	1 st permit	2 nd permit	3 rd permit	4 th permit
Aylesbury	£50	£100		
Baldock	£76	£76	£76	£76
Basildon	£26	£26	£26	
Bedford	£21	£73	£94	
Bishops S'ford	£32	£68		
Borehamwood	£15	£30	£60	£90
Braintree	£50	£50		
Brentwood	£23	£23		
Bushey	£15	£30	£60	£90
Chelmsford	£23	£23		
Chorleywood	£44	£44		
Colchester	£50	£50		
Dunstable	£50	£50		
Harpenden	£30	£90	£135	
Harlow	£17	£34	£70	£130
Hemel H'stead	£25	£40		
Hertford	£32	£68		
Hitchen	£76	£76	£76	£76
Letchworth	£76	£76	£76	£76
Luton	£29	£29	£29	
Potters Bar	£15	£30	£60	£90
Radlett	£15	£30	£60	£90
Royston	£76	£76	£76	£76
St Albans	£38	£132	£288	
Watford	£20	£40		

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