

BUDGET PANEL

27 NOVEMBER 2012

Present: Councillor J Dhindsa (Chair)
Councillor S Rackett (Vice-Chair)
Councillors J Aron, G Derbyshire, S Greenslade, P Jeffree,
A Khan, R Martins and M Hofman

Also present: Councillor Mark Watkin

Officers: Head of Strategic Finance and Shared Services
Head of Planning
Head of Finance (Shared Services)
Committee and Scrutiny Support Officer (RW)

25 APOLOGIES FOR ABSENCE/COMMITTEE MEMBERSHIP

There was a change to Committee membership at this meeting: Councillor Hofman replaced Councillor Taylor.

26 DISCLOSURE OF INTERESTS (IF ANY)

There were no disclosures of interest.

27 MINUTES

The minutes of the meeting held on 23 October 2012 were submitted and signed.

28 UNDERSTANDING BUDGETS

The Panel received a presentation from the Head of Finance Shared Services.

Replying to a question from Councillor Hofman, the Head of Finance Shared Services advised that whilst there would be no immediate financial consequences were there to be a deficit, the situation would need to be competently managed to achieve a balanced budget within the Medium Term Financial Strategy.

The Chair thanked the officer for his presentation.

REVIEW OF CONTROLLED PARKING ZONE RESERVE

The Panel received a report of the Head of Strategic Finance and Head of Planning.

The Head of Planning referred to the report and noted that the income from the Controlled Parking Zone (CPZ) was reducing and that the CPZ was currently making a loss. The implementation of a considerable number of new schemes had been requested which would reduce the reserves; the only option to augment funds was to increase the cost of parking permits. She suggested that a 30% increase would be appropriate and would result in an additional £6 for each first permit and £12 for a second.

In response to a query from the Vice Chair, the Head of Planning advised that proposed projects would be at risk were permit costs to be frozen. She explained that there were two choices: to alter project delivery or to increase parking permit costs for residents.

Councillor Derbyshire drew attention to the £34,508 surplus at the end of the year 2011/2012. He asked what was the proportionality of income from Penalty Charge Notices (PCNs), sales of permits and income from the Pay and Display system within the £1,393,964 figure for income in that year.

Officers advised that current income from PCNs was £591,000 which equated to 42% of income whilst income from permits had been £210,000.

The Head of Strategic Finance forecast income for the following year as:

Parking permits	£220,000
Pay and Display	£438,000
Penalty Notices	£600,000

Councillor Khan noted that the amount in reserve in 2010/2011 had been £962,000 but this now stood at approximately £575,000. He asked why this figure was so reduced.

The Head of Planning replied that expenditure had increased due to implementation of projects. These had included the upgrade of Pay and Display machines to accommodate both altered weight of coinage and changes in legislation which impacted on match day parking. She added that more projects had been implemented than in the previous year.

In reply to a further question from Councillor Khan, the Head of Planning explained that, although it would be possible to have differing charges across the town, it would be necessary to review the method by which charges were configured. She advised that a significant amount of work would be needed to establish differentials on the zones and that a more complex system would inevitably lead to increased operating costs. This, she explained would be in addition to costs needed to employ consultants for initial investigations and development of the schemes.

Councillor Khan said that his query was related to geographical areas of Watford and noted that in some wards residents found it impossible to park at night whilst for some areas CPZs were a 'luxury'.

The Head of Planning advised that CPZs had originally been installed in order to exclude commuters and did not operate at night.

The Chair advised that CPZs were not needed during the day when most residents were away from home but that parking was required at night when they arrived home. He suggested that parking restrictions should be between the hours of 9.00 a.m. until 11.00 a.m. and 2.00 p.m. until 4.00 p.m. This, he considered, would be effective in deterring commuter parking.

The Head of Planning said that this method would not work to deter students at West Herts college as they would be able to move their cars during the day but would be a great inconvenience to residents in, for example, Oxhey ward.

The Head of Strategic Finance pointed out that it was imperative that there was balance between running costs and charges.

Councillor Martins considered that there was the potential to run two or three schemes in the borough. He said that wards in Watford had greatly different needs and considered that it would be wise to accommodate these demands where possible.

Councillor Martins referred to Annex D and noted that the Parking Shop premises' costs had risen from £45,859 in 2008 to £92,337 in 2009. He suggested that it would be sensible to locate the Parking Shop at a site other than in Market Street. He further noted that income from PCNs had fallen whilst these charges were rising in other areas of the country; he asked why this had occurred.

The Head of Planning replied that expenses for the Parking Shop were split between Watford Borough Council and Three Rivers District Council. She advised that moving the Parking Shop facility to the Town Hall had previously been investigated and added that another possible cost cutting initiative was the online payment of those costs currently being taken at the Parking Shop. She informed the meeting that when the Council had originally taken on parking enforcement, the contract had been the subject of Compulsory Competitive tendering and it had been found cheaper to outsource the service than to provide this in-house. A number of companies had submitted tenders and Vinci had been appointed.

With regard to the PCNs, the Head of Planning said that the statistics were reviewed monthly and that they remained consistent. She added that the aim of PCNs was to stop illegal parking rather than to collect revenue.

In response to a comment from Councillor Martins, the Head of Planning noted that the shortfall in income and expenditure (£360,650) for 2012/2013 would be

funded from the reserves. She reiterated that it would consequently be necessary to either increase income or cease the projects.

Replying to questions from the Portfolio Holder for Finance and Shared Services, the Head of Planning advised that employee expenditure for the Parking Shop had been reduced as a result of staff reduction. She added that improved technology would further reduce these costs.

The Portfolio Holder asked why no additional income had been derived from the new schemes.

The Head of Planning advised that Zone B (on the Cassiobury estate) was the only new scheme to have been introduced and that increased operating costs had negated income from permits. Other schemes, such as the Your Parking Your Say survey would not generate income.

Councillor Jeffree referred to the increased permit charges as detailed in Annex C. He considered that a 30% increase was appropriate. He noted, however, that the predicted increased income of £61,500 would not solve the problem of the £360,650 deficit.

In reply to further comments from Councillor Jeffree, the Head of Planning advised that not all projects resulted in increased income.

The Vice-Chair advised that the Outsourced Services Scrutiny Panel would be considering the parking contract in February 2013. He noted that since staff costs had in general increased it was necessary to focus on income from charges. He referred to the permit charges for other authorities detailed in Annex B which included a cost of £132 for a second permit in St Albans. He noted the considerable pressure for parking in some Watford wards and suggested that a greatly increased permit cost for a second vehicle would encourage one-car households.

Councillor Derbyshire reminded Members that when the CPZ had been introduced in 1997 charges had been £16.40 for a first and £40 for a second permit. Following a review in 2005 the first permit had been had increased to £20 whilst the second permit had remained at the same cost. He emphasised that the CPZ should be self-funding and should not be subsidised by the general fund and ultimately by Council Tax.

Councillor Derbyshire noted that the costs of enforcement officers had increased and that, unless income to pay for this was addressed, the budget would not balance. He agreed that it was wise for the Outsourced Services Scrutiny Panel to consider the Vinci contract and stated that the contract should be performance based.

The Head of Planning confirmed that the Vinci contract was performance based and that the Performance Indicators were scrutinised each month. Inadequate performance resulted in a financial penalty.

Councillor Aron asked why, if the CPZs had been introduced to deter student parking, there was a CPZ in the Central ward.

The Head of Planning replied that this CPZ was close to the town centre and was designed to resolve problems with commuters and shoppers. In response to a further question, she advised that residents had requested that a CPZ be installed.

Members discussed the differences in the problems encountered by residents in the town and noted that each ward had varying difficulties with regard to parking.

The Portfolio Holder asked why a contribution from Watford Borough Council (WBC) would be forwarded to Hertfordshire County Council (HCC) to pay for a parking management scheme on the Watford Business park.

The Head of Planning advised that Watford Business Park worked in partnership with Herts County Council and that Section 106 monies would be used to fund certain projects. She explained that some schemes would use funding from other areas.

Councillor Khan asked whether it would be possible to extrapolate charges from each zone. He noted that in wards where houses had no drives, residents were obliged to park in the street and consequently were required to buy permits. In other wards, however, residents could park on their own property and would not need permits. He asked to see the income figures for residents on the Cassiobury estate.

The Head of Strategic Finance advised that the costs for this exercise would be disproportionate as additional staff resource would be required to perform this function.

The Head of Planning added that it would be a meaningless piece of work as to reflect the true cost of running the scheme it would be necessary to also look at costs for administration. In response to a comment from the Chair she advised that only one patrol was required on the Cassiobury estate whereas other parts of Watford were more labour intensive since more patrol staff were required.

Councillor Derbyshire advised that parking and traffic were at the top of the agenda for most residents and that if projects to improve these issues were required they should be provided. He agreed that income increases should be addressed and that permit costs should be raised to support growth in revenue.

The Portfolio Holder pointed out that expenditure should also be addressed. He referred to Annex A and noted that the CPZ review would not be centred on a particular ward. He considered that the sum of £169,000 for 2013/2014 would be appropriately spent.

The meeting then discussed options for raising the cost of parking permits.

It was AGREED that the cost for the first parking permits should be raised by 10% and that the cost for the second permit be raised by 30%.

RESOLVED –

1. that the Budget Panel be provided with a zone-by-zone income analysis
2. that officers and the Portfolio Holder be requested to review special projects with the aim of phasing the impact over a longer period
3. that the cost for the first parking permits should be raised by 10% and that the cost for the second permit be raised by 30%.

30 **BUDGET UPDATE**

The Panel received a report of the Head of Strategic Finance.

The Head of Strategic Finance noted that the report provided evidence to support the Cabinet decision that Watford Borough Council should remain within the national Local Council Tax benefit scheme and that there was currently no need to make reductions in benefit entitlement.

RESOLVED –

that the situation be noted.

31 **SHARED SERVICES REVIEW**

The Panel received a report of the Head of Strategic Finance.

The Head of Finance Shared Services advised that £1.3 million savings had been achieved across the four services against the 2008 original business case saving of £1.6 million. He noted that due to economic pressures, cost increases were required for ICT and Revenues and Benefits, which were over budget.

Councillor Derbyshire said that whilst the projected savings had not been achieved, an outcome of £1.3 million was a significant step forward.

RESOLVED –

that the report be noted.

32 **FINANCE DIGEST**

The Panel received a report of the Head of Strategic Finance.

The Head of Strategic Finance noted the forecast overspend of £373,000 and advised that the previous year the figure had been greater. He said that

pressure on budgets had been maintained in order to eliminate overspends where possible.

The Head of Strategic Finance advised that the current position was good and explained that the £186,000 unplanned overspend was due to operating costs within ICT and Revenues and Benefits. The remaining £187,000 would be financed from earmarked funds.

RESOLVED –

that the report be noted

33 **DATES OF NEXT MEETINGS**

- Wednesday 16 January 2013
- Tuesday 12 February 2013

Chair

The Meeting started at 7.05 pm
and finished at 9.00 pm