

CABINET

Civil Parking Enforcement – Future Options 2nd September 2008

Report of Corporate Director (Regeneration)

PURPOSE OF REPORT				
This report considers the future options for Civil Parking Enforcement (CPE), previously known as Decriminalised Parking Enforcement (DPE) after the expiry of the current Agency Agreement with Lancashire County Council in September 2009.				
Key Decision	X	Non-Key Decision		Referral from Cabinet Member
Date Included in Forward Plan	29/5/08			
This report is public.				

RECOMMENDATIONS OF COUNCILLOR MACE

- (1) That the City Council's preferred option for the management of Civil Parking Enforcement (CPE) after September 2009 is Option 1b.
- (2) That subject to Option 1b being the implemented option, and its operation being within the budget framework, the decision of entering into the next agreement be delegated to the Corporate Director (Regeneration).
- (3) That further discussions be entered into with the County Council with regard to the future allocation of on-street pay and display surpluses.

1.0 Introduction

- 1.1 Decriminalised Parking Enforcement known as DPE has been operating in the Lancaster district since September 2004 under the "Parkwise" arrangements. Parkwise is a partnership between Lancashire County Council and 12 district councils and covers the enforcement of parking restrictions both on-street and in off-street car parks. The on-street enforcement is carried out on behalf of the County Council as highway authority and the off-street enforcement is carried out for the districts.
- 1.2 The parking enforcement provisions contained in the Traffic Management Act 2004 were introduced in March 2008 and one of the main changes is that DPE has been replaced by Civil Parking Enforcement known as CPE. Under these new

arrangements Parking Attendants (PAs) are now known as Civil Enforcement Officers (CEOs).

- 1.3 The current Parkwise arrangements and Agency Agreement expire in September 2009. The County Council has been considering the future options for the delivery of CPE across Lancashire after this date and this has been the subject of a report in June to the County Council Sustainable Development Overview and Scrutiny Committee. A copy of this report and appendices are attached to this report.

Further information on the options is included in the Options and Options Analysis section of this report and this has been updated to include details of the significant changes in the legal and financial position since the County Council considered their report.

- 1.4 The majority of the district councils expressed concern about the information originally presented to the County Overview and Scrutiny Committee. An updated position on the significant legal and financial issues has also been discussed at the Lancashire Leaders Group on 4th August. The County Council has indicated that its Cabinet Member would be influenced by this meeting when determining the most suitable future option for the management of CPE across Lancashire. This decision is likely to be taken in early October.
- 1.5 The County Council is primarily responsible for determining the most suitable future option but has requested that each district indicates its preferred option by 1st October. This is to enable the tendering process to commence for the enforcement and IT contracts that need to be in place by September 2009.

2.0 Proposal Details

2.1 Background Information

Partnership Agreements

Lancaster signed the DPE Agency Agreement in April 2007 and is one of 7 districts to have completed this process. Wyre, South Ribble, Preston, Burnley and Ribble Valley have still not signed due to concerns over legal and financial issues.

The City Council has also managed on-street pay and display parking in Lancaster on behalf of the County Council since 1996. A separate Service Level Agreement (SLA) was also signed in 2007 to formalise this long standing arrangement. The SLA allows the City Council to charge a management fee for providing this service and all the income generated is passed to the County Council as highway authority.

The surplus generated is reinvested within the Lancaster district on transportation and highway schemes and the priority for expenditure is determined by the Lancashire Local. This arrangement is confirmed within the SLA. Lancashire Local approved a report in November 2006 that allocated £232,000 from the accumulated surpluses to reduce the deficit on the on-street parking enforcement account within the Lancaster district. Further information on the future management of the on-street pay and display account is provided later in this report.

Operational Arrangements

The County Council appointed enforcement contractor provides Civil Enforcement Officers (CEOs) and each district specifies the number of hours required per week and can increase or decrease this at 6 weeks notice. 10 of the 12 districts utilise this enforcement contractor with the smaller districts of Wyre and Ribble Valley using in-house CEOs. The County Council provides an IT contract and a centralised Penalty Charge Notice Processing Centre known as the back office function.

From an operational point of view the Parkwise Partnership arrangements have been very successful in achieving many of the original aims of DPE. There is now strong evidence across the county of better compliance and awareness of parking restrictions resulting in less Penalty Charge Notices (PCNs) being issued year on year.

Lancaster's operation has been very successful within these partnership arrangements and many examples of best practice have been highlighted during the various reporting procedures and some of these are covered later in this report. Lancaster has also provided added value from its parking enforcement operations through Partnership Plus, a joint SLA between the City Council, NCP Services and the Police. Joint patrols are carried out to address parking issues outside schools and to investigate disabled badge fraud and misuse and these general arrangements are now making a positive contribution to the district's Community Safety Partnership.

Financial Performance within the Lancaster District

The Agency Agreement requires the City Council to manage parking accounts for on-street and off-street enforcement. Any deficit on the on-street account should be paid by the County Council (but no mechanism has been agreed with the districts) provided the County are satisfied with the overall management of the on-street account and local enforcement arrangements. However, should the off-street enforcement account generate a marginal surplus this should be used to offset the on-street deficit. Any marginal off-street surpluses that are generated but are not required for this purpose are retained by the City Council.

Lancaster's projected financial position within the partnership to the end of the 5 year agreement is an overall surplus of £50,000. Lancaster is also recognised as providing effective arrangements and a number of examples of good practice are listed below:

- low overheads charged
- low enforcement and overall cost per PCN issued
- continuing reduction in PCN cancellations
- effective contractor management and monitoring
- good CEO retention and low sickness absence
- proactive bailiff management and liaison

2.2 Operational and Financial Audit

The projected financial position for all the districts at the end of the current 5 year agreement was an accumulated deficit of £868,000. The County Council commissioned a number of operational and financial audits to fully appreciate the reasons for the accumulated deficit. These audits highlighted the following issues:

- non CPE costs charged to CPE accounts
- high operational costs per PCN issued in some districts
- varying approaches to the calculation of overheads
- recharges from parking operational and support staff from 13 authorities with duplicated effort

These issues were considered by Lancashire Chief Financial Officers (LCFOs) at their meeting on 13th June. At this meeting LCFOs commissioned further work on the level of overheads charged and the income allocated to the Parkwise accounts and this work was discussed at a joint LCFOs and CPE Project Board meeting on 25th July.

A financial update on the audit issues raised is provided at 2.4.

2.3 **On-Street Pay and Display Income**

In addition to the audit, Chorley Borough Council raised the following important legal and financial issue for the County Council's Legal Service to respond to:

That in accordance with Section 55 of the Road Traffic Regulation Act 2004 (as amended) the on-street pay and display accounts in Lancaster and Preston should form part of the CPE accounts since the Traffic Management Act 2004 was introduced in March 2008 and possibly since DPE was introduced in 2004. If this is confirmed the question then is the allocation of the surpluses generated from these accounts and whether they can only be used in the districts where they are generated or whether they can be used to fund on-street enforcement deficits across the county.

This issue has now been resolved and the County Council has taken advice from Counsel that has now confirmed that this surplus income must instead be used in the first instance to offset any district deficits incurred from on-street enforcement activities.

Counsel's advice on the utilisation of the on-street pay and display surpluses potentially reduces the amount of investment in traffic and safety related schemes within the Lancaster district and this is likely to be the subject of a report to the Lancashire Local. However, the County Council has indicated that the current financial commitments made by the Lancashire Local will be honoured and can be contained within the existing budgetary provision.

A financial update on this issue is provided at 2.4.

2.4 **Current County-Wide Financial Position**

Audit Issues

The further work undertaken by LCFO's on overheads together with the previously agreed adjustments on income and non CPE costs has resulted in a significant reduction in the deficit from £868,000 to £434,000 as at 31st March 2008. A further small amount of work remains outstanding in relation to two districts but it is likely that the impact of this may only be marginal. The same review will be applied to the accounts for the remaining period of the current partnership agreement to minimise

the potential deficit going forward. The results of this work will also contribute to a reduction in costs for on-street enforcement on an ongoing basis.

On-Street Pay and Display Income

From the inception of the current arrangements in September 2004, the surplus income received from the Lancaster scheme is £685,000 and from the Preston scheme is £295,000 (a total of £980,000). From the reserve, Lancaster has been paid £232,000 and Preston has been paid £48,000 to offset the deficits in the respective districts resulting in a remaining surplus of £700,000.

Summary

By offsetting the on-street pay and display surplus income of £700,000 against the revised deficit of £434,000, this would result in a revised financial position of a surplus of £266,000. This means there is no longer an accumulated deficit on the on-street parking enforcement accounts across Lancashire and this is crucially important when determining the future arrangements.

3.0 Details of Consultation

- 3.1 The ongoing and future arrangements for CPE have been discussed at meetings of Lancashire Leaders, Lancashire Chief Executives, Lancashire Chief Financial Officers and Working Groups and the CPE Project Board. The decision of the Lancashire Leaders meeting on 4th August was that there is wide agreement amongst the districts that Option 1 b is the preferred outcome.

It is understood the County Cabinet Member for Sustainable Development will be making a decision in early October. The Leader of Lancashire County Council has also indicated that individual districts can submit their comments to the Cabinet Member by the end of September. A further report will be brought back to the Lancashire Leaders Group on 27th October on the detail of how Option 1 b would operate if this is their Cabinet Member's decision.

4.0 Options and Options Analysis (including risk assessment)

These are the options considered by the County's Overview and Scrutiny Committee and the options from which the districts have been asked to indicate their preferred option by 1st October:

4.1 Option 1 a

This option is to continue with the current arrangements. This would build on the success of the current operation and would provide a sound basis for the future of parking enforcement across Lancashire. The County Council believe this option is not sustainable owing to the overall accumulated deficit despite the recent improvement in the financial position. It is therefore not their preferred option. Lancaster has demonstrated that it can deliver effective parking enforcement from both an operational and financial point of view and this originally represented the best option for the City Council. This is where effective parking enforcement could continue under the current operational and financial arrangements.

4.2 Option 1 b

This option would again build on the success of the current operational arrangements but requires the majority of the districts to sign up to accepting capping arrangements that would limit the cost of providing the on-street element of the parking enforcement. Detailed information is not available at present on how the capping limits would be applied but these would be linked to ensuring the ongoing cost effectiveness of the current arrangements.

This option does not represent a significant risk for the Lancaster operation due its good performance within the current partnership arrangements that resulted in a small deficit in 2007/08. Furthermore, there is no longer a financial issue with this option as funding any deficits from on-street pay and display surpluses has been agreed in principle. As previously mentioned this option is the preferred option of the Lancashire Leaders Group and the majority of the districts.

4.3 Option 2

Under this option the County Council would undertake the on-street enforcement and the district councils would carry out the enforcement of restrictions and charges on their own car parks. The City Council would be able to utilise the County Council's enforcement contractor and have the ability to increase or decrease these resources to suit local operational arrangements. The Council would also be able to use the back office function that deals with PCN processing, correspondence, telephone calls and payments. The City Council would still undertake the issuing authority statutory functions required by the Traffic Management Act 2004. It is likely that SLAs would be prepared for the districts requesting these services from the County Council.

This option does not allow an integrated approach to local parking enforcement which contributes to the wider management of parking and traffic within the district. There would be duplicated client arrangements and possibly two groups of CEOs working for the same enforcement contractor depending on the final arrangements and whether CEOs could be "dual badged" to represent two issuing authorities. This option would also create confusion with the public in terms of which authority is responsible for particular aspects of parking enforcement. This option is a significant move away from the successful operational approach of the current arrangements.

4.4 Option 3

This option is to externalise all parking functions and enforcement within the county and district councils. Some authorities have a contractor undertaking the back office function but this is usually where there is no existing operation and there have been time restraints at the implementation stage. Outsourcing would require an element of duplication and a monitoring team would be required to ensure the required standard of service is delivered. Also some functions must be undertaken by the issuing authority in accordance with legislation e.g. dealing with formal representations, adjudicator appeals and progressing debts. Undertaking these remaining functions would still require a significant number of staff. Inevitably all authorities would still receive direct contact from the public resulting in further duplication of work.

This option is not considered to be beneficial for the above reasons and is not supported by the County Council and the CPE Project Board.

5.0 Officer Preferred Option (and comments)

- 5.1 Option 1b is the preferred option building on the success of the current operational arrangements, providing an integrated approach to parking enforcement and contributing to the wider management of parking and traffic in the district. This is also likely to be the County Council's preferred option based on the latest legal advice and the revised financial position. This option is also supported by the majority of districts.
- 5.2 Option 1b is likely to allow Lancaster to continue the CPE operation within the budget framework, subject to further information regarding capping limits and the utilisation of on-street pay and display surpluses being available. Should Option 1b be the implemented option and assuming it can be delivered within financial limits, it is recommended that the decision to enter into the next agreement be delegated to the Corporate Director (Regeneration).

RELATIONSHIP TO POLICY FRAMEWORK

Medium Term Objective: To deliver cost effective services that provide value for money.

Links to Contribute to a Safer Society and the priority outcome of reducing crime and the fear of crime and to help residents feel safer in their communities.

CONCLUSION OF IMPACT ASSESSMENT

(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)

The ongoing operation of DPE/CPE has community safety impacts in terms of improving road safety, and vehicle and personal security. DPE/CPE also has sustainability impacts in terms of reducing traffic congestion and operating in financial balance.

FINANCIAL IMPLICATIONS

Based on continuing the scheme (in line with options 1a and 1b), the latest projections in respect of CPE are as follows :-

	2008/09 £	2009/10 £	2010/11 £
On-Street	(8,500)	(2,700)	3,300
Marginal Off-Street	(5,200)	(2,700)	(100)

* bracketed figures denote surplus/positives denote deficit

The table above highlights that Lancaster is currently operating at a manageable level and the preferred option of retaining the management of CPE is financially viable within the budget framework. However, option 1b requires districts to agree to capping overheads and whilst Lancaster currently operates one of the lowest overhead rates in the County, any decrease to this rate would have a detrimental impact on the revenue budget.

If the County Council were to decide to progress option 2 it would introduce a whole host of questions including various operational issues, economies of scale, retaining an outsourced

enforcement function etc. A further report to Cabinet would be required should option 2 be implemented.

As detailed in the report, option 3 is not considered viable and not supported by the County Council and the CPE Project Board.

SECTION 151 OFFICER'S COMMENTS

The Section 151 Officer has been consulted and has no further comments.

LEGAL IMPLICATIONS

Legal Services have been consulted and confirm that Counsel's advice obtained by the County Council reflects the legal position as set out in the relevant legislation.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments.

BACKGROUND PAPERS

Various reports to Lancashire Chief Executives, LCFOs, County Council Sustainable Development Overview and Scrutiny Committee and CPE Project Board.

Contact Officer: David Hopwood

Telephone: 01524 582817

E-mail dhopwood@lancaster.gov.uk