

Sustainable Development Overview & Scrutiny Committee

Meeting to be held on 24 June 2008

Part I - Item No. 7

Electoral Divisions affected:

All

ParkWise - Update on Financial and Communication Arrangements

(Appendices 'A', 'B', 'C', '1a' and '1b' refer)

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Executive Summary

Members considered an update report on ParkWise on 10 January 2008. The report highlighted a proposed financial audit to inform decisions on how the current deficit should be addressed and the appropriate model for Civil Parking Enforcement beyond September 2009. This report sets out the findings of the financial audit and suggests possible options for the operation of the partnership beyond September 2009.

Recommendation

The Committee is asked to consider the report and propose a recommendation for consideration of the Cabinet Member for Sustainable Development.

Background

In September 2004 Lancashire County Council took over responsibility for parking enforcement from the police. Leading up to this date the County Council and each district council had agreed to work under a partnership arrangement to deliver the parking enforcement. An Agency Agreement was to be signed allowing the district councils to enforce both on- and off-street parking places. ParkWise was the name given to the decriminalised parking enforcement (DPE) partnership between the county council and the 12 district councils. The County Council procured on behalf of itself and participating districts both IT and enforcement contracts as well as managing the back office processing centre. The district councils manage the day to day enforcement at a local level.

Members considered a report on the Review of Financial and Communication Arrangements on 10 January 2007 with updates on 23 May 2007 and 10 January 2008. This report updates members on progress.

Progress Since the Last Meeting

Members highlighted the need for continuing development of communication issues relating to Civil Parking Enforcement (CPE) at their meeting of 10 January 2008.

The University of Central Lancashire (UCLan) research was commissioned to investigate how the public would prefer to be informed about ParkWise activities and notified about any changes in national parking legislation. The findings informed the activities undertaken as part of the Traffic Management Act (TMA) 2004 awareness campaign. The campaign included a local media awareness campaign, radio advertising as well as direct contact with all county councillors and the development of a ParkWise TMA information leaflet.

A series of internal focus groups, including partners, were undertaken to research how staff perceived a variety of communications issues within the ParkWise partnership. This internal research is now complete and an action plan has been developed which can be built into both the ParkWise business plan and the communications strategy. This has also led to the creation of a customer focus strategy which will address the main requirements for change in the back office communications activities, e.g. letters, information we distribute to customers and telephone standards.

A review of the ParkWise website will also be completed by September 2008 which will assess the information on the website and its relevance to customers.

As a result of the feedback from staff during the internal research the communications officer identified a relevant award category for ParkWise to enter to test its standing within the parking industry. We were successful in this venture and won the Back Office Team of The Year Award 2008 at the British Parking Awards. This has helped to raise staff morale and gone some way to change the perception of the service.

The back office was also assessed for the customer service standard, Charter Mark on 28 April 2008. The service has been recommended for receiving the Charter Mark standard.

Appendix 'A' provides the updated operational indicators for the 07/08 financial year.

Appendix 'B' provides the year on year cancellation rates and shows a year on year drop in the cancellation rates from 22% down to the present level of 18%. This compares favourably with the Traffic Research Laboratory Benchmarking group which shows an average of 21%.

There is currently a review of the 2 main reasons for Penalty Charge Notice (PCN) cancellation. These are on the grounds of blue badge incorrectly displayed/used and pay and display ticket incorrectly displayed. A more in depth review of these cancellations is on going as is research into how other authorities address these cases. A further update will be presented to the Committee when proposals have been finalised.

Partnership Agreements

At the time of writing, five districts have still not signed the agreement. The districts are Wyre, South Ribble, Preston, Burnley and Ribble Valley.

Outstanding Signs and Lines Remedial Works

The outstanding remedial works continue to be progressed with orders being placed with Lancashire County Engineering Services (LCES) to undertake the works.

A defect reporting process has been agreed with the Area Managers so that performance can be more easily monitored. This more formal approach has only recently been implemented and is intended to produce indicators to monitor the progress of these works.

Traffic Regulation Orders

The Consolidation Order was sealed on 19 December 2007; works are now progressing on the 2008 Consolidation Order. This will be an annual process in order to ensure that all traffic regulation orders are up to date and easily accessible.

Finance

At 31 March 2007 the accumulated deficit on the Parkwise arrangements was £0.647m and this was projected to have increased to £0.921m by the end of the 5 year agreement in September 2009.

At the time of writing this report, 2007/08 accounts have been received from 10 authorities. Whilst a detailed examination of these accounts has not yet been undertaken, the broad picture is one of a worsening financial position with the deficit increasing by over £0.200m from that predicted. Appendix 'C' gives an analysis of the 2007/08 outturn position.

A financial audit of the ParkWise arrangements has been undertaken with a view to minimising the current deficit and informing the choice of option to be adopted for CPE beyond September 2009. The audit process started in January 2008 involving Finance Officers from the County Council, Chorley and Lancaster as well as the Project Manager for ParkWise. The audit concentrated on the period to 31 March 2007 and has identified a number of errors in allocation of income and non DPE costs (outlined in Appendix '1a') plus varying approaches to the calculation of overheads. These were considered by Lancashire Chief Finance Officers (LCFOs) at their meeting on 13 June. At this meeting LCFOs commissioned a further piece of work and this will be considered by them at a special meeting to be held by the end of July. The outcome of these discussions, together with recommendations for addressing the remaining deficit will be reported to Members in due course when outstanding issues have been finalised.

Options for the Partnership Model after September 2009.

The options considered for the future are as follows. A more detailed financial examination of each option will be presented at the meeting:

Option 1a

Continue with the current model. The estimates and the audit process to date indicate that to maintain this model in the future would require a financial investment by the county council on an annual basis in excess of £300k per annum. Appendix '1a' shows the revised overall position at the end of the 5 year agreement, subject to the resolution of the income and non-dpe adjustments, and the receipt of the outstanding 2007/08 accounts. It is clear that there is still a substantial deficit and the worsening trend from 2007/08 would indicate that the overall deficit could increase further.

Option 1b

Maintain the current model with targeted financial budgets. This model is considered to be practical if **all** 12 Districts are in agreement and formally sign up to it by 1st September 2008. This will allow adequate time for subsequent tendering of IT and enforcement contracts. Appendix '1b' sets out the reduction in enforcement and operational management costs needed in every District in order to achieve a break even position. This cost level will be capped at an agreed level as the County Council will not meet any future deficits. This model is based upon the current arrangements and thus assumes that the Districts will continue to contribute their marginal off-street surplus. It is anticipated that the reduction in costs could be made in two key areas. Firstly, a more efficient deployment of parking attendants would reduce enforcement costs without a detrimental impact upon income. Secondly, the work currently being undertaken by LCFOs to agree a consistent and reasonable approach to direct costs and overheads charged to the on-street accounts will seek to reduce costs in this area.

Option 2

The County Council will undertake enforcement of on-street parking across the county with the district councils enforcing off-street parking in their area. Under this model, the County Council will continue to operate the back office function and procure enforcement and IT systems and the districts will have the option of utilising these services. This option will enable savings in the operational management costs as it is envisaged that the contractor would require fewer posts to carry out the parking manager function than are employed under the current arrangements. There would need to be a more proactive management of enforcement in response to the county council's network management duty under the Traffic Management Act 2004. Whilst the actual costs of this option will only be known once a formal tendering process has been undertaken, an exercise has been carried out to estimate the likely costs, including the savings from more efficient enforcement and control of overhead costs mentioned above.

Option 3

Externalising all car parking functions within the county and district councils. The option has been discussed by the ParkWise project board and not considered beneficial to the scheme for the reason laid out below.

Some authorities do have a contractor undertaking the back office function, but these are only where there has been no existing operation. The main reason why these authorities chose this option was because of time constraints in setting up the in house back office. There are no examples of authorities outsourcing existing back office facilities. Similar sized county councils, Kent, Hampshire and Essex have not considered this option nor do they have any immediate plans to do so.

Outsourcing of this function would involve a degree of replication of work. Firstly, there would need to be a monitoring team set up to ensure that the work undertaken was carried out timely and to the required standard. Secondly, certain functions must be undertaken by the enforcement authority. The work that the council would still have to undertake are, the determination of representations, forwarding cases to the adjudicator and progressing debts. To undertake these remaining functions would still require a significant number of staff. It would be inevitable that the council would still receive direct contact from the public which would result in it undertaking certain aspects of work that had in fact been contracted out.

Income

The review of the cancellation policy mentioned earlier in the report may have an impact upon the levels of income received. Any changes to this policy would apply to all options equally.

Consultations

N/A.

Advice

The scheme has now been in operation for over three and a half years and has been subject of operational, financial and Member reviews (O&S Task Group, summer 2006). The operational and communication issues have either been addressed or action plans are in place to address them. The financial position, however, remains a concern. Despite numerous discussions with partners through a number of different forums the scheme is currently showing a significant deficit and the recent audit indicates the position could get worse unless appropriate action is taken. This is subject of further discussion at LCFO meetings. This clearly highlights that the current model of operation is not sustainable. The only way for this option to become financially viable would be for District Councils to operate within specified expenditure limits as set out in Appendix 1b. This requires **all** District Councils to formally agree to this by the 1st September 2008. If this is not achieved by the given date, it is recommended that Option 2 should be progressed.

Alternative options to be considered

Set out within the report.

Implications: e.g. Financial, Legal, Personnel, Human Rights, Crime and Disorder or Other

Financial and legal services have been consulted and their comments incorporated into the report.

Local Government (Access to Information) Act 1985 List of Background Papers

Paper	Date	Contact/Directorate/Ext
Report to Sustainable Development Overview & Scrutiny Committee	10 January 2007	Paul Riley/Environment/ 34788
Report to Sustainable Development Overview & Scrutiny Committee	23 May 2007	
Report to Sustainable Development Overview & Scrutiny Committee	10 January 2008	

Reason for inclusion in Part II, if appropriate

N/A.