

# **Budget and Performance Panel**

## **Decriminalised Parking Enforcement 25<sup>th</sup> July 2006**

### **Report of Head of Property Services**

#### **PURPOSE OF REPORT**

The purpose of the report is to provide the Panel with an update on Decriminalised Parking Enforcement and related financial issues.

This report is public

#### **RECOMMENDATIONS**

- (1) That the report be noted**
- (2) That further reports be presented to Cabinet, Overview and Scrutiny and Budget and Performance Panel as required.**

#### **1.0 Introduction**

1.1 Decriminalised Parking Enforcement (DPE) was introduced in the Lancaster district in September 2004. In approving the introduction of DPE Cabinet also confirmed the use of NCP Parking Attendants to deliver on-street and off-street parking enforcement services, subject to a formal review after 2 years. This review will take place later in the year and will be reported to Cabinet.

1.2 Cabinet also resolved that, as part of the approval of the detailed DPE agency agreement with the County Council, the Head of Engineering Services, in consultation with the Cabinet Member with responsibility for Transport, would request that all surplus income from the on-street enforcement account, including that intended to the Area Member Board, shall be returned to Lancaster directly. An update on this request is included in this report.

- 1.3 Members of the Panel were informed at the April meeting that Members of Overview and Scrutiny had recommended that the Panel consider incorporating DPE into their work programme. This emanated from concerns over the deficit on the on-street and off-street parking enforcement accounts and the number of unpaid parking tickets that had not been collected by Parkwise.
- 1.4 The purpose of this report is to provide the Panel with an update on the DPE agency agreement, the financial position with the on-street and off-street parking enforcement accounts and the current position regarding the collection of unpaid Penalty Charge Notices (PCNs).

## **2.0 DPE Agency Agreement**

- 2.1 The proposed Agency Agreement with the County Council is a standard agreement for the 12 district councils operating DPE across Lancashire. Lancaster's agreement has been substantially agreed but it has not been signed due to the outstanding issue on the allocation of the on-street parking enforcement surpluses. To date the agency agreements have not been signed by any of the other districts.
- 2.2 Full details of the Agency Agreement were included in the May 2004 Cabinet report. A summary of the proposed Agency Agreement which is in two parts is as follows:

### **Part 1: On Street Parking Agency Agreement**

This part establishes levels of service for administration and financial management across a range of on-street parking functions to be carried out by the City Council as Agents to the County Council.

### **Part 2: Off Street Parking Inter Authority Agreement**

This part establishes working relationships and financial arrangements in respect of the off-street parking enforcement function of the City Council

- 2.3 The standard Agency Agreement outlines the following allocation of surpluses when the on-street parking enforcement account operates in a cumulative surplus position:

50% shall be retained by the County Council for strategic transport related initiatives across the County Council administrative area

50% shall be passed to the Area Member Board of which Lancaster is a member.

A formal request has been submitted to the County Council in accordance with Cabinet's decision to see all surplus monies generated in Lancaster, including the 50% intended for strategic issues, be reinvested directly in the Lancaster district. This request has been refused on the basis that the standard agreement should apply and that reference to Area Member Boards would be substituted by Lancashire Local – Lancaster. This issue is being taken up through Lancashire Locals and the matter will be reported back to Cabinet if required before the Agency Agreement is signed.

## **3.0 Financial Position – Background Information**

- 3.1 As part of the preparatory work undertaken the County Council engaged RTA Associates to produce financial models of the likely impact of introducing DPE on

district councils. Cabinet considered an initial report in February 2002 and indicated their support, in principle, for entering into DPE at that time. Subsequently the approved budget projections were included in the relevant years budgets.

- 3.2 DPE has now operated since September 2004 and it is now possible to compare the financial outturn positions for 2004/05 and 2005/06 with the financial model and to look ahead to future years' financial implications.

Consequently in March this year officers met with RTA Associates to analyse Lancaster's financial position compared with the original model and to discuss the experience gained in the Lancaster district since DPE was introduced under the County wide Parkwise arrangements. This highlighted a number of areas where inaccurate assumptions were made in the model and where necessary operational arrangements for Lancaster were having a negative impact on the model. These can be summarised as follows:

- The model assumed a Penalty Charge Notice (PCN) issue rate of 1.125 PCN per operational hour for on-street based on the length and type of parking restrictions in the Lancaster area and did not allow for many streets being self enforcing. The actual issue rate is 0.84 per hour and this is considered to be a more realistic figure.
- The model assumed that PCNs would be issued at a rate of 80% on-street and 20% off-street, compared with experience of 55% on-street and 45% off-street.
- The model assumed a Supervisor to Parking Attendant ratio of 1:8 compared with the required ratio of 1:4.5 due to Lancaster's actual operational requirements that cover 7 days per week and evenings.
- The model assumed that Supervisors would be carrying out enforcement duties at all times and made no allowance for an administrative base with radio control facilities being established, which was again required due to the scope of Lancaster's operation.
- Although the model had allowed for off-street cash collection arrangements there was no provision made for when cash collection staff were unavailable due to holidays and sickness absence etc.
- The Parkwise Central Notice Processing Centre at Preston is providing effective administrative arrangements on behalf of all the districts. However, there has been a negative effect that cannot be quantified due to the delays in establishing electronic and web based payments (6 months late) and general enforcement recovery procedures including issuing warrants to bailiffs (12 months late).
- The increased off-street pay and display income as a result of additional on-street enforcement did not materialise as envisaged in the model.

#### **4.0 Current Financial Position**

- 4.1 When Cabinet approved the introduction of DPE in May 2004 using NCP to deliver on-street and off-street parking enforcement, there was a detailed analysis of the financial implications. The model associated with this enforcement option was adopted and the combined financial impact on the on-street parking enforcement

account and the marginal impact on the off-street parking enforcement account was forecasted as follows:

<b>Year</b>	<b>Estimated (Surplus) / Deficit £</b>	<b>Actual (Surplus) / Deficit £</b>
2004/05 (part)	88,000	201,062
2005/06	(170,000)	30,803
2006/07	(122,000)	(estimate) 54,200

As the above table outlines, the Council's DPE account is currently running at a deficit. Since its introduction in September 2004 the cumulative deficit for Lancaster (to 31<sup>st</sup> March 2006) is £231,865 which currently have been funded by the City Council. The deficit is wholly attributable to the on-street account and as such, no marginal off-street surplus/deficit has been attained to offset this.

However, this is a common problem across a number of the districts within Lancashire. Parkwise are currently drafting information on the entire County operation which will shortly be available for the public domain. Meanwhile, Lancashire Chief Finance Officers discussed DPE at their last meeting (7<sup>th</sup> July) and agreed that the best way forward was to formulate a small working group comprising of a number CFO's to deal with the issues raised within the analysis. For information the Head of Financial Services will be a member of this working group. It is proposed that these findings will be incorporated into the report to Overview & Scrutiny Committee in due course.

It should also be noted that this matter has been raised by Lancashire County Council's Overview & Scrutiny Committee and it will be reported in Summer 2006. Again, these findings will be incorporated into the above mentioned report.

## **5.0 Unpaid Penalty Charge Notices (PCNs)**

5.1 The pursual of unpaid PCNs is governed by the Road Traffic Act 1991 which grants powers to authorities that have introduced DPE to recover these as a civil debt through the County Court Traffic Enforcement Centre at Northampton. The recovery procedure is as follow:

If PCNs remain unpaid after informal and formal representations have been made to Parkwise, and the driver or keeper does not lodge an appeal with the National Parking Adjudication Service (NPAS), a Charge Certificate is sent to the registered keeper of the vehicle within 28 days and the Penalty Charge increases from £60 to £90. If the PCN remains unpaid for a further 14 days the debt is registered with the Traffic Enforcement Centre (TEC) and the charge increases from £90 to £95.

When the debt has been registered the Council, through Parkwise, will then send an Order of Recovery (PE2) and a Statutory Declaration (PE3) to the registered keeper. The Order of Recovery advises the respondent to pay the PCN or submit a Statutory Declaration within 21 days. A Statutory Declaration is the respondent's final opportunity to lodge an appeal with TEC and this can only be done in very restricted

circumstances, mainly associated with procedural issues required under the Road Traffic Act 1991.

If the PCN still remains unpaid and the respondent has not filed a Statutory Declaration the Council, through Parkwise, will apply to TEC for permission to issue a warrant of execution to certificated bailiffs.

- 5.2 The County Council on behalf of the Lancashire districts have appointed two bailiff companies to recover unpaid PCNs in accordance with the Road Traffic Act 1991. As previously mentioned this aspect of the recovery process started nearly 12 months behind schedule due to IT software and infrastructure problems and this has affected the bailiff companies' ability to recover some of the older debts. However, since these recovery procedures commenced in January this year £55,000 has been recovered in respect of PCNs issued in the Lancaster district.

Once a warrant of execution has been issued bailiffs are authorised to charge fees to the debtor (the keeper) in accordance with The Enforcement of Road Traffic Debts (Certificated Bailiffs) Regulations 1993. This allows the bailiff to charge for letters sent to the debtor, for attending and acting on a warrant, close possession (where the bailiff remains on the premises), walking possession, removal of goods and attending to remove and auctioneers charges.

The bailiffs do not receive commission and receive payment through their authorised charges. The Council receives £95 for every debt paid in full. The recovery procedures are robust and comprehensive and are administered in accordance with the Road Traffic Act 1991 as previously mentioned.

## **6.0 Conclusion**

- 6.1 DPE is a complex area from an operational and financial point of view. This report is intended to provide the Panel with an update on various issues following Overview and Scrutiny's recommendation to include DPE in the Panel's work programme.
- 6.2 The House of Commons Transport Committee has recently published a report on parking policy and enforcement that has been critical of how some authorities are managing DPE. After a period of consultation, the Government's proposals for a strengthened system of civil parking enforcement will come into effect through regulations made under the Traffic Management Act 2004. County's Overview and Scrutiny Committee are looking at DPE this summer and the City Council has requested that the Transport Committee report is considered as part of this review. This review should also feed into the City Council's 2-year review in the autumn. These reviews are particularly timely as the Traffic Management Act 2004 also gives powers to local authorities to produce regulations on the civil enforcement of traffic contraventions. These are effectively a potential extension of the current parking enforcement arrangements.
- 6.3 The City Council's 2-year review will also review the current operational arrangements and will examine the flexibility of these arrangements to ensure they are fit for purpose for the Council's likely changing operational requirements in the future.
- 6.4 When the Council approved DPE as part of the Budget and Policy Framework it was on the explicit basis that future year's implications were indicative only for this particular initiative and not 'fixed' as might be the case for other activities. There is

still further work required on financial matters and the working group to be established by Lancashire Chief Financial Officers will address these issues and further reports will be produced as required.

#### **CONCLUSION OF IMPACT ASSESSMENT**

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

The DPE operation has Community Safety impacts in terms of improving road safety, and vehicle and personal security. It has Sustainability impacts in terms of reducing traffic congestion, improving facilities and operating in financial balance.

#### **FINANCIAL IMPLICATIONS**

As included in the report

#### **SECTION 151 OFFICER'S COMMENTS**

The Section 151 Officer has been consulted and has nothing further to add.

#### **LEGAL IMPLICATIONS**

There are no legal implications arising from this report.

#### **MONITORING OFFICER'S COMMENTS**

The Monitoring Officer has been consulted and has nothing further to add.

#### **BACKGROUND PAPERS**

Budget and Performance Panel:  
4<sup>th</sup> April 2006  
Cabinet: 25<sup>th</sup> May 2004,  
9<sup>th</sup> September 2003, 3<sup>rd</sup> September 2002,  
5<sup>th</sup> February 2002

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