
SOUTH ESSEX PARKING PARTNERSHIP

1 PURPOSE OF REPORT

- 1.1 The South Essex Parking Partnership (SEPP) was set up in 2011. The SEPP was intended to operate for a period of seven years, with a decision to extend the operational period being taken at least fifteen months prior to the end of the initial period.
- 1.2 This report seeks approval for the operational period to be extended by four years to 31 March 2022.

2 INTRODUCTION

- 2.1 In the period 2002 to 2004, Essex County Council delegated responsibility for the enforcement of on street parking and waiting restrictions to District and Borough Councils.
- 2.2 By 2009, analysis of the arrangements indicated that parking enforcement was operating in deficit and the County Council took a decision to terminate all agreements by 31 March 2011.
- 2.3 As a result, work was progressed to develop a new model for parking enforcement and on 1 April 2011 two 'parking partnerships' were launched for north and south Essex. The South Essex Partnership is hosted by Chelmsford City Council. Full details of the background to the creation of the SEPP can be found in appendix 2 of this report.

3 HOW HAS SEPP PERFORMED

- 3.1 Given the substantial deficit of £378,000 in 2010/11, the performance of the SEPP over the last five years has been excellent.
- 3.2 Details of the achievements of the Partnership to date are set out in appendix 1 to this report. In summary though, the SEPP has delivered surpluses in each year of its existence and maintained an operating reserve of £150,000.
- 3.3 As well as a positive financial performance, Members will note the progress of a range of initiatives over the last five years, including the SEPP in 2012 taking on the responsibility for signs and lines maintenance and new parking related Traffic Regulation Orders.

4 FOUR YEAR EXTENSION REQUEST

- 4.1 Appendix 3 to this report sets out the business case for a four year extension to the current partnership arrangements to 31 March 2022.
- 4.2 It is clear that for the SEPP to continue to be successful there is a need for income generation proposals; these have been factored into the business case – see appendix 3, table 2.

5 IMPLICATIONS FOR ROCHFORD DISTRICT

- 5.1 When the initial proposals for the SEPP were considered by the Executive (30 March 2011, minute 94/11) and subsequently at Council on 19 April 2011, it was concluded the Council should participate fully in the Partnership. However, concern was expressed about the likely financial viability of the partnership and the resultant possible implications for the Council.
- 5.2 As Members will see from the detailed information included in the appendices to this report, any concerns about the financial performance of the SEPP have proved to be unfounded.
- 5.3 The Traffic Regulation Order (TRO) function has also worked very well, with the relevant Ward Members being actively involved in the consultation process. A separate lines and signs sub committee was set up by the SEPP to make decisions on new TRO proposals, with decisions being reported to the main SEPP joint committee.

6 WAY FORWARD

- 6.1 Given the track record of the SEPP over the last five years, it is considered that a four year extension is fully justified.

7 RISK IMPLICATIONS

- 7.1 The SEPP carries out annual risk assessments, not least because 62% of income comes from Parking Contravention Notices (PCNs).
- 7.2 The trend of the life of the SEPP is for a steady increase in the issue of PCNs and there is no evidence to suggest this will not continue to be the case. However, the business case for a four year extension is predicted on both a continuing steady increase in PCNs issued and the introduction of new TROs, including residents' parking permits. That being the case, it will be important for close monitoring of the business model to continue, as has been the case to date.

8 RESOURCE IMPLICATIONS

- 8.1 The SEPP operates as an entity under the direction of the joint committee, and it is not anticipated there will be any resource implications for the Council, other than to monitor the progress and performance of the partnership.
- 8.2 The current financial position of the Partnership and the current operational model has provided a good base to continue into a four-year period and cover the additional ongoing sign and line maintenance costs. No fundamental changes are required to adjust the current operational model to cover all the various operational costs. Rochford District Council will monitor closely the annual position with regard to investments, ongoing costs and income streams so there is an early warning if the partnership appears to be moving into a deficit position.

- 8.3 In theory, if there is a continuing deficit in any of the partnership authorities, the authority concerned could be requested for a direct financial contribution to support the partnership. However, this has not been an issue to date, and the overall financial performance of the partnership has been strong.

9 LEGAL IMPLICATIONS

- 9.1 The partnership agreement is South Essex Parking Partnership Joint Committee Agreement 2011. There are no substantive changes or adjustments to the current partnership agreement.

10 RECOMMENDATION

- 10.1 It is proposed that Council **RESOLVES**

To agree to extend the operational period of the South Essex Parking Partnership by four years to 31 March 2022.



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Background Papers:-

None.

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Appendix 1: South Essex Parking Partnership – Successes so far

This note provides an update on the main successes of SEPP since launching on 1st April 2011.

Financial aims

- Reduce the 2010/11 £378,000 annual deficit under previous agency agreements
- Achieve an overall financial account to operate parking enforcement and the Traffic Regulation Order (TRO) function at zero deficit, while maintaining a high level of service provision and supporting the core principles of the Traffic Management Act 2004
- Maintain a reserve of £150,000
- Provide a surplus to invest back into the enforcement and TRO function and maintain the long term business plan.

Financial achievements

- Year 1 £104,000 surplus achieved against our modest business plan estimate of £4,000
- Year 2 £183,000 surplus achieved
- Year 3 £273,000 surplus achieved
- Year 4 £303,000 surplus achieved
- Year 5 £300,240 surplus achieved including the additional cost of the TRO function
- £150,000 reserve maintained annually since 2013/14, this level was increased to £200,000 for the 2016/17 financial year

Achieved in the first 4 years with

- No reduction in front line staff
- An increase in patrol coverage
- A minimal increase to fees and charges (2014) in two of the partnership areas.

Year 1&2 Partnership performance compared to the previous Agency arrangements

- Expenditure reduced by £335,000
- Penalty Charge Notice issue rate up 10%
- Recovery rates improved by 10%
- Income increased by 17%

2016/17 account

- 2016/17 Business Plan approved by SEPP Joint Committee.
- Estimated outturn, including TRO costs, set to achieve a surplus in the region of £250,000 to £300,000
- Operational costs are self –sufficient requiring no support from the local authority general funds.
- TRO function now operating at zero cost to ECC

Joint Committee approved funding – included and funded from the approved annual budget

- £14,000 for new Response Master System
- £50,000 for new handheld computer (HHC) equipment and printers for CEOs
- £18,000 for new CCTV car and associated equipment for Basildon
- £27,000 for new CCTV body worn cameras to improve CEO safety and wellbeing

Allocation of Surplus – funded from the single parking account surplus and with no capital funds required.

- Surplus carefully managed to date ensuring the cost of operating the TRO function could be realistically achieved without the risk of operating the overall function in a deficit position. This has enabled the withdrawal of financial support from ECC for the TRO function.
- Future outturns expect to produce a more modest surplus now that the TRO function is being fully funded
- Surplus to be invested as per the requirements of RTRA 1981 Section 55
- 2016/17 Business Plan approved setting out future investment and surplus allocation.
- Level of reserve increased by £50,000 to £200,000
- £350,000 allocated to validate the signs and lines against the TROs and provide a digital based TRO mapping system across the six South Essex areas.
- £70,000 for 2017/2018 replacement programme for on- street pay and display machines
- £24,000 start- up costs for the new School Parking Initiative
- £100,000 for the implementation of new TROs for financial years 2016/17 & 2017/18
- £120,000 invested back into the signs and lines maintenance fund, reducing the level of ECC annual maintenance funding (£150,000) to only £30,000 for 2016/17. Based on the current financial projections, the ECC annual maintenance contribution will not be required for 2017/18 and throughout the four year extension, therefore provided a self- funding operational model that requires zero funding from ECC and the Parking Partnership

Improvements implemented

- A Partnership working model, ensuring partners maintain an influence on local parking matters.
- Response Master System installed and linked to the Partnership Discretion Policy providing a consistent outcome and response to letters of challenge against a Penalty Charge Notice
- New virtual resident permit system introduced across all Partnership areas, offering a quick, flexible and convenient method for residents to manage their permit allocation via an on-line account.

Appendix 1: South Essex Parking Partnership – Successes so far

- Central back office, central TRO team and area based CEOs - offering consistent working practices, across the Partnership areas
- Central policies providing consistency and transparency on how and why the Partnership operates parking enforcement
- Staff welfare improvements with the introduction of CCTV body worn cameras for CEOs
- New HHC equipment, issued to all CEOs, with built in camera and real time data, streamlining and improving the administration process.
- Good working practices shared between the North and South Partnerships.
- Dedicated staff resource introduced to manage new projects, review current, new and best practice, develop and maintain the web-site and support the various Partnership IT functions

Current projects

- Schools Initiative Project – Project team successful in joining a Local Government Association and Design Council cohort looking at how design principles can be used to implement solutions to tricky issues. They are currently engaging with stakeholders and a nominated school to implement a parking initiative which will engage with schools, parents, children and residents with the aim of changing behaviours towards parking at school drop off and pick up times. Potential for the Joint Committee to agree funding for a School Liaison Officer to deliver the project across the six Partnership areas.
- Entering into a procurement process to select a contractor to deliver a scope of works to review all the parking restrictions across the Partnership areas to ensure parking restrictions are in accordance with the Traffic Regulation Order and are therefore legally compliant. All current TROs will become electronically map based systems.
- Entering into a procurement process to provide a framework agreement for successful road sign and road marking contractors to engage with and provide services to the Parking Partnership.

Future projects

- Implement a central TRO web portal to enable the public and Councillors to easily track progress on applications for a parking restriction
- Enforcement of resident permit zones using Automatic Number Plate Recognition (ANPR) equipment
- Replace existing on-street pay and display machines

Signs and Lines Maintenance and new parking related TROs

- Operational since April 2012
- £1,000,000 funding received from ECC as part of the Joint Committee Agreement (April 2011 to March 2016), £997,997 approved and allocated by Joint Committee Members

Appendix 1: South Essex Parking Partnership – Successes so far

- 660 signs and lines maintenance schemes finished or near completion
- 115 new TROs completed or near completion.

Benefits of Partnership working

- Maintaining local influence on parking and enforcement matters
- Achieving an overall financial account to operate parking enforcement and the Traffic Regulation Order (TRO), maintaining a surplus position to invest back into the operation and essential traffic management schemes.
- Maintaining a high level of service provision and supporting the core principles of the Traffic Management Act 2004
- The provision of traffic management schemes which meet the aims and objectives of the Parking Partnership and are fit for purpose
- Greater consistency of the application of TROs across the Partner areas
- A higher level of consistency with maintaining signs and lines ensuring compliance for enforcement purposes.
- Partnership lead officers contributing to the development of the Annual Business Plans and essential traffic management schemes within their respective areas

The financial success of the Parking Partnership to date and the year on improvements to the operation has provided a solid base to continue operating the function successfully throughout the four year extension period.

Note prepared on behalf of the South Essex Parking Partnership

Scrutiny of the Parking Partnerships

Key lines of enquiry and questions for briefing on 21st January 2016

What is the purpose of the PPs and the original background as to why they were set up?

Historic Arrangements

Following Essex County Council Cabinet Decision CAB/074/02, between 2002 and 2004 twelve Agency Agreements were arranged which delegated responsibility for the enforcement of on-street parking (Civil Parking Enforcement) and waiting restrictions to the District and Borough Councils. ECC, as the Highway Authority, has the ultimate responsibility for on-street Civil Parking Enforcement.

Ten of the Agreements that were in place allowed the Districts and Boroughs to claim deficit support from Essex County Council (ECC) while the remaining two Agreements were non-deficit (Chelmsford and Brentwood). Deficit Support was claimed by the submission of accounts to ECC and once agreed was paid in arrears.

The costs for providing on-street enforcement were offset by the income generated from Penalty Charge Notices, the sale of residents' parking permits and, in some instances, charges for parking in on-street bays. The Agency Agreements that were in place prevented any surpluses generated from enforcement activity being used to offset county-wide operations, although the surpluses could be utilised by an individual Enforcement Agent for a limited range of activities with the agreement of ECC.

The original business model for the Agency Agreements projected that the ten deficit support Districts and Boroughs would initially operate at a loss but that a 'break even' point where the operation would become self-financing would be achieved prior to 2008.

In the 2003/04 financial year ECC paid a total of £88,350 in deficit support. By 2007/ 08 – the projected 'break even' year – this figure had increased to £657,000 and to £815,000 in 2008/ 09.

Table 1 – Total deficit payments made by ECC to district and borough councils

2003 / 2004	2004 / 2005	2005 / 2006	2006 / 2007	2007 / 2008	2008 / 2009
£88,350	£170,676	£754,302	£567,625	£657,510	£814,580

Note prepared on behalf of the South Essex Parking Partnership

The figures in the table above would have been even higher were it not for the contributions made by the Enforcing Agents from their off-street revenue accounts to their on-street accounts. In some cases, deficit supported Enforcing Agents choose not to claim the deficit figure and cover the shortfall from their own budgets.

Visits to the District and Borough Councils in late 2008/early 2009 were made by ECC officers to investigate the increasing deficit payments. These visits revealed:

- Limited access to Financial or Management Information
- No ring-fenced budget at the Area Highway Offices
- Inconsistent parking operation
- Inconsistent approach to restrictions
- Inconsistent organisation structure and methodology
- Multiple software systems for Penalty Charge Notices (PCNs)
- Inconsistent roles & responsibilities for Parking Managers
- No Operational Flexibility
- High staffing levels (Over 200 staff)

The Districts & Boroughs were vulnerable to fluctuations in staff levels and overheads were greater than they should be. It was evident that the service could be operated more efficiently and at lower cost.

In March 2009 a Cabinet Member Action authorised the termination of all existing agreements. The agreements had a two-year notice period so would expire on 31st March 2011.

Developing a new model

In June 2010 the ECC project team joined with representatives from the District and Borough Councils led by the CEX of Castle Point Borough Council to develop a new target operating model for Civil Parking Enforcement. This group, supported by consultants Blue Marble, designed a replacement commissioning and operational model to enable the present level of service to continue, albeit with rationalised resources, at a much reduced cost to ECC.

Two Parking Partnerships were launched on 1st April 2011 – one for South Essex and one for North Essex. Two lead authorities emerged – Chelmsford in the south and Colchester in the north. The Parking Partnerships are governed by Joint Committees.

How were the PPs set up?

What are the legal ramifications of the agreements that have been entered into by the districts and why was that approach chosen in particular?

The Partner Authorities agreed to form a Joint Committee to manage the South Essex Parking Partnership in accordance with the provisions contained in sections 101 and 102 of the Act, section 20 of the Local Government Act 2000, the Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2000 and The Local Authorities (Alternative Arrangements) (England) Regulations 2001 (as amended) and any other enabling legislation.

This approach was chosen so that ECC could delegate to the Joint Committee the responsibility for on street civil parking enforcement and charging, relevant signs and lines maintenance and the power to make relevant traffic regulation orders in accordance with the provisions contained within the Traffic Management Act 2004 and the Road Traffic Regulation Act 1984 to enable the Joint Committee to carry out a range of functions as set out in the legal Joint Committee Agreement. For example:

Collection of charges for on street parking within the permitted parking area; the administration of residents' parking schemes and the collection of charges for permits; issuing Penalty Charge Notices; deal with all correspondence, appeals, adjudication and representations to the Traffic Tribunal; take steps necessary to recover payments and charges due under these functions; determine the levels and nature of fees and charges in respect of on street car parking provisions in South Essex; establish and manage the cost of the operation incurred under the Joint Committee; decide how any surplus is re-invested in parking services; set local parking policies, ensuring that primary legislation obligations are met.

What authority does each PP as a whole have, and what authority do individual councils have as members of a PP?

The Joint Committee Agreement clearly sets out the functions delegated from Essex County Council. In simple terms the Joint Committee has responsibility for on street civil parking enforcement and charging, relevant signs and lines maintenance and the power to make relevant traffic regulation orders in accordance with relevant legislation.

The level of Joint Committee decision making is clearly set out in Section 14 of the SEPP Joint Committee Agreement.

- overseeing the provision of the baseline services;
- agreeing future Annual Business Plans for the Joint Committee;

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- agreeing all new, or revised, strategies and processes for the implementation of the Partner Authorities' policies (such as enforcement);
- agreeing the level of service provision through the annual budget setting process and as set out in the Agreement;
- annually agreeing the level of fees and charges pertaining to the Joint Committee (to be proposed to each Partner Authority's appropriate decision-making body for final approval as appropriate);
- agreeing an annual budget proposal to be submitted to each Partner Authority's appropriate decision making body for final approval;
- making decisions relating to the use of funding of end of year deficits and surpluses;
- determining whether the Joint Committee should continue as a member of the British Parking Association and any other partnership arrangements;
- approving an Annual Report to be made available to the Partner Authorities; and
- functions under the Road Traffic Regulation Act 1984.
- The Joint Committee does not have responsibility for staffing decisions but the Partner Authorities agree that the appointment of a replacement for the South Essex Parking Partnership Manager will be carried out in consultation between all Partner Authorities and an officer from each of the Partner Authorities shall be invited to take part in the recruitment process if they choose to do so.
- Operational details will be delegated by the Joint Committee to the South Essex Parking Partnership Manager of the Lead Authority or a nominated deputy as set out in this Agreement and the Annual Business Plan as a framework within which operational implementation and decisions will be taken as appropriate by the South Essex Parking Partnership Manager or a nominated deputy.

Chelmsford City Council as the agreed Lead Authority for SEPP employs the SEPP Manager and all staff. It has additional responsibilities to ensure that any significant change to the machines, signage, surface or lines in any of the Partner Authority areas are subject to prior agreement of the Joint Committee; to ensure each Partner Authority area shall receive a share of the available management, enforcement and operational resources, in line with identified needs and priorities within the approved Annual Business Plan; to discharge the Joint Committee's responsibilities in relation to health

and safety and welfare legislation; to investigate complaints about the operational functions of the Joint Committee; and to handle and respond to Freedom of Information Act and Environmental Information Regulations requests concerning the overall functions or decisions relating to on- street parking services of the Joint Committee.

What is the role and authority of each Joint Committee, are they the same?

Each of the Partner Authorities appoints one of its Members to be a member of the SEPP Joint Committee. Each Partner Authority shall have one vote at meetings of the Joint Committee or any Sub-Committee. Any question coming before the Joint Committee shall be decided by a simple majority of those present and voting. In the case of equality of votes, the Chairman or in his absence the Vice Chairman or the person presiding over the meeting in their absence, shall have the casting vote.

All Partner Authorities are equal. The Lead Authority assumes some additional responsibilities on behalf of the Joint Committee.

We understand that there are some differences between the Joint Committee Agreements for SEPP and NEPP.

What forms of activity do the agreements cover and how is the mixture of statutory responsibilities managed? E.g. TROs, residents parking, off street parking

As stated above in simple terms the Joint Committee has responsibility for on street civil parking enforcement and charging (this include residents parking areas), relevant signs and lines maintenance and the power to make relevant traffic regulation orders in accordance with relevant legislation.

In relation to off street parking the SEPP Joint Committee Agreement has the following clause "Each of the Partner Authorities in agreement with the Lead Authority may decide at any time during the Operational Period to delegate their respective off street parking functions to the Joint Committee and if such a delegation is made then provisions will be agreed between the Lead Authority and the relevant Partner Authority". As Lead Authority, Chelmsford undertake off street enforcement for Castle Point and Basildon Councils and separate agreements govern these arrangements.

What are the governance arrangements?

The Partner Authorities (ECC, Chelmsford, Maldon, Castle Point, Rochford, Brentwood and Basildon) agreed to form a Joint Committee to manage the South Essex Parking Partnership. Each Partner Authority has a Member representative on the Joint Committee. The Joint Committee Agreement sets out clearly the governance arrangements and the responsibilities of the Joint Committee. The Joint Committee will meet four times a year and members of the public may attend these and ask questions.

The Joint Committee will be operational for seven years from 1st April 2011, unless with the written consent of all Partner Authorities, the Operational Period is extended for a further four years.

Under the existing arrangements, what are the responsibilities of a district council under the agreement, and if a council withdraws how could that be achieved? If a council withdraws, how could services be delivered if no longer a member of a PP?

How can a PP be dissolved? What are the consequences?

All responsibilities sit with the Joint Committee and could function as long as at least three Partner Authorities remain (quorum for meetings is three).

The arrangements for withdrawal from the Joint Committee and termination of the Joint Committee are covered within the Joint Committee Agreement.

If a Partner Authority decides to withdraw from SEPP the functions would still be delivered within that geographical area by SEPP but without a member from that Authority being part of the Joint Committee.

If SEPP is terminated completely, ECC would need to find an alternative delivery model for the functions currently delegated.

Finance

What are the financial arrangements?

Essex County Council paid the sum of £100,000 Implementation Costs and £75,000 Transitional Arrangements Costs incurred by the Joint Committee in setting up the South Essex Parking Partnership.

During the first year of operation, Essex County Council also allocated the sum of £250,000 for the backlog of signs and lines work and £150,000 for on-going maintenance of signs and lines work. The latter will be an ongoing sum, subject to an Annual Business Plan supporting this level of investment. This has been paid each year to date.

In the first year of operation Essex County Council also paid Chelmsford Borough Council the sum of £52,940 for 1.7 staffing posts to deal with relevant Traffic Regulation Orders (TROs) within the Chelmsford Borough only. From 1st April 2012 the South Essex Parking Partnership Joint Committee accepted the transfer of the Traffic Regulation Order function from ECC. The cost of staffing and operating the TRO process was funded by

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ECC until 31st March 2015 at an annual budget of £150,000. This function has now been absorbed by and is funded by SEPP.

Essex County Council agreed to meet any deficit incurred by the South Essex Parking Partnership Joint Committee during the first and second year of the Operational Period. This support was not required by SEPP as a surplus position was immediately achieved, amounting to £104,020 in 2011/12 and £183,557 in 2012/13.

How are the budgets formulated and approved?

The Joint Committee Agreement clearly sets out the arrangements for the financial arrangements and agreeing an Annual Business Plan each year.

The Treasurer to the SEPP Joint Committee maintains the Joint Parking Accounts within which each Partner Authority has their own partitioned account and ensures that any monies due to the Joint Parking Account are only applied to the expenses of the Joint Committee.

The Treasurer must produce to the Joint Committee a financial report for the Joint Committee at least every 6 months and must prepare an annual budget, as part of the Annual Business Plan, which shall be presented to the Joint Committee for consideration, challenge and approval in accordance with the budgetary timetable of the Lead Authority

Organisation

What is the Organisational structure of the PPs? Joint Committee, officer support

ECC, Chelmsford, Castle Point, Rochford and Basildon each appoint one Executive Member to sit on the Joint Committee. Maldon and Brentwood appoint one Member of their relevant Policy Committee whose terms of reference includes parking to the Joint Committee.

1. SEPP also has two Sub-Committees – one to approve funding for Signs and Lines and new TROs and the other to consider representations against an advertised TRO

Each Partner Authority may also send up to two appropriate officers to meetings of the Joint Committee (or any Sub Committee) to support their Committee Member.

The SEPP Manager, the Treasurer (or nominated substitute), the Lead Authority's legal service representative and the Committee Support officer also attend meetings of the Joint Committee (and Sub Committees as appropriate).

Are the PPs set up the same? i.e. NEPP and SEPP

There are separate Joint Committee Agreements, which SEPP believes are similar but not identical. NEPP chose to take the Traffic Regulation Order function over from 1st April 2011 while SEPP did not. SEPP took on the function from 1st April 2012 with additional funding support from ECC for a three-year period. This funding pretty much equates to the deficit support funding provided to NEPP for the first two-years of operation so in financial terms there is little difference between the two approaches.

How are they managed?

SEPP is managed on a day-to-day basis by the South Essex Parking Partnership Manager supported by a Parking Enforcement Operations Manager, who looks after the front-line Civil Enforcement Officers, a Parking Office Supervisor who leads the back-office operation and a Technician TRO Team Leader who oversees the TRO function.

All on-street parking enforcement officers working within the South Essex area are employed by Chelmsford City Council (approx. 36 staff transferred from the other five partner authorities). The Civil Enforcement Officers are based locally, while the back-office function and TRO function has been centralised in Chelmsford.

Each Partner Authority has a designated Lead Officer and these meet with the SEPP Manager on a regular basis to guide the work of the Partnership and ensure local input.

Work Programme

How are the policies and procedures approved?

Policies and procedures are prepared and reviewed by the SEPP Manager working in conjunction with Lead Officers from each Partner Authority. These are then submitted to the Joint Committee for consideration and approval.

How is a PP's work programme produced and how do district councils influence that programme?

The forward plan agreed at each Joint Committee meeting forms the SEPP work programme. All Partner Authorities are able to add items to the programme.

Transparency

Note prepared on behalf of the South Essex Parking Partnership

What information on the PPs is in the public domain? Joint Committees, websites

All Joint Committee papers are available on the Chelmsford City Council website and all Joint Committee and Sub Committee meetings are open to members of the public to attend.

SEPP shares a website with NEPP which provides all the necessary links and information regarding SEPP / NEPP policies, annual reports, resident permit schemes, TROs, Joint Committee Meetings and provides a convenient portal to challenge or pay a Penalty Charge Notice

Executive Review

What is the purpose of the review and who is responsible for the review?

SEPP understands that Blue Marble consultants have been commissioned by ECC to facilitate an agreed approach to decide on the extension of the Joint Committee Agreements via a joint review focused on looking at opportunities for further collaboration, innovation and improvements

What is the process guiding the review?

The Joint Committee Agreement is for a 7 year term ending 31st March 2018. A 4 year extension is available to 31st March 2022. Agreement for the 4 year extension is required not less than 15 months before end of 7 year term i.e. by December 2016

Appendix 3

Four year extension 2017 to 2022 financial forecast and plan

The Parking Partnership has always considered the longer term financial plan. The Business Plans have been developed with the longer term view that SEPP would continue into the four year extension period and beyond. The current financial position of the Partnership has enabled significant investment back into the function and currently produces an annual surplus position which can provide for the enforcement and TRO operational costs, the funding of signs and lines maintenance and maintain a reasonable annual surplus. The Partnership also currently maintains a reserve of £200,000.

In 2015/16 the Parking Partnership had already started to develop a business plan which would reduce the level of sign and line funding (£150,000) required from ECC. The Joint Committee approved the 2016/17 Business Plan which included £120,000 funding towards the sign and line maintenance funding. The current forecast also estimates that the 2017/18 financial outturn will cover the full cost of sign and line funding while still maintaining a reasonable surplus.

Therefore moving into the new four year extension period, the single account is in a positive position to cover:

- all operational costs
- the additional £150,000 sign and line maintenance funding
- and maintain a modest surplus.

The operation will continued to be developed during the four year period to maintain the level of surplus required for the function.

Table 1 provides a financial forecast which is based on the 2015/16 actual outturn. It is fair to assume that the operation will continue to perform at the current level and therefore the forecast is based on this account.

The assumption in **Table 1** includes an overall year on expenditure increase of 1% and provides no increase to the current level of income received. This is to demonstrate that if no expenditure efficiencies are achieved or additional income is gained, the financial account will remain sustainable throughout the four year extension period.

During the first four years of operation the Partnership achieved an accumulated surplus of £864,150. A reserve of £200,000 has been maintained and £664,000 has been allocated by the Joint Committee into schemes and projects which are in accordance with section 55 (as amended) of the Road Traffic Regulations Act 1984.

The fifth year of operation (2015/16) has resulted in an overall surplus position of £300,240. This surplus will be carried forward and contribute to the forecast as shown in table 1. In addition to the forecast a reserve of £200,000 is also available which will mitigate any unexpected downturn in performance.

Taking into account an estimated increase in operational expenditure, maintaining the current level of income received, and funding the additional £150,000 for sign and line maintenance. The account during the period 2017 to 2022 is expected to result in an overall surplus of £572,183 which can be invested back into the operation.

Table 1

SEPP Account based on current operational model	4 year extension							Total
	Actual	Est	Est	Est	Est	Est	Est	
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	
Direct expenditure	1,363,000	1,376,630	1,390,396	1,404,300	1,418,343	1,432,527	1,446,852	9,832,048
Indirect expenditure	150,030	151,530	153,046	154,576	156,122	157,683	159,260	1,082,247
Total Expenditure	1,513,030	1,528,160	1,543,442	1,558,876	1,574,465	1,590,210	1,606,112	10,914,295
Income								
PCNs	1,225,770	1,225,770	1,225,770	1,225,770	1,225,770	1,225,770	1,225,770	8,580,390
Resident Permits	563,480	563,480	563,480	563,480	563,480	563,480	563,480	3,944,360
Pay and display	184,890	184,890	184,890	184,890	184,890	184,890	184,890	1,294,230
other	7,710	7,710	7,710	7,710	7,710	7,710	7,710	53,970
Total Income	1,981,850	1,981,850	1,981,850	1,981,850	1,981,850	1,981,850	1,981,850	13,872,950
Total	468,820	453,690	438,408	422,974	407,385	391,640	375,738	2,958,655
TRO operational expenditure	168,550	170,236	171,938	173,657	175,394	177,148	178,919	1,215,841
Net position	300,270	283,454	266,470	249,316	231,991	214,493	196,819	1,742,813
Sign & Line (S&L) maintenance funding		£120,000	£150,000	£150,000	£150,000	£150,000	£150,000	870,000
New TROs		£50,000	£50,000	£50,000	£50,000	£50,000	£50,000	300,000
Total S&L TRO funding	0	170,000	200,000	200,000	200,000	200,000	200,000	1,170,000
Total surplus available for further investment	300,270	113,454	66,470	49,316	31,991	14,493	-3,181	572,813

The information in **Table 1** is very much a standstill option and it is noted that the overall surplus outturn reduces year on until 2022, when the overall account is estimated to move into an overall deficit position. While this approach will clearly cover the cost of the function during the extended period and will provide a level of surplus that will provide an investment for operational requirements, it is important that the business case is developed further to ensure that beyond the four year extended period the Partnership account is in a strong financial position to consider any new arrangements, after the operational period has expired and to provide the investment required for continual improvements and service delivery.

During the review of the Essex Parking Partnerships several efficiency and innovation options were discussed of which some are viable and others not so viable. The feasibility of these options will need to be explored and considered as part of the longer term business plan. The true cost saving or additional income from these options has yet to be fully determined and realised.

For the benefit of this financial forecast the lead officers have included income generation proposals which can be fully realised at this stage and which will be subject to review and Joint Committee approval of the Annual Business Plan which is submitted in December of each financial year.

Table 2 provides an overview of some future proposals which will ensure that the single account remains in a modest surplus position at the end of the four year extended period.

Table 2

Future proposals					4 year extension				
Increase P&D charges				40,000	40,000	40,000	40,000		160,000
New P&D schemes (Various locations)				115,000	115,000	115,000	115,000		460,000
Resident permit increases						20,000	20,000		40,000
	0	0	0	155,000	155,000	175,000	175,000		660,000
New position	300,270	113,454	66,470	204,316	186,991	189,493	171,819		1,232,813
									Plus £200,000 reserve maintained

With the addition of these proposed income streams the new accumulative outturn position is estimated to be in the region of £1,232,818 plus the £200,000 reserve will be maintained. The surplus can be used to invest back into new equipment, new pay and display schemes, ANPR enforcement and Traffic Management Schemes.

In the final year of the extension (2022) the surplus position is estimated to be in the region of £171,000 which will enable a solid financial base to take the Partnership into any new agreement following the end of the operational term.

In addition, any operational efficiencies found through the introduction of new IT and on-line systems and utilising new technology for more effective enforcement will also contribute to overall surplus position.

It is also acknowledged that some individual areas will produce a greater level of surplus than others and there will be occasions where a partner authority individual account will move into a deficit position. Provided the authority has complied with the provisions of Appendix F from the South Essex Parking Partnership Joint Committee Agreement and the overall single account is in a surplus position, the deficit will automatically be written off.

Risk to the Partnership

As part of the Annual Business Plan a risk assessment of the Partnership is required and will be approved by the Joint Committee. This process provides the opportunity to review the business annually and adjust the operational model to suit current trends or changes to legislation.

62% of the income is reliant on PCN income which is not necessarily guaranteed and relies on motorists continuing to contravene parking restrictions. Since 2011 to 2016 there has been a steady increase (8% average per year) in the number of PCNs issued. There are no trends to suggest that this level will dramatically reduce and it is therefore a good assumption that the level of PCN income will be maintained throughout the extension period. In the event of a reduction in contraventions, the business case and expenditure will be adjusted to recognise the reduction in fines.

The annual level of surplus achieved will effectively determine the level of funding available for signs and lines maintenance and new TROs and will not be detrimental to the overall single account outturn and the potential for a deficit position

Summary

The current financial position of the Partnership and the current operational model has provided a good base to continue into a four year period and cover the additional on-going sign and line maintenance costs. No fundamental changes are required to adjust the current operational model to cover all the various operational costs. Any proposed increases in permit and pay and display costs will be in line with increases to operational expenditure. This position also enables the Lead Officers to carefully consider new pay and display schemes where there are known parking issues and where new pay and display schemes will offer a suitable traffic management solution.