

TITLE OF REPORT: CAR PARK EXPENDITURE

REPORT OF THE HEAD OF FINANCE, PERFORMANCE & ASSET MANAGEMENT

1. SUMMARY

- 1.1 At the Finance, Audit and Risk Committee meeting on 19th December 2016, Members requested that a report be brought to Committee detailing expenditure in relation to the Council's Car Parks.

2. RECOMMENDATION

- 2.1 That this report be noted.

3. REASONS FOR RECOMMENDATIONS

- 3.1 As requested by Members, to inform the Finance, Audit & Risk Committee of the issue outlined in 1.1.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 None.

5. CONSULTATION WITH EXTERNAL ORGANISATIONS AND WARD MEMBERS

- 5.1 None

6. FORWARD PLAN

- 6.1 This report does not contain a recommendation on a key decision and has not been referred to in the Forward Plan.

7. BACKGROUND

- 7.1 The council operates 24 car parks across the District. They are located in Baldock (1), Hitchin (11), Knebworth (1), Letchworth (5) and Royston (6). The car park at the Hitchin Swim Centre is managed on behalf of Stevenage Leisure Limited. The Angel Pavement and Market Place Car Parks in Royston are managed on behalf of the Town Council. Market Hill in Royston is actually on street, rather than being a separate car park.

- 7.2 There are a number of residents parking zones around the district, where all on-street parking is controlled and residents can purchase a permit to park. On-street parking in other areas will also be limited, either by who can park there or duration of stay.

- 7.3 The costs of parking fall in to the following categories:

- Direct costs- these are costs that directly relate to the provision of a particular type of parking and location. This includes rates and rents for car parks.

- Allocated costs- these are costs that relate to parking, but are allocated to a particular type of parking, and where possible a particular location. For example, car park maintenance is a general contract where costs are allocated to specific car parks on the basis of number of spaces. Another example is ensuring compliance with parking regulations, which is done by the same staff for on-street and car parks. Therefore it is allocated between the two, and is then allocated down to individual car parks on the basis of number of PCNs issued. These allocation methods are an approximation and there may be other valid ways of allocating these costs.
- Apportioned overheads- these costs reflect that the parking service does not operate in isolation and is supported by Senior Management and Support Services (e.g. legal, finance, property, HR and IT).
- Capital costs for car parks- these include the value of the car park itself, as well as the cost of capital works to improve the car park or extend its life. Depreciation tries to reflect the value of the asset that is used up each year.

7.4 This report focuses on the direct and allocated costs of parking, as these can be reliably reported and are less subjective. This gives the **operational** cost or surplus from delivering a service.

7.5 We are currently required to apportion overheads to all services for the purposes of financial reporting. The aim of this is to demonstrate the full cost of a service, but there is a balance between the accuracy of such estimates and the officer time taken to do them. There are also certain costs that are not apportioned as part of this that would be included in a full cost appraisal.

7.6 The capital investment in car parks varies by year. There was just over £300k spent in 2015/16, around £150k will be spent in 2016/17 and forecast to be over £1,000k in 2017/18. The majority of this spend is on improvements to our two multi-storey car parks. For our surface (non multi-storey) car parks, most of their value in the land that they are on, which tend not to depreciate in value. The estimated capital value of the car parks is around £7.6million.

7.7 This report does not look at parking policy. It also does not cover car parking areas that are owned by the Council but are for specific limited use (e.g. car parks at Recreation Land and Community Centres).

8. OFF-STREET PARKING (CAR PARKS)

8.1 Table 1 below shows the total direct and allocated expenditure on car parks.

Table 1 - 2015/16 Actual Car Park expenditure

Expenditure category	£k
Repairs & Maintenance	125
Utilities	22
Rents & Rates	238
Supplies & Services	147
Provision for bad debt	65
Third Party Payments	42
Attributable Parking Administration costs	255
Total operating costs	894

- 8.2 The third party payments includes £38k payment to Morrisons in relation to income share for Princes Mews Car Park in Royston.
- 8.3 Table 2 details the basis used for apportioning those costs that are allocated.

Table 2 – Allocated 2015/16 Actual Car Park expenditure- amounts and basis of apportionment

Expenditure type	£k	Basis of apportionment
Electricity	8	Unmetered supplies (surface car parks)
Electric Charging Points Maintenance and Electricity	9	Charging Points
Maintenance	53	Car park spaces (surface car parks)
Cleaning	36	Car park spaces (surface car parks)
Credit and Debit Card Fees	6	Chip and Pin transaction value
Cash Collection	41	Machine cash collections
Equipment Purchase and Maintenance	32	Car park machines
CCTV Cameras	20	Cameras
Other Admin Costs	8	PCNs Issued
Contribution to Bad Debt Provision *	65	PCNs Issued
MSU Parking Team	71	PCNs Issued
Car Park Enforcement	148	PCNs Issued

** A provision for bad debts is made for amounts that we think are due (e.g. PCNs) but have not yet been paid, and reflects the uncertainty as to whether they will ultimately be paid.*

- 8.4 Appendix A shows the full detail of direct and allocated costs by car park (2015/16 Actual Car Park expenditure).
- 8.5 The report presented to this Committee in September 2016 detailed the car park income for 2015/16. This showed total income of £2,091k, of which £1,828k could be allocated to individual car parks. When combined with the expenditure total from table 1 it equates to an **operating** surplus of £1,197k for 2015/16 (i.e. excluding overheads and capital costs). Table 3 below shows the net **operating** surplus (deficit) for each car park.

Table 3- Direct and Allocated 2015/16 Actual Car Park Expenditure and Income

Car Park	Location	Income (£k)	Expenditure (£k)	Operating Surplus/ (Loss) (£k)
Twitchell Car Park	Baldock	9	9	0
Bancroft Car Park	Hitchin	131	42	89
Biggin Lane Car Park	Hitchin	67	51	16
Christchurch Car Park	Hitchin	56	14	42
Hitchin Lairage Multi-Storey Car Park	Hitchin	132	76	56
Hitchin Swim Centre Car Park	Hitchin	19	39	(20)
Nightingale Road Car Park	Hitchin	1	4	(3)
Portmill Lane Car Park (East and West)	Hitchin	374	103	271
St Mary's Square Car Park	Hitchin	305	89	216
West Alley Car Park	Hitchin	0	2	(2)
Woodside Car Park	Hitchin	146	46	100
Woolgrove Road Car Park	Hitchin	0	4	(4)
St Martin's Road Car Park	Knebworth	15	10	5
Letchworth Town Hall Car Park	Letchworth	137	51	86
Hillshott Car Park	Letchworth	50	26	24
Letchworth Multi-Storey Car Park	Letchworth	126	80	46
Angel Pavement	Royston	0	4	(4)
Priory Gardens Car Park	Royston	12	6	6
Civic Centre Car Park	Royston	86	73	13
Market Place Car Park	Royston	5	15	(10)
Market Hill	Royston	23	6	17
Princes Mews Car park	Royston	72	68	4
The Warren Car Park	Royston	62	27	35
Unallocated	N/a	263	49	214
Total		2,091	894	1,197

9. ON-STREET PARKING AND RESIDENTS PERMITS

9.1 The main direct costs relate to the provision for bad debts on PCNs. There are also attributed costs for parking administration. Table 4 below shows a breakdown of these costs for 2015/16.

Table 4 - On-street and Resident Parking operating expenditure 2015/16

	£k
Provision for bad debts*	83
Repairs and Maintenance	12
Other	3
Attributable Parking Administration costs	258
	356

* A provision for bad debts is made for amounts that we think are due (e.g. PCNs) but have not yet been paid, and reflects the uncertainty as to whether they will ultimately be paid.

10. LEGAL IMPLICATIONS

- 10.1. The council has the power to provide off-street parking places “for the purpose of relieving or preventing congestion of traffic, and covers the maintenance of this, buildings and conveniences for use or in connection with it”, under the Road Traffic Regulation Act 1984 (RTRA).
- 10.2. An authority has power to make traffic regulation designation orders on the highway under section 55 RTRA. Where a council does so, it is obliged to keep an account of income and expenditure in respect of parking places and any deficit made good out of the general fund and any surplus may be carried forward in the account kept for that purpose.
- 10.3. In terms of delegations, the Constitution states that the Strategic Director of Customer Services is responsible for enforcement of on and off street parking orders, including residential parking zones (14.6.6(b)(i) H) (currently through the Chief Executive under paragraph 14.6.2(f) of the Constitution).
- 10.4. The Constitution also states that the Strategic Director for Planning, Housing and Enterprise is responsible for traffic management including the creation of on and off street parking orders and street closure orders (14.6.8(b)(i) D) (currently through the Chief Executive under paragraph 14.6.2(f) of the Constitution).

11. FINANCIAL IMPLICATIONS

- 11.1. The financial implications arising from this activity are contained in the main body of the report.

12. RISK IMPLICATIONS

- 12.1. The Parking Service has identified the following risks in relation to expenditure and income:
 - Less visitors to the town centres and hence use of car parks due to the economic climate/the town centre offer.
 - Perception that the car parks are unsafe (lighting/surfacing/general cleanliness).
 - Cheaper or free parking elsewhere.
 - Failure to have sufficient Civil Enforcement Officers to enforce regulations.
 - Failure to have adequate street lighting and signage to enable enforcement.
 - Theft of money from machines.

13. EQUALITIES IMPLICATIONS

- 13.1. The Equality Act 2010 came into force on the 1st October 2010, a major piece of legislation. The Act also created a new Public Sector Equality Duty, which came into force on the 5th April 2011. There is a General duty that public bodies must meet, underpinned by more specific duties which are designed to help meet them.
- 13.2. In line with the Public Sector Equality Duty, public bodies must, in the exercise of its functions, give **due regard** to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.

14. SOCIAL VALUE IMPLICATIONS

- 14.1 As the recommendations made in this report do not constitute a public service contract, the measurement of 'social value' as required by the Public Services (Social Value) Act 2012 need not be applied, although equalities implications and opportunities are identified in the relevant section at paragraphs 12.

15. HUMAN RESOURCE IMPLICATIONS

- 15.1 There are no direct Human Resource implications arising from this report.

16. APPENDICES

- 16.1 Appendix A - Full detail of direct and allocated costs by car park (2015/16 Actual Car Park expenditure).

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18. BACKGROUND PAPERS

None.

Appendix A- Full detail of direct and allocated costs by car park (2015/16 Actual Car Park expenditure)

	Bancroft Car Park	Biggin Lane Car Park	Christchurch Car Park	Civic Centre Car Park	Hillshott Car Park	Lechworth Car Park	Lechworth Town Hall Car Park	Nightingale Road Car Park	Portmill East Car Park	Portmill West Car Park	Princes Mews Car Park	Priory Gardens Car Park	St Martin's Road Car Park	St Mary's Square Car Park	The Warren Car Park	Twitchell Car Park	West Alley Car Park	Woodside Car Park	Woodgrove Road Car Park	Hitchin Lairage Multi-Storey Car Park	Lechworth Multi-Storey Car Park	Hitchin Swim Centre Car Park	Angel Pavement	Market Place Car Park	Market Hill	Total
Number of Spaces and Charging Points																										
Car Park Spaces (exc. Designated disabled)	125	72	29	226	67	96	20	79	66	81	10	30	127	113	35	0	205	30	295	358	92	22	34	0	2,212	
Car Park Spaces (inc. Designated disabled)	128	74	29	232	71	98	20	81	71	87	12	32	133	114	38	10	205	30	306	364	96	25	34	0	2,290	
Electric Charging Points	0	0	0	2	0	0	0	0	0	0	0	0	0	0	2	0	2	0	2	2	0	0	0	0	10	
Directly attributable costs (£)																										
Rates	10,476	12,079	2,448	16,516	7,080	13,681	1,368	13,827	13,827	5,520	1,512	2,280	22,925	9,244	2,400	0	16,640	2,400	22,555	21,928	0	1,488	3,024	1,464	204,679	
Rent	4,800	0	3,750	24,000	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	32,551	
Water Rates	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	330	0	0	0	0	0	330	
Multi-Storey Car Park Electricity	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	8,808	4,084	0	0	0	0	12,892	
Multi-Storey Car Park Maintenance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3,414	3,600	0	0	0	0	7,013	
Multi-Storey Car Park Cleaning	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5,987	4,622	0	0	0	0	10,609	
Security	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	6,024	10,018	0	0	0	0	16,043	
Lift Maintenance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4,765	2,610	0	0	0	0	7,375	
Phone Parking Convenience Fee	1,190	410	314	765	355	706	0	1,174	1,571	533	85	0	1,862	903	0	0	1,591	0	1,451	1,447	0	85	117	0	14,557	
Royston TC Free after Three	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	404	1,028	0	1,432	
Morrisons Management Fee	0	0	0	0	0	0	0	0	37,944	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	37,944	
Apportioned Costs (£)																										
Electricity	1,563	481	481	1,022	962	481	0	120	240	0	60	0	841	721	120	0	901	0	0	0	0	120	0	240	8,354	
Electric Charging Points Maintenance and Electricity	0	0	0	1,825	0	0	0	0	0	0	0	0	0	0	1,825	0	1,825	0	1,825	1,825	0	0	0	0	9,127	
Maintenance	4,342	2,510	984	7,869	2,408	3,324	678	2,747	2,408	2,951	407	1,085	4,511	3,867	1,289	339	6,953	1,018	0	0	3,256	0	0	0	52,948	
Cleaning	3,141	1,816	712	5,693	1,742	2,405	491	1,988	1,742	2,135	294	785	3,264	2,798	933	245	5,031	736	0	0	0	0	0	0	35,951	
Credit and Debit Card Fees	868	193	160	167	248	234	0	436	431	107	0	53	782	171	23	0	739	0	467	378	32	0	54	0	5,543	
Cash Collection	2,389	796	1,195	3,584	796	2,389	0	2,389	2,389	2,788	398	398	3,584	1,593	398	0	1,593	0	3,584	5,973	2,389	796	796	1,195	41,414	
Equipment Purchase & Maintenance	1,830	610	610	1,830	1,220	1,220	0	1,220	1,220	1,830	610	610	1,830	1,220	610	0	1,220	0	5,490	5,490	1,220	610	610	1,220	32,332	
CCTV Cameras	2,006	2,006	0	2,006	2,006	0	0	1,003	1,003	0	0	2,006	2,006	0	0	0	2,006	0	0	2,006	0	0	0	2,006	20,063	
Other Admin Costs	258	827	103	202	241	735	36	675	795	380	77	85	1,324	182	33	30	209	0	321	434	880	13	252	0	8,093	
Contribution to bad debt provision	2,059	6,601	824	1,613	1,922	5,869	286	5,388	6,349	3,032	618	675	10,570	1,453	263	240	1,670	0	2,563	3,466	7,024	103	2,013	0	64,601	
MSU Parking Team	2,261	7,248	904	1,771	2,110	6,444	314	5,917	6,972	3,329	678	741	11,607	1,595	289	264	1,834	0	2,814	3,806	7,713	113	2,211	0	70,938	
Car Park Enforcement	4,724	15,144	1,890	3,701	4,409	13,464	656	12,362	14,567	6,955	1,417	1,549	24,251	3,333	604	551	3,832	0	5,879	7,953	16,115	236	4,619	0	148,211	
Total direct and allocated costs (£)	41,908	50,721	14,374	72,564	25,501	50,953	3,829	49,246	53,515	67,503	6,157	10,268	89,359	27,080	8,787	1,670	46,046	4,154	76,276	79,643	38,629	3,969	14,725	6,125	843,000	