

RESIDENTS PARKING INFORMAL MEMBER/OFFICER GROUP

7 December 2005

FINANCIAL APPRAISAL OF THE PERMIT SCHEME

REPORT OF DIRECTOR OF DEVELOPMENT

Contact Officer: Alan Jowsey Tel No: 01962 848 583

RECENT REFERENCES:

Minutes of Residents Parking Informal Working Group, 26 October 2005

CAB 1044 – Proposed Variation of Fees for On-Street Parking Permits – 19 May 2005

CAB 988 – Minutes of the Environment and Access PIC – 15 December 2004

EXECUTIVE SUMMARY:

This report reviews the 2005/06 income and expenditure account for the on-street parking permit scheme that has been prepared by the Director of Finance. The report also considers options for increasing parking permit charges to ensure full cost recovery for 2006/07 as required by Cabinet.

This report was initially considered by the Working Group on 22 November 2005. The only changes are in paragraph 2.1 to reflect that an Appendix 2 has been added.

RECOMMENDATIONS:

- 1 That the 2005/06 budget for the on-street parking permit scheme be noted.
- 2 That Cabinet be recommended to increase the charge for the first annual permit per household within the residents permit scheme from £20 to £25 from July 2006.

## DETAIL:

### 1 Introduction

- 1.1 At the meeting of Cabinet on 19 May 2005, it was agreed that this Working Group should review the costs involved in administering and enforcing the residents permit scheme, including an analysis of the level of management overheads. This was a result of the concern of some residents who objected to the proposed increases that there was not a clear explanation of how costs were charged to the permit scheme.
- 1.2 There was confusion by residents that Cabinet had decided that the permit scheme should be cost-neutral yet permit charges were agreed without a detailed analysis of income and expenditure for the scheme. However the permit charges had been agreed originally by Environment and Access PIC at its meeting on 1 December 2004 based on a variety of factors such as keeping the level of charges reasonable compared to the benefits provided to permit holders, having permit charges that were comparable to those in other similar towns and cities, and reflecting inflation since the permit scheme was first introduced in 1970. When the increased charges were agreed in December 2004, there were no records kept specifically of the income and expenditure on the residents permit scheme although all this data was included within the On-Street Parking Account which included the permit scheme, on-street pay and display, and other on-street parking enforcement.
- 1.3 As a result of the cost-neutral policy agreed by Cabinet on 15 December 2005, a Permit Scheme account has now been prepared by the Director of Finance for the current financial year ending March 2006, and details of this account, which is a part of the On-Street Parking Account, are attached as Appendix 1.

### 2 Income and Expenditure Budget

- 2.1 The first Income and Expenditure Budget for the permit scheme is attached in Appendix 1, and this is shown as a separate column within the overall On-Street Parking Budget for 2005/06. For comparison, the Total Parking Budget for 2005/06 is attached as Appendix 2, and this enables a comparison of the On-Street Budget with the Off-Street Budget.
- 2.2 The anticipated income for the current year is significantly lower than had been anticipated when the 2005/06 Budget was approved. The original estimate to Environment and Access PIC on 1 December 2004 was for an annual income at current permit levels of about £310,000 based on a charge for the first permit of £25, but that permit numbers could reduce by about 10% to give an annual income of £279,000. The charge for the first permit was subsequently approved at the lower rate of £20 which resulted in a loss of potential annual income of about £20,000. The reduction in permit numbers is also likely to be higher than the 10% anticipated, so the anticipated outturn on permit income is £237,500.
- 2.3 The Cabinet meeting on 19 May 2005 asked that the future accounts should give an analysis of the management overheads included within the accounts. This is shown in Appendix 1, where the management overheads are now split into Accommodation, Finance, IT and Other. The Other category includes such areas as Legal, Personnel, Health and Safety, Quality Assurance and Engineers which all provide support to the Parking function.

### 3 Increases in Permit Charges

- 3.1 As will be noted from Appendix 1, there will be a financial deficit for the Permit Scheme in 2005/06. The decision of Cabinet was that there should be full cost recovery for 2006/07, and this will not be achieved at the current level of permit charges. It is therefore recommended that the first permit charge should be increased from £20 to £25 which will generate an additional annual income of about £20,000. This increase could be introduced in July 2006, one year after the last increase in charges, although this will result in the increase in income for 2006/07 being £15,000.
- 3.2 There are other alternative approaches for balancing income and expenditure. Permit charges could be increased solely for the inner zones but the charges for the inner zone would have to be much higher than existing. The inner zones do need a higher level of enforcement compared to the outer zones, but many residents in the inner zones have difficulty finding a parking space even with a permit while residents in the outer zones do not have the same problems. It is not therefore recommended that there should be differential charging between the inner and outer zones.
- 3.3 Another option would be to reduce the level of enforcement of the permit areas. While this appears attractive, the Parking Office does receive more complaints about the current level of enforcement of permit schemes than for other areas of parking enforcement. Complaints relate both to vehicles that are parked without the required permits, and to vehicles where it is alleged that a permit is being misused. Residents may in general suggest that enforcement could be reduced in order to avoid increases in permit charges, but as soon as they are unable to find a parking space due to illegal parking they would then complain that the level of enforcement was inadequate. It is not therefore recommended that the level of enforcement should be reduced since the frequency of patrolling on each road is already determined according to the potential number of contraventions likely to be identified. The frequency varies between four times per day in the town centre to three times per week in the outer areas of the permit scheme.

#### OTHER CONSIDERATIONS:

### 3 CORPORATE STRATEGY (RELEVANCE TO):

- 3.1 Parking policies can encourage more sustainable approaches to transport, and in so doing improve air quality in central Winchester.

### 4 RESOURCE IMPLICATIONS:

- 4.1 As set out in Appendix 1, the current predictions on income and expenditure for 2005/06 do not achieve the cost-neutral outturn as proposed by Cabinet.

#### BACKGROUND DOCUMENTS:

None.

#### APPENDICES:

1. On-Street Parking Budget for 2005/06.
2. Total Parking Budget for 2005/06.