

CABINET

22 October 2013

Title: Parking Modernisation Programme	
Report of the Cabinet Member for Crime, Justice and Communities	
Open Report	For Decision
Wards Affected: All	Key Decision: Yes
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Accountable Divisional Director: Robin Payne, Divisional Director of Environment	
Accountable Director: Darren Henaghan, Corporate Director of Housing and Environment	
Summary: This report provides an update on Phase 1 of the Parking Modernisation Programme and requests investment to implement the final stages of this work. These series of investments are taking advantage of new technologies to automate the process of parking payments and the enforcement of parking and deregulated traffic controls. The key benefits of the proposals to implement cashless parking across the Borough are: <ul style="list-style-type: none">• The current on street equipment for casual parking does not provide the optimum service for our customers. New technology is available which will increase customer choice and should increase customer satisfaction as well as reducing running costs for the service.• Removing cash payment on street will help to reduce theft and vandalism and lower maintenance and cash collection costs across the borough. The Modernisation Programme will make the service more effective and the expected savings form part of the 2014/15 Budget.	
Recommendation(s) The Cabinet is recommended to agree: <ul style="list-style-type: none">(i) A three-year capital investment programme for 2013/14 - 2015/16 totalling £1.18m to be funded through borrowing, the main elements of the programme being:<ul style="list-style-type: none">(a) Investment of £0.5m for the implementation of new parking schemes which will include new technology required for the correct enforcement of an area.(b) Investment of £0.51m for the development of proposals to enable better use of pay and display areas by cashless parking and Controlled Parking Zones (CPZ).	

(c) Investment of £0.17m for the introduction of a map based scheduling IT system for the management of Traffic Management Orders.

- (ii) The implementation of cashless payment methods as set out in the report, subject to the Corporate Director of Housing and Environment, in consultation with the Cabinet Member for Crime, Justice and Communities, being authorised to vary the implementation arrangements in response to comments received from the draft Traffic Order public consultation.

Reason(s)

To improve the efficiency and effectiveness of the Parking Service at the same time as improving Customer Service and to decrease cash collections from Pay & Display machines.

1. Introduction and Background

1.1 For many years officers have engaged with local communities to seek their views regarding the development of potential residents' parking schemes across the borough. The majority of schemes that exist have been successful in achieving their aims and objectives and many benefits have been realised:

- Improved quality of life; residents find it much easier to use and park their vehicles, in controlled parking zones without having to worry about insufficient space being available;
- Streets are safer & less congested with vehicles circling the area searching for a parking space, particularly early in the mornings and in some areas late evenings;
- Access to properties has improved, which has benefited people with limited mobility. There is also improved access for emergency vehicles, waste vehicles and delivery vehicles.

1.2 The true cost of implementing new schemes is a limiting factor on their development, and will invariably exceed the revenue generated in any one financial year (the payback period on a CPZ is at least 7 years). Similarly efficiencies will have a pay back over time, both in terms of improved productivity or cost avoidance. Funding for these new schemes and improvements has to compete with other demands on the annual parking budget and as a consequence scheme development or service improvement is delayed or indefinitely postponed.

2. Controlled Parking Zones (CPZs)

2.1 There are many areas currently being identified for the development of Controlled Zones / Restricted areas across the borough.

2.2 CPZ implementation involves considerable costs, such as surveys, consultations, ensuring they comply with legislation, signs and lineage, back office resources, Traffic Management Orders (TMO) costs, advertisement of enforcement time and tariff in the local and national newspapers.

3. Development of future schemes

- 3.1 There are a number of issues that are likely to generate requests for additional schemes to be considered, including:
- a. The impact of other transport / regeneration related projects
 - b. The impact of the East London Transit (ELT) routes
 - c. Proximity to other parking schemes (displacement of vehicles to other areas)
 - d. New development proposals; for example - car free developments; that may impact on parking anywhere in the borough.
 - e. Congestion
 - f. Road Safety
 - g. Cashless parking
- 3.2 Approval is sought through this report to enable Parking Services to secure capital funding of £0.51m for the development and implementation of parking schemes to a maximum of £170k per annum for the three year period 2013/14 to 2015/16.
- 3.3 Schemes will be robustly managed with a full programme that will be available at the end of each financial year for information purposes.
- 3.4 The parking schemes will include all aspects of parking controls to include:
- Controlled Parking Zones - areas where on-street parking is controlled by permit during specified times.
 - Restricted Parking Zones - areas where waiting and /or loading restrictions apply but where no lines have been painted.
 - Permit Only Zones – as per controlled parking zones but without visitor permits.

4. The Parking Modernisation Programme

- 4.1 There have been several successful schemes introduced since the start of the Parking Modernisation Programme in April 2010. These schemes have been implemented in line with the corporate saving proposals that are required from the Parking account by 2014/15. In total the schemes have delivered £1.11 million in service efficiencies.
- 4.2 Within the next two years (2013/14 and 2014/15) further changes are required within the enforcement service to meet the required savings. These include:
- Reducing Pay & Display machine costs with the modernisation of pay & display machines to enable more payment choice and options around cashless parking.
 - Transfer to a virtual parking permit scheme; residents and businesses will be able to apply for and purchase permits on line, this will reduce print costs, distribution and postage costs.
 - Increase mobile and fixed camera enforcement by using CCTV / ANPR technology; this is a more robust way of enforcement which will reduce errors and increase payment rates.

- Increase static camera enforcement in areas that are identified as potential road safety issues ie: schools, junctions etc.

4.3 The cashless parking pilot has been a great success with positive uptake and minimal negative feedback. The move to cashless parking will not only address the issue of theft but would have the additional benefit of militating against other crimes funded by the stolen cash. Also by reducing the amount of cash to be collected, there will be less vehicle journeys made for cash collection; therefore reducing carbon reduction.

4.4 All on-street parking spaces are transferred to card / phone payment methods only from 12 months of this report. Car parks will remain with a cash facility for a minimum of 12 months; however pay & display machines will be kept to a minimum and new machines ordered will have the card payment facilities incorporated.

4.5 The fees and charges set for 2014/15 will be increased to enable the incorporation of the convenience charge; this will ensure that all motorists will pay the same parking charges regardless of their preferred method of payment.

4.6 The fees and charges set for 2014/15 will also reflect more consistency across areas.

4.7 In summary the following schemes are being implemented as part of the final stages of the programme. The estimated cost is £0.67m:

- Purchase of Lanewatch Cameras
- Cashless Parking in off-street car parks
- Static cameras
- Webview – giving the ability for customers to view their PCN on-line
- CCTV Link London Road Multi-Storey – allowing 24/7 CCTV coverage
- Updated system / technology
- Map based scheduling IT system for the management of Traffic Management Orders
- On-line applications for permits
- Introduction of scratch cards

5. Consultation

5.1 The process of implementation of new traffic and Parking schemes includes full consultation with residents, businesses and ward members and the publication of appropriate draft Traffic Orders.

5.2 The proposals include a reduction in the number of street based enforcement staff. Consultation will take place with staff to ensure the effective implementation of these changes.

5.3 The changes will require adaptations to the service support provided by Elevate in relation to the Customer Contact Centres and ICT. Discussions have taken place with Elevate and have confirmed that these changes are able to be accommodated at no additional cost. This is dependant on parking successfully and fully moving online for all parking permits.

5.4 Consultation with residents will be undertaken on any new scheme proposed that would have direct impact on the residential area.

6. Financial Implications

Implications completed by: Jahangir Mannan, Group Accountant

6.1 The Parking Account is regulated in accordance with the Road Traffic Regulation Act 1984. Section 55 of the Act stipulates that a Local Authority must keep an account of their income and expenditure in respect of parking places which are in a Civil Enforcement Area, and the income and expenditure that they incur as an enforcement authority.

6.2 At the end of each financial year any deficit must be made good out of the Council's General Fund. Alternatively any surplus from the Parking Account may be applied to one of the purposes listed below or carried forward to the next financial year so that it may be applied to one of these purposes (this is not an exhaustive list).

- a) The making good of any amount charged to the General Fund in any of the immediate preceding four years.
- b) Meeting all or part of the cost of provision and maintenance by the local authority, or making contributions to other local authorities for provision and maintenance.
- c) If it appears to the local authority that further provision of off-street parking is not necessary, the following purposes are permissible:
 - (i) Meeting costs incurred in the provision of public passenger transport services.
 - (ii) The purpose of highway or road improvement.

6.3 It is a requirement that the Council shall, at the end of each year, report to the Secretary of State any actions with respect to surplus or deficit in the account for that year.

6.4 The report requests capital investment of £1.18m over the three years 2013/14 to 2015/16 which will be funded through borrowing. The investment constitutes £0.67m in 2013/14 to fund the final phases of the Parking Modernisation Programme and £0.51m equally divided over the three years for the introduction of Controlled Parking Zones.

6.5 Financial analysis indicates that the combination of additional income generated and efficiency savings delivered is sufficient to cover the cost of borrowing and repayments. This in turn is required to reduce the Council Tax payers contribution to other Highways related costs currently incurred by the General Fund.

6.6 The service has delivered savings of £1.04m in 2011/12 and a further £70k in 2012/13. It is also scheduled to deliver a further £250k from improved processes - £150k in 2013/14 and £100k in 2014/15. The investment detailed in this report is sought to deliver these targets. There is a further £300k

savings target in 2014/15 relating to the rationalisation of on-street CEO's through more mobile CCTV usage – this is outside of this report.

- 6.7 Recent zero based budgeting exercise showed the service was operating with base budget pressures of approximately £200k. It also recommended that in order to preserve its long term ability to cover its own costs, greater emphasis had to be placed on controlled parking zone (CPZ) implementation, rather than relying on enforcement income. A CPZ area would encourage drivers to purchase relevant street permits or take advantage of the pay and display facilities.
- 6.8 A capital budget of £0.3m was agreed to deliver Phase I of the Parking Modernisation Programme. It is estimated that a further £0.67m is required to complete the final phases. This will enable the service to use ANPR enforcement, paperless permitting and cashless parking processes, and is expected to make a substantial improvement in the way that the service operates.
- 6.9 This report also requests an annual capital budget of £0.17m per annum from 2013/14 to 2015/16 for the implementation of CPZ's. This equates to £0.51m over the 3 years.
- 6.10 It is proposed that the total requirement of £1.18m over the three years is funded from borrowing with the Parking Account paying for the cost of finance through savings delivered as a result of investment.
- 6.11 The likely investment return on the two parts of the scheme are detailed in the tables below:

Final Stages of Modernisation Programme - £0.67m investment

It is expected that investment of £0.67m in 2013/14 will deliver savings of £0.518m over 3 years based upon a full year ongoing saving of £0.192m.

ICT & IMPROVED PROCESSES	2013/14 £'000	2014/15 £'000	2015/16 £'000	Total £'000
Phase 2 and 3	500			500
ParkMap	170			170
Total required	670	0	0	670
Borrowing Cost at 4%	27	27	27	80
Repayment over 8 years	84	84	84	251
Cost of Borrowing	111	111	111	332
Expected income	(134)	(192)	(192)	(518)
Net position	(23)	(81)	(81)	(186)

- 6.12 The expected savings from this investment is expected to increase to £0.192m per annum by the 2nd year (1st year assumes part year benefit). This means that sufficient income/savings will be generated per annum to cover the cost of borrowing related to the investment.

CPZ implementation - £0.51m

It is expected that investment of £0.17m per year from 2013/14 to 2015/16 will deliver savings of £0.136m over 3 years.

CPZ IMPLEMENTATION	2013/14	2014/15	2015/16	Total
	£'000	£'000	£'000	£'000
Investment	170	170	170	510
Borrowing cost - interest @ 4%	7	14	20	41
Borrowing cost - repayment (20 yrs)	8.5	17	25.5	51
Cost of Borrowing	15.5	31	45.5	92
Permit Income	(23)	(45)	(68)	(136)
Net position	(7.5)	(14)	(22.5)	(44)

- 6.13 From the above table, it can be seen that the borrowing costs of implementing CPZ schemes is affordable when factoring in the income expected through permit income. The estimated cost is based on a sample of recently implemented schemes and assuming that future schemes will have a similar cost per metre of CPZ introduced. The cost of borrowing reflects the current average for the authority, whilst the 20 year repayment is based on the service estimate in terms of how long the created CPZ areas can be sustained before further review or investment is required.
- 6.14 The expected income has been estimated with the assumption that at least 40% of those households affected will take up residential permits at an average of £40, and that the remaining households will purchase at least one pack of visitor permits. It is likely that any shortfall will be mitigated by additional PCN income as a result of the increased CPZ area.
- 6.15 Analysis indicates that the above schemes generate a return on investment and are affordable.

7. Legal Implications

Implications completed by: Paul Field, Senior Corporate Governance Lawyer

- 7.1 Controlled Parking Zones are operated under powers given in the Road Traffic Regulation Act 1984 (The Act). The making of charges for the zones is regulated by the Act so as to ensure the operational cost of the scheme acts as if self-financing and where there is a deficit to the general fund as a result of operation the income should be so applied and alternatively any surplus to prescribed expenditure such as parking provision, public passenger services, road improvement and maintenance, London transport strategy and environmental improvements.

7.2 The legislative requirement to establish effectively a self-financing scheme contemplates that it may run a deficit to the General Fund, however this should be no more than four years so business plans need to take this into account in income stream planning.

8. Other Implications

8.1 **Risk Management** - Audit assurance activity supports and independently verifies the risk management framework of the Council.

8.2 **Contractual Issues** - New technology will be reviewed on an annual basis to ensure it is in keeping with current legislation and providing the service required.

8.3 **Staffing Issues** - Staff directly employed by the Council will not be affected by the implementation of this strategy. There will however be changes required to staffing by our contractors / cash collectors.

For our equipment maintenance contractors, provision is already made in their new contract for the move to cashless parking.

For our pay by phone contractor staff who currently take enquiries and registration phone calls for the cashless parking pilot, we will need to initiate a change request which is already in place that controls the increase the level of service required under the current contract.

There will also be reductions in the cash collection rounds required, which will impact on staff volumes required by both the collection service and the cashiers processing service.

8.4 **Customer Impact** - Many disabled motorists can sometimes experience difficulties getting back to their vehicle in time before their parking runs out due to mobility issues or overrunning appointments – Pay by Phone parking offers a convenient way to top up your parking time without the need to return to your vehicle.

Deaf motorists can use Pay by Phone parking by using a SMS text service

The number of motorists who do not own a phone and/or credit/debit card is considered to be very low, however the service will need to ensure we support customers, that are able to, to transfer to cashless free parking.

8.5 **Crime and Disorder Issues** - Current vandalism issues regarding Pay & Display machines / parking meters should reduce as a direct result of the cashless programme implementation.

8.6 **Information Technology Implications** - The current handhelds utilised by Civil Enforcement Officers are already updated to be able to enforce via Automatic Number Plate Recognition (ANPR) to the Pay by Phone website.

The cashless parking system has a live data link directly into the parking system software "Civica"; this will therefore allow the move to CCTV / ANPR more robust for enforcement.

- 8.7 **Business Plan Implications** - No adverse effects are expected on the Business Plan; however the reduced costs relating the theft and vandalism and cash collection will be a benefit to the revenue account and increasing enforcement by ANPR is essential to delivering the savings proposals for 2012/13 to 2014/15.

Background Papers Used in the Preparation of the Report:

- Cabinet Report 16 April 2013 entitled “Modernisation of Cashiering Services Phase 2”
<http://moderngov.barking-dagenham.gov.uk/documents/s68303/Cashiers%20Services%20Phase%202%20Report.pdf>
- Equalities Impact Assessment:
<http://www.lbbd.gov.uk/TransportAndStreets/Parking/Pages/ParkingPolicies.aspx>

List of appendices: None