

## Redesign Board workshop 15.5.18

### Car parking peer review: developing financial and governance proposals

#### Introduction

Financial management and governance proposals need to be developed to support Board Members' agreement to date on the redesign review of car parking. It is possible that such proposals could also support related work to enable wider choices for Local Committees across their disaggregated Community Services budgets.

#### Context:

63 recommendations, with some amendments, were agreed by the Redesign Board on 1<sup>st</sup> May 2018 as the first stage in the [redesign of car parking](#). These include how the review can support localism and improve business planning around car parking. To move to the second and final stage of the review further work is required. On financial management, localism and governance this includes:

- Drafting a revised Scheme of Delegation to clarify what decisions on car parking would be made at strategic committee and what would be decided locally, being clear about where the financial benefits and responsibilities lie.
- Developing options for the income to be retained regionally and locally – a formula has been suggested.
- Clarity on the timeline.

Discussions between the Depute Leader and Area Chairs show an appetite for local committees to have choices and real influence over the disaggregated Community Services budgets in time for budget setting for 2019/20 onwards. This would support wider localism objectives and help develop the action agreed at Council in June 2017 on 'further work being done to develop community budgets for local committee areas'.

Localism is also about encouraging more community participation in decision making and more community-run services. Survey feedback tells us that people are interested in taking part in community discussions on how services are provided and making choices within budget limits (68% of the Citizens' Panel). However to pave the way for this, work needs to be done first to provide Local Committees with more local choices, especially around Community Services which most people use. With this experience local Members will be more able to engage with their constituents and community bodies on the local choices to be made.

#### Not in scope

Budget decisions have been made for 2018/19 relating to car parking. The proposal below builds on these decisions and does not change them.

#### Proposal

For 2018/19 it is proposed that new arrangements are put in place to follow through on the review recommendations, with a view to being ready to change arrangements for 2019/20 onwards. These new arrangements proposed are:

1. To develop a financial model for Devolved Car Parking Management (DCPM). This would build on the learning from the pros and cons of the Devolved School Management (DSM) approach.
2. To support the DCPM model we would develop cost centres for each car park (were charges apply, are to apply or do not currently apply) which details:
  - a. Income estimated and received;
  - b. All expenditure, including planned maintenance assumptions

The car parking budget is currently drawn from the roads maintenance budget, so the apportionment to car parking would be disaggregated to each car park cost centre. The need to improve transparency on budget is set out in the review recommendation(s) in Chapter 4 – Financial Management & Business Planning – of the report.

3. Any income generated which is surplus to the income set out in the budget for 2018/19 is ring-fenced and carried forward into the following year (2019/20) for Local Committee decision-making. This proposal is for 100% of the surplus income – i.e. income above the current budget target for income, to be retained locally. While this means reinvestment can be decided based on local priorities, there are some risks attached to this proposal, namely:
  - a. Re-investment decisions are made too soon and lead to a deficit in the budget. The timing for investing any surplus is important. We will know with certainty if a surplus has been achieved for the year when the out-turn is reported for 2018/19, so by May/June 2019. It is at this time that re-investment should be considered to avoid this risk. This means a time lag in reinvesting, but starting from 2019/20.
  - b. The estimated income is not achieved, so there is no surplus to re-invest and a deficit is created. To manage this risk we could:
    - i. Ensure accurate budget monitoring in-year with scope for the Local Committee to take remedial action such as changing tariffs, introducing new charges and other changes to car parking as part of the DCPM.
    - ii. Off-set the deficit in year by holding back or underspending in the Community Services budget elsewhere – this could be a local decision if further work is done on disaggregating Community Services budgets and choices.
    - iii. Carry forward the deficit based on the previous year's outturns, leading to reductions in the DCPM budget the following year and within the tolerance of the DCPM (e.g. which would set limits on over and underachieving budget).
  - c. Whilst some areas may deliver a surplus, other areas may not. If the surplus is ring fenced for the local area then the deficits will be met by the Corporate budget, increasing the pressure on reserves. To manage this risk, and recognise that it will take time to understand the patterns of income and trends at a local level, the budget assumptions will be reviewed on an annual basis and there will be scope to review the disaggregated budget across all areas.

- d. The Council's budget context means further savings or increased income is required. This scenario is likely but there is scope to deal with this by:
    - i. Higher income targets being set by the strategic committee or Council so the potential surplus might reduce for the following year;
    - ii. Reductions are made in other Community Services budgets – agreed either strategically or locally depending on where delegation sits;
    - iii. Ensuring all external or match funding opportunities are being considered.
4. Alongside this focus on car parks, further work can be done in 2018-19 to understand
- How other Community Services budgets can be disaggregated in a way to enable Local Committee choices
  - The extent to which Community Services savings targets can be delegated to Local Committees
  - The operational arrangements needed to support local decision-making and monitoring, potentially affecting the structure of Services

A revised Scheme of Delegation can reflect the changes Members seek to make while ensuring corporate governance is demonstrated. A draft revised Scheme can be developed based on the feedback from the Board on these proposals for consideration at a future workshop.

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