

Car Park Redesign – Financial Options

Introduction

This paper follows on from the Redesign Board Workshop held on Tuesday 15 May 2018.

The options set out below are in relation to off-street car parks and should be considered in the context of underlying traffic management requirements.

Members asked that further work be undertaken to identify options coupled with relevant financial data. The following briefing note explains 3 options which can be implemented for use in 2019/20, together with implications and potential timeframes.

Members are invited to consider and guide officers on which of the options below should be progressed.

Option 1 - The Current Model

At present, car park revenue and expenditure is accounted for centrally and reported as a single line item on the Community Services budget monitoring report to Environment, Development & Infrastructure committee.

Any budget surplus is utilised corporately to manage the overall budget. Any deficit would require to be managed within the overall Service budget.

The current Service budget is set out as Appendix 1

This model could be maintained and used to report on additional car parks that may be brought within the charging regime.

Pros

- Simplicity of reporting and management.
- Reflects current practice with use of existing processes.
- Is familiar to Members.
- Permits balancing of surpluses and deficits across the car park estate.
- Allows investment to be funded from surpluses achieved corporately.
- Permits consistency in application of tariffs.

Cons

- There is no local committee input so does not support the Council's Programme commitments on localism.
- Less transparency on how car parking income is used.
- Less opportunity for meaningful community engagement.
- Poor correlation between income raised locally and monies spent locally
- Limited scope for local tariff variations.
- As budgets become more constrained, there will be continued pressure to raise income to off-set service reductions/job losses but the current model does not enable that to be informed by local circumstances, options and decision-making.
- Is not consistent with the car park review recommendation that revenue & expenditure should be disaggregated.

Timeline

This is deliverable immediately but does not support the agreement so far in the Board for car parking to contribute to localism objectives. The review scope would have to be adjusted and the review would be more limited.

Option 2 – Limited Local Budget Control

Car Parking revenue and expenditure for each area could be reported through local committees and, as now, separated from the Community Services disaggregated budget.

The table at Appendix 2 shows the assumptions for each area for 2018/19

Decisions on tariffs to be applied and lists of car parks for inclusion would be made by local committees and in the context of the income targets set annually by the Council as part of its overall budget setting process. The income target relates to the amount of income generated that is pooled regionally.

Those areas generating a surplus would be given a proportional share of the net surplus, i.e. any surplus generated above the income target set by the Council. Where income targets are not met, the deficit creates a budget pressure. The budget pressure can be off-set by using the surplus in one area meeting the deficit in another.

Pros

- Permits balancing of surpluses and deficits across the car park estate.
- It provides for some local decision making.
- Greater transparency in how surplus car parking income is used.
- Enables local variation of tariffs.

Cons

- Limited correlation between income raised locally and monies spent locally.
- Additional layer of complexity of reporting and management.
- Less familiar to Members.
- An element of monies raised locally is used to fund deficits elsewhere
- Limits local motivation to maximise revenue.
- Limits the local committees' ability to base community engagement on local benefits accruing from parking charges due to the weaker linkage between revenue generated and funds available locally.
- Requirement to manage inconsistency in application of tariffs across Highland.

Timeline

This is deliverable for 2019/20.

Option 3 – Extended Local Budget Control

Car Park revenue and expenditure is fully included in the Community Services disaggregated budget.

Decisions on tariffs to be applied and lists of car parks for inclusion would be made by local committees.

A revenue target would be set by Council for each area to account for existing corporate saving targets.

Surplus revenues would be retained by local committees for expenditure against relevant local priorities.

Any deficits would need to be met from reductions in other disaggregated budget lines, subject to statutory requirements.

Both surpluses and deficits would be applied to the following year's budget.

It is likely that future increased corporate savings targets might be applied against the car park estate within the local area and may include any new car parks.

The table at Appendix 3 gives an indication of what a disaggregated budget report might look like

Pros

- Extended local budgetary control.
- Improved opportunities for local benefit.
- Improved scope for meaningful engagement.
- Local accountability for deficits.
- Opportunities to sell the benefits of car park tariffs.
- Provides for stable corporate budget planning.
- Builds on current practice, emphasising the disaggregated budget.
- Allows for local budget planning.
- Scope for future development of this model to full local responsibility for the budget, income and savings, including a review of the apportionment of the Community Services disaggregated budget. It is unlikely this could be developed in time for 2019/20.

Cons

- No scope for future deficit transfers across areas.
- Locks in existing deficit transfers.

- Lacks transparency in current apportionment of budgets across areas (historically based budgets) which could hamper meaningful community engagement.
- Reduction in flexibility to improve assets/facilities as surplus revenue raised in one area will not be available for expenditure elsewhere.
- Risk of surplus car park revenue being required to meet one-off deficit on other disaggregated budget lines.
- Additional layer of complexity of reporting and management

Timeline

This requires additional work involving the Community Services Management team and Corporate Resources together with assessing workforce planning implications in delivering advice to local committees.

With appropriate support, this could be delivered in 2019/20.

Summary

Board Members are asked to:

- Deliberate on the options;
- Confirm if there are other pros and cons to include for the options;
- Provide a steer to the review team on which option they seek to have work progressed.

COMMUNITY SERVICES

Revenue Expenditure Monitoring Statement

1 April 2017 to 31 March 2018

Financial Detail

BY ACTIVITY**Roads and Transport**

Winter Maintenance
 Roads Maintenance
 Engineering Services
 Flood Alleviation
 Lighting Services
 Integrated Transport Services
 Subsidies and Concessionary Fares
 School Transport

Car Parks**Environmental and Amenity Services**

Refuse Collection
 Waste Disposal
 Recycling
 Street Cleaning
 Public Conveniences
 Burials and Cremations
 Grounds Maintenance
 Amenity Services
 Environmental Health

Trading Operations

Harbours and Ferries

Administration

Management Overheads
 Stores and Depots
 Vehicle Maintenance Trading Account

£000 Actual YTD	£000 Annual Budget	£000 Year End Estimate	£000 Year End Variance
6,269	4,582	6,269	1,687
5,332	5,898	5,332	(566)
1,830	1,632	1,830	198
24	57	24	(33)
3,375	3,366	3,375	9
651	697	651	(46)
7,352	7,356	7,352	(4)
8,610	8,610	8,610	0
(870)	(829)	(870)	(41)
32,573	31,369	32,573	1,204
779	702	779	77
12,850	12,743	12,850	107
9,583	9,304	9,583	279
1,868	1,915	1,868	(47)
1,300	805	1,300	495
(1,139)	(979)	(1,139)	(160)
1,573	1,685	1,573	(112)
828	867	828	(39)
1,919	2,153	1,919	(234)
29,561	29,195	29,561	366
(3,474)	(2,824)	(3,474)	(650)
(3,474)	(2,824)	(3,474)	(650)
854	718	854	136
1,907	1,847	1,907	60
(68)	(367)	(68)	299
2,693	2,198	2,693	495
61,353	59,938	61,353	1,415

SERVICE TOTAL**BY SUBJECTIVE**

Staff Costs
 Other Costs
 Gross Expenditure
 Grants
 Other Income
 Total Income

60,988	61,201	60,988	(213)
87,317	85,408	87,317	1,909
148,305	146,609	148,305	1,696
(1,107)	(156)	(1,107)	(951)
(85,845)	(86,515)	(85,845)	670
(86,952)	(86,671)	(86,952)	(281)
61,353	59,938	61,353	1,415

Appendix 2

Community Services Parking Budget 2018/19

	Core Parking Service	Badenoch & Strathspey	Caithness	Inverness	Lochaber	Nairn	Ross & Cromarty	Skye	Sutherland	TOTAL
Parking Revenue	690,000	40,000	0	2,189,200	829,500	0	0	100,100	0	3,848,800
Additional Revenue*					128,000	64,000	172,000	30,000	25,000	419,000
Less: Expenditure	-900,700	-1,100	-13,500	-474,800	-95,500	-13,800	-44,500	-18,500	-13,300	-1,575,700
Net Parking Revenue	-210,700	38,900	-13,500	1,714,400	862,000	50,200	127,500	111,600	11,700	2,692,100

*Agreed at Budget on full year basis

Appendix 3

COMMUNITY SERVICES - SUMMARY

DISAGGREGATED AREA BUDGETS 2018/19

REAL CASH BUDGETS ONLY

	Badenoch & Strathspey	Caithness	Inverness	Lochaber	Nairn	Ross & Cromarty	Skye	Sutherland	Total
FUNCTION/ACTIVITY									
No of Employees (including seasonals)	30	60	126.69	50	23	108	42	84.41	524.1
	£	£	£	£	£	£	£	£	£
Labour	716,600	1,500,865	3,021,110	1,269,600	557,000	2,641,150	1,028,200	1,986,450	12,720,975
Plant	293,500	877,100	1,096,880	554,400	243,200	1,347,900	697,900	949,965	6,060,845
Winter maintenance	184,400	153,600	284,600	57,000	41,900	302,400	296,000	335,500	1,655,400
Roads maintenance	77,100	68,500	89,800	72,600	62,900	191,600	62,100	180,100	804,700
Public conveniences	33,100	47,400	72,200	75,500	21,400	212,961	71,400	56,500	590,461
Burials	13,300	16,800	40,000	11,300	16,800	37,100	17,500	8,700	161,500
Grounds maintenance	19,600	17,000	83,700	40,000	14,000	33,800	20,000	6,000	234,100
Play areas maintenance	3,000	6,500	8,300	7,000	2,000	24,300	2,000	3,800	56,900
Street cleansing	-	3,000	20,000	22,000	-	12,200	200	11,000	68,400
Roads capital works	486,263	785,013	1,132,321	858,888	297,107	1,522,992	807,202	1,040,215	6,930,001
SURPLUS PARKING REVENUE	?	?	?	?	?	?	?	?	?
TOTAL	1,826,863	3,475,778	5,848,911	2,968,288	1,256,307	6,326,403	3,002,502	4,578,230	29,283,282