

AGENDA MANAGEMENT SHEET

Name of Committee **Cabinet**

Date of Committee **8 September 2005**

Report Title **Funding for the Setting Up of
Decriminalisation of Parking Enforcement.**

Summary This report requests approval for self-financing borrowing from the Warwickshire County Council ‘Virtual Bank’ to expend the necessary funding for the implementation of the Decriminalisation of Parking Enforcement in Nuneaton and Bedworth Borough and the initial costs in 2005/2006 for Rugby Borough and Warwick District.

For further information please contact Graham Greenwood
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Would the recommended decision be contrary to the Budget and Policy Framework? Yes/No

Background Papers Financial Models produced by Norman Downie of the Consultants RTA Associates

CONSULTATION ALREADY UNDERTAKEN:- *Details to be specified*

Other Committees Cabinet – 27th September 2001, 29 November 2001, 28th August 2003, 13th May 2004, 14th October 2004.
Stratford on Avon Area Committee – 27th July 2005

Local Member(s)
(With brief comments, if appropriate)

Other Elected Members Councillor K Browne)
Councillor Mrs E Goode) for information
Councillor Mrs J Lea)



Cabinet Member
(Reports to The Cabinet, to be cleared with appropriate Cabinet Member)

Councillor M Heatley

Chief Executive

.....

Legal

S Duxbury – agreed
Ian Marriott – comments incorporated

Finance

C Holden – comments incorporated

Other Chief Officers

.....

District Councils

.....

Health Authority

.....

Police

.....

Other Bodies/Individuals

.....

FINAL DECISION

YES/NO (If 'No' complete Suggested Next Steps)

SUGGESTED NEXT STEPS :

Details to be specified

Further consideration by this Committee

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To Council

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To Cabinet

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To an O & S Committee

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To an Area Committee

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Further Consultation

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Cabinet – 8 September 2005

Funding for the Setting Up of Decriminalisation of Parking Enforcement

Report of the Director of Planning, Transport and Economic Strategy

Recommendations

1. (Subject to any advice from COMT) that Cabinet approves an allocation from the 'Virtual Bank' reserves to the Department of Planning, Transport and Economic Strategy of £1.04m in 2005/2006 to fund Decriminalisation of Parking Enforcement in the Borough of Nuneaton and Bedworth and the initial costs in this financial year for Rugby Borough and Warwick District.

2. That Cabinet agrees that the Virtual Bank loan be repaid in five equal instalments starting in 2006/2007.

1. Background

- 1.1. In the Road Traffic Act of 1991 the Government introduced legislation to enable a Highway Authority to seek approval from the Secretary of State to establish Special Parking Areas (SPAs) in which the Authority has the responsibility for enforcing on-street parking regulations. In a SPA, non-compliance with the regulations is 'decriminalised', that is, it is treated as a civil, rather than a criminal, offence. The Authority or its agent issues penalty charge notices for non-compliance with the regulations and collects the money from the fines.

- 1.2. At its meeting in September 2001 Cabinet approved an application to the Department for Transport for a Special Parking Area, covering the Stratford on Avon District. Parking in Stratford on Avon District was decriminalised from the 4th of October 2004. A comprehensive review of the arrangements has been carried out and the results were considered by Stratford on Avon Area Committee at its meeting on 27th July. The Chair of Stratford Area Committee and the Chief Executive will be reporting on the recommendations from the Area Committee at a future Cabinet. The outcome of this report may have implications on the surpluses generated by this scheme.

- 1.3. At its meeting in August 2003 Cabinet approved the proposal that an application be made to the Department for Transport for a Special Parking Area, covering the Nuneaton and Bedworth Borough area. Cabinet also approved the concluding of an agency agreement with the Borough Council. Further similar decisions covering the areas of Rugby Borough and Warwick District were taken on 13th May and the 14th October 2004 respectively.

2. DPE Funding Requirements

- 2.1. Work is moving ahead to introduce DPE into the other areas approved. The present programme is for implementation in Nuneaton and Bedworth Borough in April 2006, followed by Warwick District and Rugby Borough in 2006/2007 and North Warwickshire Borough in 2007/2008.
- 2.2. The cost of implementation in this financial year is anticipated to be up to £1.04m and up to £1.63m in 2006/07 as shown in the expenditure profile below.

Cost incurred in 2005/2007	2005/2006	2006/2007
	£'000	£'000
Nuneaton and Bedworth	715	
Rugby	140	705
Warwick	185	925
Total	1,040	1,630

- 2.3. Most of the spending is to be treated as revenue with the possible exception of the cost of providing and installing pay and display machines which is estimated to be £800,000. The County Treasurer will be approaching our external auditors for advice as to whether the machines can be treated as capital expenditure.
- 2.4. The purpose of this report is to seek approval for 'Virtual Bank' borrowing for the necessary expenditure in 2005/2006. (See **Appendix A**). At this stage, it is being assumed that the pay and display machines will have to be treated as revenue expenditure and therefore funded by the Virtual Bank rather than prudential borrowing. A future application will be made for the borrowing requirements in 2006/2007. It is proposed that the loan be repaid in five equal instalments starting in 2006/2007. Under current procedures it is necessary to consult with the Chief Officers Management Team (COMT) on this matter. COMT is to consider this report at its meeting on 5th September and the outcome will be reported verbally to Cabinet. The County Treasurer has confirmed that reserves are available to fund the proposed borrowing as shown in the table below.

AVAILABILITY OF RESERVES TO FUND THE PROPOSED BORROWING

	£'000
Reserves at the end of Quarter 1	30,308
25% of Reserves	7,577
Virtual Bank Loans at the end of Quarter 1	4,273
Available to lend now	3,304
Decriminalisation of Parking	1,040

- 2.5. It is proposed that the repayments are to be self financed from DPE surpluses generated, initially from Stratford and later from Stratford and Nuneaton and Bedworth combined. The business cases prepared by consultants for DPE show that sufficient surpluses will be available to repay borrowing provided that the current charging regime in Stratford on Avon District is not changed such that overall income is reduced (see table in **Appendix B**).
- 2.6. If the charging regime in Stratford is changed so as to reduce overall income, or the advice of our external auditors allows the pay and display machines to be treated as capital capable of being funded through prudential borrowing, further consideration will need to be given to sources and terms of funding. However, it is essential in order to meet implementation timetables that funding approval be obtained now notwithstanding these potential contingencies.

JOHN DEEGAN
Director of Planning, Transport and Economic Strategy
Shire Hall
Warwick

30th August 2005

Cabinet – 8th September 2005

**Funding for the Setting Up of Decriminalisation
of Parking Enforcement**

VIRTUAL BANK LOAN APPLICATION

Department : Planning Transport and Economic Strategy

Scheme : Decriminalisation of Parking Enforcement in Nuneaton & Bedworth Borough, Rugby Borough and Warwick District

Value of Loan application : £1.04 million

Period of Loan application : Expenditure of £1.04 million in 2005/2006 with repayments commencing in 2006/2007 over 5 years.

Nature of expenditure : Staff costs of project management ; Purchase of Pay and Display equipment and associated works; Computer hardware and software; New signs and lines , surveys, consultancy and Public Relations costs.

Application criteria : (a) this is a self financing scheme from parking charges and parking fines.

Justification of the loan application:-

We need to set up the Special Parking Areas for Nuneaton and Bedworth Borough, Rugby Borough and Warwick District to enable the setting up of Decriminalisation of Parking Enforcement. Surpluses will be generated from the on-street parking charges and from parking fines less the cost of the enforcement.

Source of Loan repayment:-

Surpluses will be generated from the on-street parking charges and from parking fines less the cost of the enforcement.

Signature of Chief Officer **Date**

Appendix B of Agenda No 6

Cabinet – 8th September 2005

Funding for the Setting up of Decriminalisation of Parking Enforcement

FUNDING OF THE DEBT CHARGE REPAYMENTS NUNEATON ONLY (PLUS PROJECT MANAGEMENT IN THE OTHER AREAS)

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
	£'000	£'000	£'000	£'000	£'000	£'000
Debt Charges						
Interest	25	49	40	30	20	10
Principal	0	208	208	208	208	208
Total	25	257	248	238	228	218
Bishopton Park and Ride debt charges	68	114	114	114	114	114
Total Debt charges	93	371	362	352	342	332
Please note that the Park and Ride financing is over 25 years						
Decriminalisation surplus available to fund the above charges						
Stratford	220	220	220	220	220	220
Nuneaton		45	230	231	225	218
Total income	220	265	450	451	445	438
Net (Surplus) / Shortfall	(127)	106	(88)	(99)	(103)	(106)
Cumulative (Surplus)/shortfall	(127)	(21)	(109)	(208)	(311)	(417)