

**BRISTOL CITY COUNCIL**

**Place Scrutiny Commission**

**February 2016**

**Report of:** Peter Mann - Service Director, Transport

**Title:** Residents' Parking Schemes Finance update

**Ward:** Citywide

**Officer Presenting Report:** Peter Mann

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**RECOMMENDATION**

Place Scrutiny reviewed the financial position of the Inner Ring Residents' Parking Schemes in February 2015 and requested follow up information after either 6 or 12 months.

The purpose of this report is to provide a 12 month update as requested. This report is for noting.

**Updated - Financial Forecast**

An updated financial analysis of the residents' parking schemes on a scheme by scheme basis is shown in Appendix A. The income and expenditure for each scheme area is assessed on an individual basis.

The analysis provides

- The start date of each scheme.
- Capital cost to date for each scheme.
- Breakdown of income from each scheme divided between:
  - Permit income, and
  - Fee and charges income
- Annual Parking Section direct costs attributed to each scheme.
- Annual cost of on-going scheme reviews and revision plus annual maintenance costs.

- Annual finance charge for each scheme based on individual scheme revenue projections.

Individual schemes are analysed over a full year of operation so that each can be compared on a like for like basis.

### **Capital Costs**

Capital costs are based on actual and committed spend from the Council's Finance Systems (ABW) plus estimates from the Highways team for items such as ongoing staff time and snagging works. These costs include the physical cost of implementing each scheme, consultation costs, TRO processing costs and the detailed design work undertaken for each scheme.

The current total forecast of £5.1m is consistent with the forecasted figures from February 2015 and remains well within the anticipated overall total spend which was originally set at £6.6m.

Following feedback, it has become apparent that there are some areas where a new RPS joins the original Controlled Parking Zone (CPZ) that require review and adjustment. This is particularly true in Easton & St Philips, St Pauls and Cliftonwood & Hotwells and these areas are to be reviewed during 2016-17. The remaining capital budget is expected to be used to fund this additional work along with funding the initial scheme reviews.

### **Income and Direct Expenditure**

The financial information for income and day to day expenditure has been provided by Parking Services. Figures for live schemes are based on actual figures to the end of December 2015, projected where necessary to provide full year figures. Figures for Spike Island (which at the time of writing has been live for less than one month) are estimated based on very early indications of performance.

The projection of fees and charges income is based on the average monthly year to date income.

Permit income is based on a mixture of actual and estimated monthly permit sales for each scheme multiplied by the year to date average. This is used for forecasting purposes to simulate the variety of residential, business and customer permits sold at different prices.

There is an emerging trend which shows that the number of permits issued when a scheme renews is approximately 20% less than when a scheme was initially launched. Future forecasts have taken this into account. The

reasons for this reduction are likely to be twofold. Firstly, some residents may have decided that they do not need a permit (most likely in areas where the hours of operation are 09:00 – 17:00, Monday to Friday) and secondly because households where residents have changed during the year will have bought new permits at that time and the renewal date will have moved to a different time - this is particularly true in areas with high student populations.

Direct costs include items such as, back office permit staff, maintenance of pay and display equipment, associated software licences and cash collection. Parking services costs were analysed to provide a whole year cost forecast. This required small adjustments to calculations as some costs were incurred once, others annually and others every quarter. These were allocated to individual scheme areas based on the level of income. Some costs were only allocated in respect of permits, some only for fees and charges and some for both.

The figures for income and direct expenditure are shown in the appropriately marked columns of Appendix A.

### **Annual Review Costs**

The Highways team has also provided an estimate for annual reviews including such items as replacement of signs and lines, with an estimated average cost of £50k per scheme per year. These costs will tend to vary year on year depending upon the needs of each scheme area.

The overall figure of £600k for the 12 schemes was previously reduced to £550k to reflect the smaller size of Bower Ashton and Spike Island RPS. However, now that the size and scale of all the schemes is known, it has been agreed to reinstate the original figure of £600k. Although Bower Ashton and Spike Island are small schemes they are both offset by Clifton Village and Clifton East which are very large schemes.

The total cost of the annual review and repairs and maintenance is allocated to individual schemes on the basis of scheme income. (Permit income and fees and charges combined). This was on the basis that costs of review and especially maintenance and repair will be greater in scheme areas with the most activity.

These figures are shown in the Cost of Annual Review column of Appendix A.

### **Finance Costs & Repayment Plan**

The total budget for the programme of Inner Ring schemes was £7m, of which £1m was funded from the Transport Capital Programme (Local

Transport Plan allocation) and the remaining £6m from borrowing.

A provisional sum of £1.9m has been forecast for the repayment of capital expenditure in 2015-16, with the remaining £4.1m capital repayment being spread over a further 3 years at a cost of c£1.4m per annum. The 1.4m annual repayment has been apportioned to individual RPS areas on a total income generated basis. For example if Cotham North generates 9% of the total income for the programme so the scheme has been allocated 9% of the total finance costs of the programme.

The cost of this borrowing is approximately £133k over 3 years based on rates of interest provided by BCC Capital Finance, with the period of the loan repayment being assessed on the shortest payback period.

The full £6m capital borrowing will therefore be repaid over a total of 4 years. It has been possible to reduce the payback period from 6 years to 4 because income from Clifton Village, Clifton East, Montpelier and Bedminster East has surpassed original expectations. There have also been a number of changes to the schemes since the original forecasts were set, such as the introduction of customer permits, changes with business permit eligibility and changing operating days and hours in certain schemes. Clifton Village in particular has been affected by these changes.

The Cabinet report originally stated that in order to provide a robust finance model, the cost and income from RPS needs to be considered across the whole programme. This is because some areas will, by their nature, cost more than others to implement and similarly some will generate more income than others to assist with the payback of the capital borrowing.

As with all qualifying parking income under Section 55 of the Road Traffic Regulation Act 1984 as amended by the Traffic Management Act 2004, this must first be used to offset costs against the parking account. In the case of RPS this means the cost of implementation, payback of borrowing including interest charged, enforcement, review and maintenance of lines, signs and machines.

### **Overall Annual Outturn**

The forecast shows that each individual scheme is forecast to generate a small surplus per annum, with the overall programme generating a total surplus of c£125k per annum once all the schemes are fully operational and while the capital repayments are being made.

At the end of each year these financial surpluses will be used for additional repayments to reduce the capital borrowing. The Council's finance team will also allocate the £774k surplus generated from financial year 2014-15 to

reduce the debt. These measures will act as a contingency to cover any unexpected income shortfalls or if costs increase over the repayment period. These reductions are unlikely to be enough to reduce the payback period by a full financial year, but it will mean that the final year four annual repayment will be at a reduced amount which will clear the balance of the debt.

The annual outturn figures are shown in the Overall Annual Outturn column of Appendix A.

## **Sensitivity**

In terms of sensitivity, a 20% decrease in F&C income would mean that the 12 schemes would require a 5 year payback period rather than 4 years.

The income figures do not include any allowance for increases to fees and charges or permits to allow for inflation.

## **Appendices**

*Appendix A – Residents Parking Schemes Full Year Forecast.*

## Appendix A

Residents Parking Zone Area	Scheme Start Date	Cap Exp by area	Income source	Income by source	Total income by area	Parking section direct costs	Gross surplus by area	Cost of annual review	Net income by area	Finance costs	Overall annual outturn
<b>Easton &amp; St Phillips</b>	28/04/2014	621,836	Permits Fees and charges	(44,095) (91,748)	(135,843)	35,628	(100,215)	28,190	(72,026)	66,175	(5,850)
<b>St Pauls</b>	20/10/2014	334,166	Permits Fees and charges	(49,166) (61,725)	(110,891)	29,084	(81,807)	23,012	(58,796)	54,020	(4,776)
<b>Bower Ashton</b>	29/09/2014	19,780	Permits Fees and charges	(1,936) (6,034)	(7,969)	2,090	(5,879)	1,654	(4,225)	3,882	(343)
<b>Spike</b>	04/01/2016	139,741	Permits Fees and charges	(6,898) (24,000)	(30,898)	8,104	(22,794)	6,412	(16,382)	15,052	(1,331)
<b>Cotham North</b>	21/07/2014	435,737	Permits Fees and charges	(154,244) (101,621)	(255,865)	67,106	(188,759)	53,096	(135,663)	124,643	(11,020)
<b>Redland</b>	21/07/2014	227,060	Permits Fees and charges	(41,772) (27,875)	(69,646)	18,266	(51,380)	14,453	(36,927)	33,928	(3,000)
<b>Clifton East</b>	01/06/2015	953,654	Permits Fees and charges	(208,837) (375,041)	(583,878)	153,135	(430,743)	121,164	(309,579)	284,433	(25,146)
<b>Cliftonwood &amp; Hotwells</b>	27/05/2014	296,953	Permits Fees and charges	(106,068) (78,161)	(184,229)	48,318	(135,911)	38,230	(97,680)	89,746	(7,934)
<b>Clifton Village</b>	16/03/2015	1,050,731	Permits Fees and charges	(280,731) (768,458)	(1,049,189)	275,174	(774,015)	217,723	(556,292)	511,106	(45,186)
<b>Bedminster East</b>	12/10/2015	249,692	Permits Fees and charges	(23,829) (75,344)	(99,173)	26,010	(73,163)	20,580	(52,583)	48,312	(4,271)
<b>Southville</b>	23/11/2015	355,811	Permits Fees and charges	(158,019) (93,549)	(251,568)	65,979	(185,588)	52,204	(133,384)	122,550	(10,834)
<b>Montpelier</b>	06/07/2015	426,681	Permits Fees and charges	(57,744) (54,458)	(112,202)	29,428	(82,775)	23,284	(59,491)	54,659	(4,832)
<b>Totals</b>		5,111,842		(2,891,351) (2,891,351)	(2,891,351)	758,323	(2,133,029)	600,000	(1,533,029)	1,408,504	(124,524)