

North Yorkshire County Council

Business and Environmental Services

Transport, Economy and Environmental Overview and Scrutiny Committee

25 October 2018

Civil Parking Enforcement Annual Finance Report

Report of the Corporate Director – Business and Environmental Services

1.0 Purpose of Report

- 1.1 This report sets out the CPE budget position for 2016/17 and 2017/18 considering income, operational expenditure and how surplus revenue has been used to fund annual commitments.
- 1.2 It also evaluates the use of the general working balance (CPE reserve) and how this compares to the forecast in the Allocation of Civil Parking Enforcement Surplus report of May 2016.

2.0 Existing Commitments

- 2.1 In May 2016 a decision on the allocation of CPE surplus was taken by the Corporate Director, Business and Environmental Services (BES) in consultation with the BES Executive Members.
- 2.2 This decision approved the annual funding or contribution from the CPE budget to highways and transport services and operations as well as specific investments in highway improvement projects in the financial years 2016/17 to 2018/19 inclusive.
- 2.3 The agreed commitments and expenditure as included the May '16 report are shown in Table 1 below; (increasing values apply a 2% annual inflationary rate).

Table 1. Annual Commitments from CPE Budget ; 2016/17, 17/18 & 18/19

Service / Operational Commitments	2016/17	2017/18	2018/19
Concessionary travel fares	£1,104k	£1,126k	£1,149k
Highways maintenance	£550k	£550k	£550k
Scarborough park & ride	£265k	£271k	£276k
Whitby park & ride	£240k	£244k	£249k
Pay & display machine maintenance	£13k	£14k	£14k
CCTV	£171k	£171k	£171k
Traffic management senior engineer post	£61k	£62k	£63k
Signing & lining maintenance	£51k	£52k	£53k
District council CPE underwriting	£30k	£30k	£30k
Total	£2.485k	£2,520k	£2,555k

Project Commitments			
Harrogate rail line improvements	£330k	£330k	£2,080k
Major scheme development	£500k	£500k	£500k
Air quality management	£100k	£100k	£100k
Sustainable transport initiatives	£100k	£100k	£100k
Total	£1,030k	£1,030k	£2,780k
Combined Total	£3,515k	£3,550k	£5,335k

2.4 In addition to the commitments shown in Table 1, there have been other 'one off' in-year payments for works such as the upgrade of Pay & Display machines. However, these expenditures have typically been financed as operational costs by Harrogate Borough Council (HBC) and Scarborough Borough Council (SBC) and have not been included as an annual commitment / contribution unless shown.

3.0 CPE Budget Summary 2016/17

3.1 In the financial year 2016/17 CPE income and operational expenditure and remaining (net) surplus payable to NYCC was:

Table 2. CPE Income, Expenditure and Net Surplus payable 2016/17			
	CPE Income	CPE Expenditure	CPE Net Surplus
HBC (& districts*)	£2,725,719	£905,789	£1,819,930
SBC (& districts*)	£2,356,027	£1,081,733	£1,274,294
TOTAL	£5,081,746	£1,987,522	3,094,224

*HBC includes income from the districts of Selby and Craven

*SBC includes income from the districts of Ryedale, Hambleton and Richmondshire

3.2 Expenditure of the CPE NET Surplus on annual commitments was:

Table 3. CPE Budget Annual Commitments - Actual Expenditure 2016/17			
Surplus	£3,094k		
Service / Operational Commitments	Budget	Actual	+/-
Concessionary travel fares	£1,104k	£1,082k	-£22k
Highways maintenance	£950k	£950k	-
Scarborough park & ride	£265k	£283k	+£18k
Whitby park & ride	£240k	£182	-£57k
Pay & display machine maintenance	£13k	£3k	-£10.5k
CCTV	£171k	£171k	-
Traffic management senior engineer post	£61k	£0	-£61k
Signing & lining maintenance	£51k	£92k	+£41k
District council CPE underwriting	£30k	£14k	-£16k
Miscellaneous costs	£0	£44k	+£43.5k
Sustainable travel transition fund	£35k	£0	-£35k
Total	£2,920k	£2,821k	-£99k
Project Commitments	Budget	Actual	+/-
Harrogate rail line improvements	£330k	£384k	+£54,000
Major scheme development	£500k	£373k	-£127,143
Air quality management	£100k	-	-£100k
Sustainable transport initiatives	£100k	-	-100k
Total	£1,030k	£757k	-£18k
Combined Total	£3,950k	£3,578k	-£373k

3.3 Though expenditure on all annual commitments was lower than the forecast total, it was still in excess of the surplus income by £484k which was funded through the use of the CPE reserves. However, due to the finance adjustment for that year, it was necessary to draw an additional £504k, totalling the use of £988k of reserve funds to balance the account.

4.0 CPE Budget Summary 2017/18

In the financial year 2017/18 CPE income and expenditure was;

Table 4. CPE Income, Expenditure and Surplus payable 2017/18			
	CPE Income	CPE Expenditure	CPE Net Surplus
HBC (& districts*)	£2,998,288	£903,712	£2,094,576
SBC (& districts*)	£2,242,867	£1,161,855	£1,081,012
TOTAL	£5,241,155	£2,065,567	£3,175,588

*HBC includes districts of Selby and Craven

*SBC includes districts of Ryedale, Hambleton and Richmondshire

4.1 Expenditure of the CPE NET Surplus on annual commitments was:

Table 5. CPE Budget Annual Commitments - Actual Expenditure 2017/18			
Surplus	£3,175k		
Service / Operational Commitment	Budget	Actual	+/-
Concessionary travel fares	£1,126k	£1,126k	-
Highways maintenance	£950k	£950k	-
Scarborough park & ride	£271k	£313k	+£42k
Whitby park & ride	£244k	£163k	-£81k
Pay & display machine maintenance	£14k	£0	-£14
CCTV	£171k	£171k	-
Traffic management senior engineer post	£62k	£64k	+£1.5k
Signing & lining maintenance	£52k	£52k	-
District council CPE underwriting	£30k	£12k	-£18.5k
Miscellaneous costs	£0	£47k	+£47k
Total	£2,920k	£2,898k	-£23k
Project Commitment	Budget	Actual	+/-
Harrogate rail line improvements	£330k	£110k	-£220k
Major scheme development	£500k	£719k	+£219k
Air quality management	£100k	-	-
Sustainable transport initiatives	£100k	-	-
Total	£1,030k	£829k	+£399k
Combined Total	£3,950k	£3,727k	+£376

4.2 Like in the previous year expenditure on all annual commitments was lower than the forecast but still in excess of the surplus income by £552k. The finance adjustment to offset timing differences in the receipt of the surplus and close down of the financial

year was £224k. A drawdown of £328k of CPE Reserve was used to balance the account

5.0 CPE Reserve Balance

5.1 The May '16 report forecast the reserve balance at the end of each financial year after all commitments paid, as shown in table 6 below.

Table 6. CPE Reserve – General Working Balance 2016/17, 17/18, 18/19

Year End (31/03)	Forecast	Actual	+/-
2017	£5,183k	£3,856k	-£1,327k
2018	£5,667k	£3,516k	-£2,151k
2019	£2,735k	£3,216k*	+£481k

*After forecasted requirement of £300k and deferral of payment to Harrogate Rail Improvement project.

5.2 The difference in the forecast use of the reserve is substantially due to it not including expenditure on project commitments other than for the Harrogate Rail Line Improvements, which is included as a single payment of £3.4m in 2018/19. Due to changes to the project delivery timescale, this payment (minus funding already provided circa £500k) has been deferred until 2019/20.

5.4 For those commitments which have received funding in excess of the annual amount committed, they will receive only the remaining difference of the 3 year total in 2018/19.

5.5 For projects which have not required to draw from the committed funding during this period, but still require investment in forthcoming years, that funding will be held within the reserve account.

5.3 The existing net surplus income return of circa £3m per annum is sufficient to maintain the annual funding service/operational commitments, which is generally in the region of £2.5m without the need for further use of the reserve.

6.0 Future Investment

6.1 The primary purpose of the report is to present the financial position of the overall CPE budget and the reserve balance. The next major step is to determine how the surplus and remaining reserve fund is used in the next 3 year period 2019/20, 20/21 and 21/22.

6.2 Should the same annual commitments and project funding remain and all are realised to their full value, spending will exceed income and the remaining reserve balance during the next investment period. Therefore, a review on the level of investment and to what services and projects must be agreed.

6.3 In accordance with the CPE Agreement, Harrogate and Scarborough Borough Councils will be consulted on the expenditure of the surplus in the following 3 year period, details of which will be included in the report to the Corporate Director BES and Executive Members.

7.0 Recommendation

7.1 Members note that:

- i) the use of the CPE Surplus and reserve budget will continue as per the approved expenditure set out in the May 2016 report to the Corporate Director, BES and the BES Executive Members
- ii) a report on the proposed uses for the CPE surplus and reserve for the next three year period (2019/20, 2020,21, 2021/22) will be considered by the Corporate Director, BES and the BES Executive Members prior to the end of the 2018/19 financial year.

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Background Documents: Allocation of Civil Parking Enforcement Surplus report, May 2016.