

Forward Plan reference number: FP/106/07/21

Report title: The future of on-street parking in Essex - Delegation of Civil Parking Enforcement	
Report to: Cabinet	
Report author: Councillor Lee Scott, Cabinet Member for Highways Maintenance and Sustainable Transport	
Date: 21 September 2021	For: Decision
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County Divisions affected: All Essex	

1. Purpose of Report

- 1.1 The Council is the authority responsible for the enforcement of decriminalised on street parking contraventions. Since 2011, these functions have been discharged jointly with district councils – who deal with off street contraventions - via two Joint Committees – one in the north of Essex and one in the south of Essex.
- 1.2 The current agreements come to an end in March 2022. This report asks the Cabinet to agree that these arrangements should be renewed.
- 1.3 The proposals fit with the authority's aspirations around climate change by continuing to have effective regulation of disruptive parking and encouragement of sustainable travel, thus helping to reduce carbon emissions in Essex.

2. Recommendations

- 2.1 Agree to enter into joint committee agreements under which the Council delegates civil parking enforcement to two area Joint Committees with the same areas as the current joint committees with effect from 1 April 2022 for a period of five years with an option to extend for a further twelve months on three consecutive occasions.
- 2.2 To agree that the Director, Highways and Transportation is authorised to agree the terms of the two new Joint Committee Agreements in consultation with the Monitoring Officer.

3. Summary of issue

Background

- 3.1 The County Council's emerging strategy includes within it a focus on providing a high-quality environment for all our residents and transport's role within this

as an enabler of sustainable travel across the county growing passenger transport and active travel options for residents so that there are practical alternatives to car journeys.

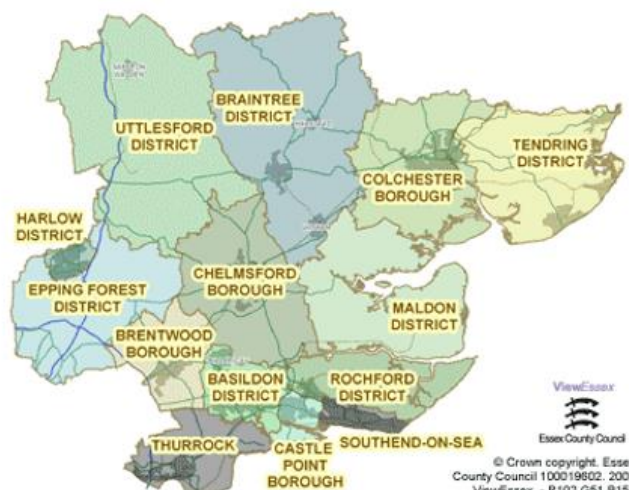
- 3.2 The management and enforcement of on street parking is fundamental to the network management duty of the Traffic Management Act 2004 to facilitate safe and efficient movement on the road network. The appropriate management of on street parking can support safer neighbourhoods, school zones and the viability of local shopping areas by encouraging a modal shift to keep roads free from obstructions. Although enforcement results in a requirement to pay for contravention, this is not a power to raise revenue – the aim must be to deter motorists from contravening restrictions. The money raised through contraventions has to be spent on the cost of enforcing the restrictions with any surplus being spent on parking or highways or transport schemes. The Council's functions with respect to the enforcement of on street parking contraventions along with power to introduce and vary on street parking contraventions are exercisable by two joint committee arrangements.
- 3.3 Essex Highways Network Management has a critical role to play in supporting the Council to achieve its net zero climate ambitions. Encouraging people to walk to school, work and for leisure and to use public transport or to cycle requires routes which are not obstructed by poor parking. Car use not only emits CO₂, but emits NO_x, which has a direct impact on individual's health. Car journeys in local neighbourhoods where engines are idling or stopping and starting, rather than journeys being free-flowing, increases emissions and affects air quality, therefore preventing obstructions on the route is an important part of improving the environment for everyone. Essex is a rural county and for many there is (at present) no practical alternative to the car, but where people can leave their car at home, they should be supported to make this switch to more active travel, which reduces congestion, improves poor air quality, enables public transport to flow smoothly and prevents delays to emergency vehicles attending incidents. The Parking Partnerships directly support this work with revenues raised from enforcement utilised to improve sustainable transport planning across the County which benefits all our residents.
- 3.4 The two 'parking partnerships' were launched on 1 April 2011; one called South Essex ("SEPP"), and one called North Essex ("NEPP"). Two lead authorities were appointed; Chelmsford in the south, and Colchester in the north. The Parking Partnerships are each governed by Joint Committees and a Joint Committee Agreement is in place for each partnership. As Lead Authority for each partnership, Chelmsford City Council and Colchester Borough Council are responsible for all employment and financial management of the Parking Partnerships.

NEPP

Epping Forest
Harlow
Uttlesford
Colchester
Braintree
Tendring

SEPP

Rochford
Chelmsford
Brentwood
Maldon
Basildon
Castle Point



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- 3.5 The existing Joint Committee Agreements which commenced in 2011 were for an initial seven-year term. In 2018, these were extended for a further four-year term, taking the total term for each of the agreements to eleven years, expiring on 31 March 2022.
- 3.6 When NEPP and SEPP were set up, the on street parking enforcement arrangements were operating with a total annual deficit of around £900,000 (this unfunded pressure had to be met by the Council) but one of the key aims of the development of NEPP and SEPP was to change the outturn position, with the partnerships moving from an operational deficit to a cost neutral position, and ultimately a surplus position.
- 3.7 In recent years, both NEPP and SEPP have each significantly improved their financial position, resulting in a surplus being created. The surplus must be spent on traffic improvements. To date the use of the surplus has been retained under the control of the relevant parking partnership and they have spent the money on the implementation of new Traffic Regulation Orders (TROs) and other parking related activity such as smart bay sensors and the 3PR initiative (the 'Three Parking Rules').
- 3.8 A review of the future of the current arrangements has been undertaken.

Benchmarking

- 3.9 Within the UK, civil parking enforcement is commissioned by local authorities in different ways. The service may be provided in-house, delivered by a contractor or, as in Essex, by a partnership model. The table below is the latest available CIPFA benchmarking information showing the financial performance of civil parking enforcement.

Table 1: Local Authority Benchmarking Analysis 2018/19

Local authority	Total Expenditure (2018/19) £,000	Total Income (2018/19) £,000	Net Current Expenditure	Surplus Generating	Surplus as a percentage of income
Gloucestershire	2,098	5,365	-3,267	Surplus Generating	-61%
Essex*	5,108	8,306	-3,198	Surplus Generating	-39%
Cambridgeshire	2,818	5,797	-2,979	Surplus Generating	-51%
Devon	5,499	8,419	-2,920	Surplus Generating	-35%
Warwickshire	1,880	4,084	-2,204	Surplus Generating	-54%
Lancashire	1,975	3,266	-1,291	Surplus Generating	-40%
East Sussex	3,388	4,505	-1,117	Surplus Generating	-25%
Oxfordshire	3,289	4,317	-1,028	Surplus Generating	-24%
West Sussex	3,287	4,303	-1,016	Surplus Generating	-24%
Northamptonshire	1,626	2,549	-923	Surplus Generating	-36%
Dorset	1,237	1,701	-464	Surplus Generating	-27%
Nottinghamshire	66	271	-205	Surplus Generating	-76%
Leicestershire	1,822	1,927	-105	Surplus Generating	-5%
Somerset	1,338	1,430	-92	Surplus Generating	-6%
Lincolnshire	1,180	1,254	-74	Surplus Generating	-6%
Cumbria	1,418	1,392	26	Deficit	2%
Staffordshire	1,094	1,011	83	Deficit	8%
Derbyshire	960	872	88	Deficit	10%
North Yorkshire	4,990	4,884	106	Deficit	2%
Surrey	5,158	5,041	117	Deficit	2%

*NB For comparative purposes Bus Lane Enforcement (which is not commissioned through the partnerships) has been included

**Data taken from 2018-19 – also due to the impact of Covid

- 3.10 The analysis demonstrates that Essex generates the second highest surplus of those authorities included in the data, although Essex is by far the largest authority included in the data. These figures include bus lane enforcement which is not undertaken by the parking partnerships and is not being considered for change.

Market research and intelligence

- 3.11 A market research provider ('Porge') was used to provide insight to the market for civil enforcement of on-street parking across local authorities. Table 2 lists third-party supplier spend for enforcement and parking activities (including bus lane enforcement) by local authority. For the year 2018-19 (pre-Covid), the key market players were; NSL Services Group (£90m), APCOA (£26m), OCS Legion (undisclosed) and Serco Group (£6m).

Table 2: Third-party supplier invoice spend by local authority 2018/19, Source: Porge Research

Local authority	3rd Party Supplier	3rd Party Supplier Spend 2018-19*
Nottinghamshire	NSL Services Group	£754,283
Essex	N/A	N/A
Gloucestershire	APCOA	£1,339,353
Cambridgeshire	OCS Legion	Unknown
Warwickshire	NSL Services Group	£1,424,561
Dorset	Unknown	Unknown
Oxfordshire	NSL Services Group	£2,809,639
East Sussex	NSL Services Group	£2,409,615
Devon	Unknown	Unknown
Lancashire	NSL Services Group	£1,527,344
West Sussex	NSL Services Group	£3,594
Northamptonshire	NSL Services Group	£1,604,493
Leicestershire	Unknown	Unknown
Somerset	NSL Services Group	£1,512,555

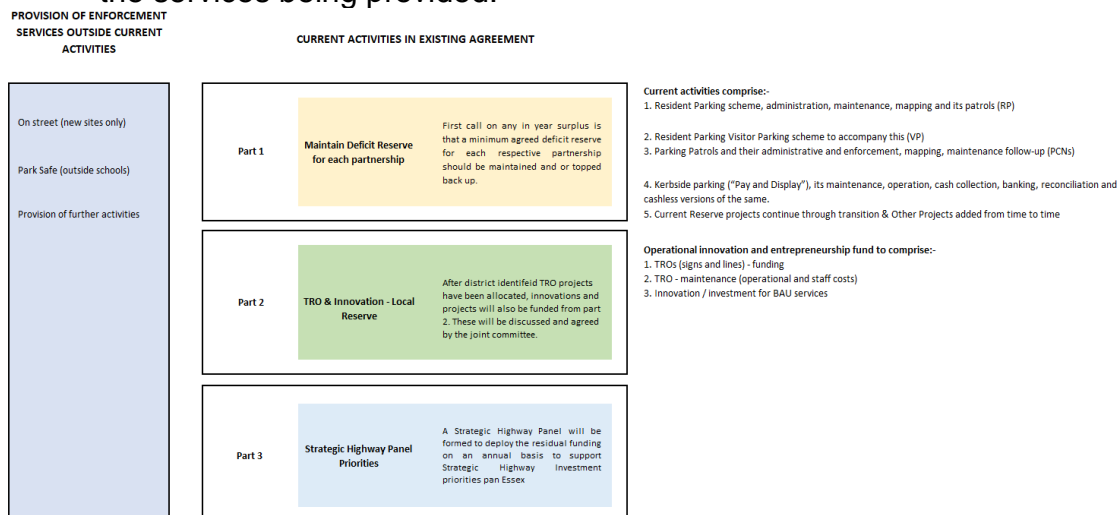
- 3.12 Officers also held informal discussions with several local authorities including Oxfordshire, Cambridgeshire, Gloucestershire, and Maidstone, under an

agency arrangement with Kent CC to understand how respective on-street parking arrangements are currently delivered and innovations being considered. These did not identify any further business opportunities which are not currently being explored within the existing partnership arrangements.

- 3.13 During the discussions we received feedback that NEPP is considered by other local authorities as being a national leader in enforcement with whom other local authorities consult for best practice advice and have been recognised in the industry for multiple awards (some jointly with SEPP), for example the British Parking Awards.
- 3.14 One local authority mentioned a new supplier entrant to the UK market whose focus is on innovation via data management and utilising fewer ‘feet on the ground’ than the more traditional approaches used by other established UK service providers. As this was a new entrant it is too early to understand the impact this has had on the effectiveness of services provided, however the Council are maintaining communication with the local authority using this supplier to observe how the service develops and will look to incorporate any best practice within the partnerships.
- 3.15 From discussions with other local authorities, it was noted that where enforcement activities are outsourced to a third-party supplier, this could lead to an increased cost base of circa 10-20%. This appears to be because third party suppliers have to set up or adapt systems and processes specifically for this purpose.
- 3.16 To ensure continuity and encourage the successful delivery of key projects within the term of the agreement, Cabinet are asked to agree to enter into a five-year agreement with each Parking Partnership with an option to extend each agreement for twelve months on three consecutive occasions.

Proposed operational model

- 3.17 A proposed operational model has been developed as illustrated in the diagram below. This introduces two financial models for different aspects of the services being provided.



3.18 For current services it is proposed that the surplus generated at the end of every financial year will be applied as follows:

- (a) The first use of the surplus will be to ensure that the partnership has a reserve of £300,000 to use against any deficit arising in future years (both partnerships already have this funded reserve in place).
- (b) The second use will be an agreed sum to be spent by the parking partnership on local schemes and innovations. The amount available for 2022/23 is as set out in the table below and any changes will be agreed on an annual basis between the joint committee and ECC.

Part 2 breakdown	NEPP	SEPP
a. TRO delivery (operational and funding costs plus essential maintenance of parking related signs and lines)	£339,000	£372,000
b. Innovation to manage on street parking	Nil	£56,000
TOTAL ANNUAL CAP	£339,000	£428,000

- (c) The remaining money will be paid to ECC to fund strategic highways projects which would not otherwise be funded. The strategic highways projects will be decided in consultation with a new panel to be chaired by the Cabinet Member.
- 3.19 It is important to point out that any surplus will only be spent in the following financial year, meaning that there is no risk of spending surplus which does not in fact arise.
- 3.20 It is proposed that in some cases new activities may be added to the partnerships. The funding for these will be operated differently with all of any surplus being passed to ECC. It is proposed that there will be a different model for NEPP and SEPP for this work as follows. For agreed projects which do not generate income and the only funding available is from PCNs, the Council will provide the investment costs and all PCN income will pass to ECC for both NEPP and SEPP. For projects which generate both revenue and PCN income, the position will be different between NEPP and SEPP. In NEPP both revenue and PCN income will pass to ECC, with NEPP taking an agreed management fee; in SEPP the revenue would pass to ECC and any PCN income will pass to SEPP in lieu of a management fee.

4. Options

- 4.1 A review of the options for civil parking enforcement was undertaken to determine whether to outsource the on-street parking enforcement and charging activity to a third-party provider, bring the enforcement in-house or enter into new Joint Committee agreements. Doing nothing is not a realistic option as no one else can enforce restrictions on parking (including yellow line contraventions). Good, clear, enforced parking management is likely to result

in reduced congestion in town centre areas and fewer access problems in residential areas.

Three options were considered:

Option 1 – Outsource to a third-party supplier (not recommended)

- 4.3 Outsourcing services to a third-party supplier could increase the costs by up to 20% (see 3.15), therefore reducing the surplus available to the Council. This could also be potentially complex and costly due to the need to transfer staff from both partnerships to the new provider. This would also lose the benefit of current savings such as shared premises and system costs with the parking partnerships. There would also be reduced local engagement and transparency.

Option 2 – Extend Parking Partnerships arrangements on slightly different terms (recommended)

- 4.4 The current parking partnership model effectively delivers the policy objectives through an integrated service that joins enforcement, signs and lines maintenance and TRO activity, and has both delivered and exceeded the objectives set at the outset of the agreements. This option also minimises the need for new investment costs as the arrangements are already established.
- 4.5 Negotiating a new agreement with the Parking Partnerships would retain the existing delegation of control for local parking policies and the management of the associated functions to the NEPP and SEPP joint committees.
- 4.6 The Council have identified the parking partnership is a proven working model which delivers the service in a cost neutral manner with any surplus deployed in line with legislation.
- 4.7 Further it would provide the opportunity for invest to save initiatives which meet other organisational aims such as helping to create great places to grow up, live and work through the appropriate management of on-street parking, for example, outside of schools.
- 4.8 A new agreement also enables shared income initiatives between the parties and builds on existing successful collaborative activity, facilitating a win-win-win between the Council, parking partnerships and the district authorities.
- 4.9 Experience working with the parking partnerships shows they are already bringing forward innovation.

Option 3 – Provide the service in-house (not recommended)

- 4.10 Providing the services in-house has the advantage of direct control of the service, and potentially being able to affect changes more easily.

4.11 Further, it could cost less than outsourcing and it would give ECC more direct control over the surplus.

4.12 However, the disadvantages of providing services in-house include;

- liability for any deficit would immediately land with ECC
- lack of synergies for collaborative working
- currently all enquiries and complaints regarding parking are managed by the partnerships – the Council would become responsible for responding to and resolving all these enquiries.

5. Links to Everyone's Essex

5.1 This report links to the emerging ECC organisational strategy 2021-2025 (Everyone's Essex).

The surplus that is generated could be put towards highways initiatives that supports our ambition around safer greener and healthier and the provision of more sustainable transport options across the county.

5.2 This links to the following strategic aims in the Organisational Plan:

- Enable inclusive economic growth through the appropriate management of on-street parking.
- Help create great places to grow up, live and work through the appropriate management of on-street parking for example, outside schools.
- Transform the council to achieve more with less.

6. Issues for consideration

6.1 Financial implications

6.1.1 Any surplus income at the end of each financial year will be deployed in accordance with Section 55 of the Road Traffic Regulation Act 1984, which sets out how any surplus funds are to be deployed.

6.1.2 In the unlikely event that either partnership should fall into long term deficit which cannot be met from the reserve then the deficit will be apportioned with each partner to a partnership being liable to a seventh of the deficit of that partnership. As part of the current and proposed arrangements a deficit reserve is held by both partnerships and is detailed in 3.18.

6.1.3 Any one-off investment costs, surplus income associated with expansion of existing on-street parking enforcement activities and in accordance with 6.1.1 above have been taken account of as part of the Local Authorities Medium Term Resource Strategy (MTRS) position. Furthermore, in the unlikely event that Essex did need to support any deficit for either partnership on a 1/7th basis, the

service would be expected to fund this from existing budgets in the first instance by reprioritising spending.

6.1.4 Below is an extract from the NEPP and SEPP partnership accounts providing an overview of their financial position in recent years.

	SEPP - Outturn 2017-18	SEPP - Outturn 2018-19	SEPP - Outturn 2019-20		NEPP - Outturn 2017-18	NEPP - Outturn 2018-19	NEPP - Outturn 2019-20
	Total £	Total £	Total £		Total £	Total £	Total £
Direct Expenditure							
- Employees	1,078,230	1,092,090	1,117,062		1,562,447	1,580,227	1,785,904
- Premises	1,870	4,080	27,629		27,327	29,989	14,978
- Supplies and Services	114,360	101,460	140,995		295,491	369,040	371,266
- Third Party Payments	164,680	167,280	155,726		44,788	28,350	35,410
- Transport costs	94,010	121,500	103,626		33,092	28,583	33,567
- TRO Recharges					(40,722)	(38,471)	(47,834)
Total Direct Expenditure (Excl TRO Costs)	1,453,150	1,486,410	1,545,037		1,922,424	1,997,717	2,193,291
Indirect Expenditure							
Central Support	121,680	125,060	127,146		423,000	440,853	458,035
Total Indirect Expenditure	121,680	125,060	127,146		423,000	441,000	458,035
Total Expenditure	1,574,830	1,611,470	1,672,183		2,345,424	2,438,717	2,651,326
Income received to 31st March 17							
PCN's	(1,454,920)	(1,615,960)	(1,596,525)		(1,900,391)	(1,964,770)	(1,994,499)
Residents' Parking Permits/Season Tickets	(624,520)	(659,950)	(678,379)		(659,702)	(807,249)	(882,732)
Pay & Display	(160,960)	(161,070)	(169,637)		(310,035)	(348,160)	(369,297)
Other	(19,840)	10,320	(5,228)		(97,108)	(43,142)	(23,648)
Total Income	(2,260,240)	(2,426,660)	(2,449,769)		(2,967,235)	(3,163,320)	(3,270,176)
Net (Surplus) / Deficit - Cash Basis (PRE TRO COSTS)	(685,410)	(815,190)	(777,585)		(621,811)	(724,602)	(618,850)
TRO COSTS	295,430	266,180	404,832		399,423	465,753	517,863
Net (Surplus) / Deficit - Cash Basis (Post TRO COSTS)	(389,980)	(549,010)	(372,754)		(222,388)	(258,849)	(100,987)

6.1.5 The current MTRS identifies the budget gaps facing the Council over the coming years. Within the proposed agreement for the parking partnerships there are opportunities for the Council to share in financial surpluses to benefit the MTRS. As part of the new proposed agreement two opportunities are available;

- The Council could fund and receive all income by the expansion of on-street parking enforcement activities and park safe cameras (as shown in the table in section 3 of this report where the Council funds expansion and all net surplus income flows to the Council after deduction of operating costs by the partnerships.
- Through creating a Strategic Highway Investment fund across Essex to support key strategic investment priorities that would not otherwise be funded.

6.2 Legal implications

6.2.1 The Council must comply with the Traffic Management Act 2004 and relevant statutory guidance when discharging its civil parking enforcement duties.

- 6.2.2 The Council is able to delegate to a Joint Committee the responsibility for civil parking enforcement.
- 6.2.3 The Joint Committees shall consist of the Partner Authorities listed in this report.
- 6.2.4 The NEPP and SEPP Joint Committees manage the Parking Partnerships in accordance with the Local Government Act 1972, the Local Government Act 2000, the Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2012.
- 6.2.5 Section 55 of the Road Traffic Regulation Act 1984 requires the council to maintain a parking account and that any surplus on the account must be used on parking places or, if it is not desirable to provide more parking places on transport or highways schemes.
- 6.2.6 Section 16 of the Traffic Management Act 2004 places the council under a duty to manage their road network with a view to achieving, so far as may be reasonably practicable having regard to their other obligations, policies and objectives, the following objectives—
- (a) securing the expeditious movement of traffic on the authority's road network; and
 - (b) facilitating the expeditious movement of traffic on road networks for which another authority is the traffic authority.
- 6.2.7 In order to perform that duty we may take any action which they consider will contribute to securing—
- (a) the more efficient use of their road network; or
 - (b) the avoidance, elimination or reduction of road congestion or other disruption to the movement of traffic on the road network.

7. Equality and Diversity implications

- 7.1 The Public Sector Equality Duty applies to the Council when it makes decisions. The duty requires us to have regard to the need to:
- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act. In summary, the Act makes discrimination etc. on the grounds of a protected characteristic unlawful
 - (b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 7.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, gender, and sexual orientation. The Act states that 'marriage and civil

partnership' is not a relevant protected characteristic for (b) or (c) although it is relevant for (a).

- 7.3 The equality impact assessment indicates that the proposals in this report will not have a disproportionately adverse impact on any people with a particular characteristic.

8. List of appendices

Equality Impact Assessment

9. List of Background papers

The South Essex Parking Partnership Joint Committee Agreement 2011
The North Essex Parking Partnership Joint Committee Agreement 2011