

# Public Document Pack



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6 May 2014

To the Members of the Council,

You are hereby summoned to attend an **EXTRAORDINARY** meeting of the **COUNCIL** to be held in the Council Chamber at these Offices on Wednesday 14 May 2014 at 6.20 pm, or upon the rising of the annual Meeting of Council, whichever is the later, for the transaction of the business set out in the Agenda.



Chief Executive

## Members of the Council:

S R Nicholas	M R Eddy	K E Morris
P S Le Chevalier	R J Frost	M J Ovenden
J S Back	B Gardner	A S Pollitt
B W Bano	J H Goodwin	J A Rook
T J Bartlett	D Hannent	M A Russell
P M Beresford	P J Hawkins	F J W Scales
T A Bond	P G Heath	A R Smith
P M Brivio	G J Hood	C J Smith
B W Butcher	S J Jones	J M Smith
P I Carter	L A Keen	R J Thompson
S S Chandler	N S Kenton	J F Tranter
N J Collor	S M Le Chevalier	R S Walkden
M D Conolly	G Lymer	P Walker
G Cowan	S C Manion	P M Wallace
J A Cronk	K Mills	P A Watkins

## AGENDA

### 1 **APOLOGIES**

To receive any apologies for absence.

### 2 **DECLARATIONS OF INTEREST** (Page 5)

To receive any declarations of interest from Members in respect of business to be transacted on the agenda.

3 **ANNOUNCEMENTS**

To receive any announcements from the Chairman, Leader, Members of the Cabinet or Head of Paid Service.

4 **PRESENTATION OF PETITION - DOVER TOWN INVESTMENT ZONE**

In accordance with paragraph 8 of the Council's agreed Petition Scheme, Mr A Shirley will have a total of 10 minutes to present his petition in respect of the following:

"We the undersigned petition the council to, in the persons of a) the Leader and Cabinet, b) the Scrutiny Committee and c) the Chief Executive and the Head of Regeneration, call a public meeting and present, within 8 weeks of the closure of this petition, a full and detailed summary of costs incurred, progress made and forward plans to secure the completion of the Dover Town Investment Zone. The presentation should allow questions from the floor without notice and provide full disclosure of status, costs (capitalised and expensed), plans, accountabilities, timeframes and reasons for past inabilities to deliver. We respect the existence of certain commercial in confidence factors which should not be used as a shield to full and proper disclosure."

Following the presentation of the petition, the scheme allows for councillors to debate the matters raised by the petition for up to 20 minutes.

5 **REGENERATION AND DEVELOPMENT RESOURCES**

To consider the report of the Head of Paid Service (to follow).

The Cabinet at its meeting on 12 May 2014 considered the attached report of the Head of Paid Service upon the Regeneration and Development Resources.

*The Cabinet recommendation will be circulated at the meeting.*

6 **FINANCING NEW HOUSING MANAGEMENT SYSTEM FOR EAST KENT HOUSING** (Pages 6 - 24)

The Cabinet at its meeting on 12 May 2014 considered the attached report of the Director of Finance, Housing and Community upon the Financing New Housing Management System for East Kent Housing.

*The Cabinet recommendation will be circulated at the meeting.*

7 **REVIEW OF ON AND OFF-STREET PARKING CHARGE PERIOD** (Pages 25 - 32)

The Cabinet at its meetings on 14 April 2014 and 12 May 2014 and the Scrutiny

(Policy and Performance) Committee at its meeting on 22 April 2014 considered the attached report of the Director of Environment and Corporate Assets upon the Review of On and Off-Street Parking Charge Period. The following is recommended to Council:

Cabinet – 14 April 2014

It was agreed to recommend to Council that the supplementary budget of £64,000 be approved.

Scrutiny (Policy and Performance) Committee – 22 April 2014

*The Scrutiny recommendation will be circulated at the meeting.*

Cabinet – 12 May 2014

*The Cabinet recommendation will be circulated at the meeting*

8 **BYELAWS WITH RESPECT TO ACUPUNCTURE, COSMETIC SKIN PIERCING, TATTOOING, SEMI-PERMANENT SKIN COLOURING AND ELECTROLYSIS**

To consider the report of the Head of Regulatory Services (to follow).

9 **EXCLUSION OF THE PRESS AND PUBLIC** (Pages 33 - 34)

The recommendation is attached.

MATTERS WHICH THE MANAGEMENT TEAM SUGGESTS SHOULD BE CONSIDERED IN PRIVATE AS THE REPORT CONTAINS EXEMPT INFORMATION AS DEFINED WITHIN PART 1 OF SCHEDULE 12A OF THE LOCAL GOVERNMENT ACT 1972 AS INDICATED AND IN RESPECT OF WHICH THE PROPER OFFICER CONSIDERS THAT THE PUBLIC INTEREST IN MAINTAINING THE EXEMPTION OUTWEIGHS THE PUBLIC INTEREST IN DISCLOSING THE INFORMATION

10 **EXTERNAL WALL INSULATION FOR THE 'DORLONCO' SYSTEM BUILT PROPERTIES IN AYLESHAM** (Pages 35 - 42)

To consider the attached report Director of Finance, Housing and Community and the Head of Asset Management, East Kent Housing.

**Access to Meetings and Information**

- Members of the public are welcome to attend meetings of the Council, its Committees and Sub-Committees. You may remain present throughout them except during the consideration of exempt or confidential information.
- All meetings are held at the Council Offices, Whitfield unless otherwise indicated on the front page of the agenda. There is disabled access via the Council Chamber entrance and a disabled toilet is available in the foyer. In addition, there is a PA system and hearing loop within the Council Chamber.
- Agenda papers are published five clear working days before the meeting. Alternatively, a limited supply of agendas will be available at the meeting, free of

charge, and all agendas, reports and minutes can be viewed and downloaded from our website [www.dover.gov.uk](http://www.dover.gov.uk). Minutes are normally published within five working days of each meeting. All agenda papers and minutes are available for public inspection for a period of six years from the date of the meeting. Basic translations of specific reports and the Minutes are available on request in 12 different languages.

- If you require any further information about the contents of this agenda or your right to gain access to information held by the Council please contact Rebecca Brough, Team Leader - Democratic Support, telephone: (01304) 872304 or email: [rebecca.brough@dover.gov.uk](mailto:rebecca.brough@dover.gov.uk) for details.

Large print copies of this agenda can be supplied on request.

**Declarations of Interest**

Disclosable Pecuniary Interest (DPI)

Where a Member has a new or registered DPI in a matter under consideration they must disclose that they have an interest and, unless the Monitoring Officer has agreed in advance that the DPI is a 'Sensitive Interest', explain the nature of that interest at the meeting. The Member must withdraw from the meeting at the commencement of the consideration of any matter in which they have declared a DPI and must not participate in any discussion of, or vote taken on, the matter unless they have been granted a dispensation permitting them to do so. If during the consideration of any item a Member becomes aware that they have a DPI in the matter they should declare the interest immediately and, subject to any dispensations, withdraw from the meeting.

Other Significant Interest (OSI)

Where a Member is declaring an OSI they must also disclose the interest and explain the nature of the interest at the meeting. The Member must withdraw from the meeting at the commencement of the consideration of any matter in which they have declared a OSI and must not participate in any discussion of, or vote taken on, the matter unless they have been granted a dispensation to do so or the meeting is one at which members of the public are permitted to speak for the purpose of making representations, answering questions or giving evidence relating to the matter. In the latter case, the Member may only participate on the same basis as a member of the public and cannot participate in any discussion of, or vote taken on, the matter and must withdraw from the meeting in accordance with the Council's procedure rules.

Voluntary Announcement of Other Interests (VAOI)

Where a Member does not have either a DPI or OSI but is of the opinion that for transparency reasons alone s/he should make an announcement in respect of a matter under consideration, they can make a VAOI. A Member declaring a VAOI may still remain at the meeting and vote on the matter under consideration.

Note to the Code:

Situations in which a Member may wish to make a VAOI include membership of outside bodies that have made representations on agenda items; where a Member knows a person involved, but does not have a close association with that person; or where an item would affect the well-being of a Member, relative, close associate, employer, etc. but not his/her financial position. It should be emphasised that an effect on the financial position of a Member, relative, close associate, employer, etc OR an application made by a Member, relative, close associate, employer, etc would both probably constitute either an OSI or in some cases a DPI.

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<b>Subject:</b>	<b>FINANCING NEW HOUSING MANAGEMENT SYSTEM FOR EAST KENT HOUSING</b>
<b>Meeting and Date:</b>	<b>Cabinet - 12 May 2014 Council - 14 May 2014</b>
<b>Report of:</b>	<b>Director of Finance, Housing and Community</b>
<b>Portfolio Holder:</b>	<b>Councillor Sue Chandler, Portfolio Holder for Housing, Children's Services and Safeguarding, Youth and Community Safety</b>
<b>Decision Type:</b>	<b>Key</b>
<b>Classification:</b>	<b>Unrestricted</b>

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<b>Purpose of the report:</b>	To seek approval to make loan finance available to East Kent Housing for the procurement of a new housing management IT system
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<b>Recommendation:</b>	That Cabinet recommends to Council to approve: <ul style="list-style-type: none"> <li>(i) The provision of loan finance to East Kent Housing for the procurement of a new housing management IT system, the amount and terms to be approved by the Director of Finance, Housing &amp; Community in consultation with the Portfolio Holder for Housing, Children's Services and Safeguarding, Youth and Community Safety.</li> <li>(ii) Subject to loan terms being agreed and procurement and implementation being undertaken to the council's satisfaction, to transfer current system support budgets to East Kent Housing</li> </ul>
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## 1. Summary

East Kent Housing (EKH) is the Arms Length Management Organisation (ALMO) established jointly by Dover District Council, Canterbury City Council, Shepway District Council and Thanet District Council in 2010 to undertake the management of the council's housing stock.

EKH is requesting that the four, joint owning councils, provide loan finance to enable it to purchase and implement a new, single, IT system across the four districts so as to facilitate the delivery of operational efficiencies. The request is supported by a business case prepared by EKH which is attached at Appendix 1.

## 2. Introduction and Background

- 2.1 EKH is currently using the four, individual housing management IT systems that were in existence in the four councils at the time the organisation was established. The IT systems are different in each of the four councils.

- 2.2 The current system in Dover was supplied by Anite Public Sector Holdings and implemented in 2008. The system is embedded and operates satisfactorily and the Oracle databases upon which it operates was recently updated. The cost of the system was approximately £475k when purchased in 2005. Anite were subsequently acquired by Northgate Information Solutions Limited in 2008. Northgate has continued to maintain and upgrade the Anite system and has not given any clear indication, at this time, that it will be terminating its support for the system. This may happen at some point in the future, should the number of Anite users reduce to a level where it is no longer financially viable for Northgate to continue supporting the system.
- 2.3 The operating costs related to the Anite system are relatively low (approximately £30,000 per annum) and the system is generally reliable. Although it probably has limited functionality compared to more modern systems, it is currently meeting DDC requirements for managing tenant and leasehold properties.
- 2.4 EKH has approached the joint owning council's to seek support for a proposal to replace the four existing systems with a new, single system. With support from external consultants SOCITM, they have developed a business case to support their request which is attached at Appendix 1.

### 3. Business Case Summary

- 3.1 The attached EKH business case is a summary of an initial business case prepared by their consultant Socitm. It updates some of the financial assumptions included in the original business case and explains how EKH believe the operation of four separate systems prevents the effective deployment of staff across the four council areas and therefore limits their productivity, their ability to improve efficiency and provide a consistent level of service. It also seeks to show how the cost of acquiring a new, single system can be funded from related financial savings over a six year period. The business case does not show that acquisition of a new, single system will directly generate any significant financial savings in the short term and the DDC officer view is that it is unlikely to deliver any substantial reduction in the management fee. However, the basis of the business case is that savings will at least 'pay back' the cost of the new system over a six year period based on the 'worst cost'/'worst savings' outcomes provided by EKH.
- 3.2 The most recent iteration of the business case shows the costs and savings based on a worst case scenario as follows:

	<b>Total project cost £</b>	<b>Existing EKH budgets £</b>	<b>Total new costs £</b>
Highest cost outcome	1,195,025	167,000	1,028,025
Lowest benefit outcome			1,042,566 (£173,761pa)
<b>Net benefit over 6 years to be shared across the partners</b>			<b>£14,541</b>

- 3.3 However, EKH believes that implementation of a single system will enable them to achieve additional savings over and above the savings or 'benefits' as set out in Appendix 1 of their business case report. These additional savings are shown in

section 2 of the report and EKH advise that these are only likely to be delivered in the event that a single system is implemented. EKH has identified these savings as opportunities to reduce the management fee. Our evaluation of the impact of these savings will have on the DDC management fee is shown in 9.1.

- 3.4 The additional financial benefits identified by EKH include potential income from the provision of housing management services on behalf of other landlords. However, the legal advice received is that the provision of such services (if to landlords other than providers of social or affordable housing) would require an amendment to the memorandum and articles of EKH and therefore specific consents would have to be given by each of the councils as required by the owners agreement. Undertaking such activities while the loan was outstanding could also run the risk that a 0% interest loan would be construed as 'State Aid' because this could be construed as an 'economic activity' taking the loan outside the 'services of general economic interest' provisions for assistance to social and affordable housing in the state aid rules. The issue is considered further at 4.3 below. DDC officer advice is that potential future income (shown in the business case as totalling £35k for the period to 2018/19) from providing services to other landlords should be disregarded until the legal position is clarified.
- 3.5 EKH also advise that having to use four IT systems does act as a constraint on their ability to provide efficient services, by restricting the effective deployment of staff and the ability to develop digital service delivery. These service delivery issues are set out in section 1 of the EKH business case report.
- 3.6 In addition to the business case it should be recognised that the existing Anite system is likely to need replacing at some time in the future although, at this time, we don't know when this might be required or what the cost would be.
- 3.7 EKH is not seeking a direct financial payment from the joint owning council's to cover the cost of acquiring the new system but rather a loan from each council.

#### **4. Details of the Loan Arrangement**

- 4.1 In Section 5 of their business plan, EKH estimate they will require £892,000 to procure the new system and they are seeking a loan of £223,000 from each of the four councils based on an equal (25%) share of the cost.
- 4.2 The business case shows that the loan will start to be repaid from 31 March 2017, the point at which EKH expects the new system to start delivering savings. The EKH business case indicates that the maximum period within which the loan will be repaid will be six years i.e. by 2023.
- 4.3 The loan could be provided interest free, or at a modest interest rate, with a compensating increase in the management fee to neutralise the impact on EKH. As mentioned in 3.4 above while EKH is currently exempt from State Aid Rules further clarification is needed to determine whether an interest free loan could fall to be regarded as state aid given EKH's aspiration to provide management services to other landlords. Even without the loan the provision of services to other landlords could trigger state aid issues and the provision of such services would probably also require other consents. This report is therefore recommending that agreement of the final terms of the loan should be delegated to the Director of Finance, Housing & Community in consultation with the Portfolio Holder for Housing, Children's Services and Safeguarding, Youth and Community Safety, and the additional income



attributed, in the business case, to be generated from the provision of services to other landlords should not be included in Members considerations..

## 5. Key Risks

5.1 The key risks and mitigations are set out below.

Risk	Mitigation	Residual Likelihood	Residual Impact
Loss of exit route.	The sharing of a system could make any exit from EKH difficult and expensive. Therefore it is an absolute requirement that a separate or clearly partitioned database (with its own code structures, interfaces etc) will be created so each partner can exit simply and cleanly, should they chose to do so, without major cost, or impact on the other partners.	Low	Low
Implementation overspend	All major ICT implementations carry an inherent risk of overspend.  EKH have committed to underwrite any overspend relating to costs within their control. This would be met from their own resources and should help minimise any impact on the partners. However, these resources are, ultimately, owned by the partners via their 25% shares, as EKH does not generate any separate resources or income.	Medium	Medium
Failure to deliver on-going savings	EKH have committed to delivering the proposed savings. Further discussion is required on this, but one option would be to incorporate the savings into a longer term agreement on the management fee between the council's and EKH. The financial impact of a failure to deliver savings is mitigated by the current sustainability of the HRA	Medium	Low
Timetable slippage	All major ICT implementations carry an inherent risk of overrun.	Medium	Low

Risk	Mitigation	Residual Likelihood	Residual Impact
	As the implementation for each partner will be “modular” and on a separate database, the direct impact on DDC of slippage will be limited, although slippage would probably lead to cost overrun and delay in delivery of subsequent savings.		
Insufficient EKH staff resources	EKH have procured support from SOCITM. However, the in-house ICT resources of EKH are limited, and vulnerable to loss of key staff, and this can create a client side weakness.	Medium	Medium
Insufficient DDC staff resources	DDC have limited resources to support the implementation, from specification through to testing and sign-off. EKH have included within the business case, provision to provide support to all partners for the backfilling of posts. This is welcome, but the practicality of procuring and dropping into place temporary staff who can back-fill existing staff is open to debate.	Medium	Medium
Functionality compromises	<p>All 4 partners currently use different systems. These are embedded and procedures and processes will have adapted to work with the strengths and weaknesses of the particular systems. In addition, all 4 partners will have some differences in their business needs.</p> <p>In the majority of cases it will be necessary for partners to accept some change in current practices and requirements in order to find the best overall compromise.</p> <p>However, in some instances, such as the conditions of leases or tenancies, it may not be possible to compromise on functionality.</p>	Low	High

Risk	Mitigation	Residual Likelihood	Residual Impact
	<p>Nonetheless, modern systems should be able to cope with the majority of requirements. The main area of weakness in property management systems has tended to centre on the functionality for managing commercial and residential leases and service charges.</p>		
<p>Implementation compromises</p>	<p>The implementation will be undertaken in a modular fashion, with DDC the last authority to implement.</p> <p>The maintenance of 4 separate databases will enable each authority to generally clone from a standard model, but introduce variations that meet their own needs.</p> <p>The challenge will be to ensure that key decisions made in the first implementation do not compromise the position for the other partners and subsequent implementations. It will therefore probably be necessary for all partners to maintain a watching brief, to some degree, on all implementations.</p>	<p>Low</p>	<p>High</p>
<p>Loss of Anite</p>	<p>The alternative, of staying with Anite, also carries risks. The most significant risk is that Northgate withdraw support for Anite, forcing DDC to find an alternative system.</p> <p>There is no indication that this is likely to happen in the short term, but the likelihood in the medium to long term is difficult to assess.</p> <p>Should this happen, DDC would probably have to undertake an implementation on its own. On the one hand, this would avoid some of the complexities and compromises of a 4 partner</p>	<p>N/A</p>	<p>High</p>

Risk	Mitigation	Residual Likelihood	Residual Impact
	implementation, but it could also lose economies of scale, and, unlike the current proposal, is unlikely to be self-financing over 5 or 6 years.		
State Aid	In order to prevent issues arising with regard to state aid consent to EKH providing services to other landlords will not be given without first obtaining specialist advice.	Low	High

## 6. Management & Owners Agreement Implications

6.1 The procurement process will require EKH to directly enter into contractual relationships with a new system supplier with the result that EKH will own the new system. There are clauses within the Owners Agreement and Management Agreement which relate to this procurement arrangement and which will require unanimous, Joint Decisions of the Officer Panel to enable it to proceed. The specific consents that will be required from all four councils are:

- Consent to contract directly with a supplier other than the councils (Clause 9, schedule 3 of the Owners Agreement).
- Consent to borrow money (Clause 10, schedule 3 of the Owners Agreement).
- Consent to use new software that interfaces with the council's systems (Management Agreement)

6.2 While these consents are referred to in the recommendations section of the EKH business case report they do not require formal cabinet approval as the necessary decision making authority is delegated to the council's Client Officer.

6.3 The procurement arrangements will not require any variations to be made to the terms of the Management Agreement or the Owners Agreement.

## 7. Identification of Options

7.1 The options are:

7.2 Option 1: Agree to the EKH request to provide the required loan finance, transfer existing system support budgets and make the required Joint Officer decisions.

7.3 Option 2: Reject the request

## 8. Evaluation of Options

8.1 Option 1 is the recommended option as EKH advise it will enable EKH to deliver services more efficiently. While DDC officers do not believe the procurement of a new system will generate any significant level of management fee saving in the short term, the financial appraisal in the EKH business case does appear to show that savings will cover the cost. The economies of scale to be derived from the joint procurement should also mean that DDC will benefit from a new system at a lower

cost than if it were to have to replace Anite at some future date on an individual basis.

## 9. Resource Implications

9.1 The main aspects to consider within the resource implications are:

- Financing of the single system
- Impact on the EKH Baseline Budget
- The future attribution of costs of the single system
- Future savings on the management fee

### Financing of the Single System

EKH will purchase the new system and EKH have requested a loan of £223,000 per Council, to be repaid from 2017 - 2022. The potential loss of interest to the Council is, at current rates not high, and will be between 0.5% and 0.75% per annum, or a cash loss of between £1,115 and £1,673.

However the provision of a loan, does generate some potential problems. First, if EKH were to start providing services to third parties other than the 4 partner councils or providers of social or affordable housing, then there could be a challenge on the basis that they have received state aid. Although this challenge may be defensible, even if no interest has been charged, nonetheless, charging interest at market rates (probably 2.5%) would strengthen the argument that no state aid is involved..

Second, the provision of an interest free or “soft” loan may generate some complex and unproductive accounting complexities.

It would therefore be simpler to charge EKH interest on the loan and adjust the management fee they can charge, by the interest amount. The effect is therefore neutral on EKH, but unnecessary accounting complexities are avoided. This issue will be discussed with partners, and if consensus can be reached, then interest will be charged. Failing that, a soft loan will be provided and measures put in place to mitigate the risks and complexities..

### Impact on the EKH Baseline Budget

At present DDC pays EKH a management fee and meets the cost of its own housing system. The annualised costs are:

EKH Management Fee (2013/14)	£2,048,810
Costs of Anite, met directly by DDC	£27,785
Total	£2,076,595

EKH have proposed that at the time the new system becomes operational in each of the councils, the budgets currently held by them in respect of system support provided by existing IT suppliers (Northgate in the case of DDC). The budget would

be transferred after implementation of the new system and would continue on this basis for the 6 year business plan period. The relevant DDC held budget for this is approximately £30,000 per annum.

Therefore, after transfer of the budget, for Anite, to EKH, the total above will represent the new EKH baseline fee for DDC, against which future savings will be measured.

#### Future attribution of costs of the single system

East Kent Housing is seeking the transfer of budgets relating to the cost of system support currently provided by the council's system providers. All partners are currently spending significantly different amounts on their in-house housing systems at present. Each will therefore transfer a different amount to EKH, to form their new baseline. However, the four partners have agreed in principle that their respective contributions towards system support should remain at current budget levels for the 6 year loan payback period but that at the end of this period the system support costs should be apportioned equally.

#### Future Savings on the Management Fee

The business case for the single system is broadly neutral, after allowing for the repayment of the financing loan, in the period from 2017 – 2022.

However, as referred to at 3.3 EKH expect the system to facilitate cashable savings identified in their Vision and Funding Plan, as follows:

Year	2014/15	2015/16	2016/17	2017/18	2018/19
Total cumulative cashable savings	£4k	£44k	£174k	£269k	£289k
DDC share (assumed to be 25%)	£1k	£11k	£44k	£67k	£72k
% of current management fee	0.05%	0.54%	2.15%	3.27%	3.51%

## 10. Corporate Implications

- 10.1 Comment from the Section 151 Officer: The original business case for EKH, approved by Council on 17<sup>th</sup> February 2010, stated that in the first instance:

*“Savings in the region of £660,000 per annum (at 10% of current operating costs) could reasonably be anticipated.”*

It also noted that the initial savings were not dependant on a new system:

*“An obvious example in East Kent will be that a single housing IT system for the new organisation will be required, as well as reductions in annual support costs. However, as these savings may not be realised at least until*

*after year two or even beyond five years of the service they have not been factored into the financial modelling”*

We are now looking at “phase 2” and the ICT system savings.

The proposal to purchase a single system for EKH is, in direct financial terms, likely to be cost neutral. Any savings are expected to come from subsequent operational changes that the new system facilitates.

The current system in use at DDC, Anite, is functionally sound, well embedded, and costs £27k per annum. The system is mature and is likely to require replacement at some time – but we have no imminent concerns that this is about to happen.

As there is, presently, no formal agreement on the future management fee and agreed deliverable savings, compared to the current fee baseline, there is a risk of on-going debates as to whether the proposed savings have been delivered, following implementation of the new system, and the basis upon which they have been apportioned between the partners.

- 10.2 Comment from the Solicitor to the Council: The Solicitor to the Council has been consulted in the preparation of the report and has no comment further comment to make other than that EKH’s aspirations to provide management services to other landlords potentially raise issues which go beyond the scope of this report. Consent to provide such services should not be given without further detailed consideration by the councils.
- 10.3 Comment from the Equalities Officer: This report does not specifically highlight any equalities implications however, in discharging their responsibilities members are required to comply with the public sector equality duty as set out in section 149 of the Equality Act 2010 <http://www.legislation.gov.uk/ukpga/2010/15>
- 10.3 Other Officers (as appropriate): None received

## 11. **Appendices**

Appendix 1 – East Kent Housing Business Case Report

## 12. **Background Papers**

None

Contact Officer: Paul Whitfield, Head of Strategic Housing

<b>Title:</b>	Single Housing Management System
<b>Author</b>	David Willis Head of Corporate Services EKH
<b>Summary</b>	<p>Following the previous Joint Client Meeting it was agreed that EKH would provide a refreshed report to outline the business case. The report is based upon the latest available information it has for the procurement of a single housing management ICT system</p> <p>This report also sets out the joint decisions required by the formal Officer Panel to comply with the Owners Agreement, as well as the variations required to the Management Agreement.</p>
<b>Recommendations</b>	<p>Client officers, acting as their respective formal council's nominated representative under the Officer Panel Terms of Reference set out in Schedule 4 of the Owners Committee, with the relevant delegated authority from their council as required by Clause 8 of the Officer Panel Terms of Reference take the following joint decisions:</p> <ol style="list-style-type: none"> <li>1. Enable a loan to be provided to East Kent Housing to procure a single housing management ICT system</li> <li>2. To confirm the baseline cost position for each council at the start of the project and ring-fence these costs to transfer to EKH when the single system is operational in each area to support the repayment of loans</li> <li>3. provide consent for EKH, under Clause 9 of Schedule 3 of the Owners Agreement, contract directly with a software supplier</li> <li>4. provide consent, under Clause 10 of Schedule 3 of the Owners Agreement, to borrow money</li> <li>5. provide consent, under Clause 22 of Schedule 3 of the Owners Agreement, to vary Section 66 of the Management Agreement to allow variations to the Management Agreement</li> <li>6. provide written consent, under Clause 24.5 of the Management Agreement for East Kent Housing to use a new computer system interfacing with council computer systems</li> <li>7. to authorise all consequential changes to sections within the Management Agreement to allow East Kent Housing to procure and own a single ICT system, including Section 21 (Use of Assets), Section 24 (Use of Computer Systems and Software), Section 25 (Data) and Section 38 (Use of Council's Assets)</li> </ol>

## 1. Background

Since its creation, East Kent Housing (EKH) has set out to be as efficient as it can be, and is delivering increasing levels of economies of scale and efficiencies. However, its scope to deliver further efficiencies is restricted by the current IT arrangements EKH inherited. This issue was recognised from before EKH was formally created, and a single housing management system and actions set to explore the options to deliver a better ICT solution.

While not an exhaustive list, the following current issues provide some background into how using four separate systems limits EKH's productivity, and efficiency improvement:



- The additional resource costs for training employees on four different ICT systems where they work centrally
- Reduced productivity through employees having to maintain ICT skill levels on 4 systems after being trained
- Dealing with interface issues for all housing management activity between EKH, EK Services, 4 councils and Steria
- Increased resource demands for administering 4 different systems, with 4 differing levels of responsibilities and related training needs to provide cover
- Limits to significant improvement in maintenance planning and joint procurement without increasing resources because of dealing with four disparate asset management data recording systems and no connectivity that would
- Restricted economies of scale through restrictions to employees providing resilience between council areas without incurring costs of disturbance and downtime
- Limitations to the ability to generate accommodation savings and improve staff flexibility through home-working
- Limitations to adopting common processes to improve consistency in the way EKH operates across all four areas
- Lost productive time through having to consolidate management information produced by the different systems to generate consistent reports from four systems
- Constraints and increased costs when offering consistent new facilities and business functionality, including channel shifting, that would require four systems to be updated and upgraded rather than one
- Increased long term costs for licencing and necessary upgrades to multiple systems
- Lack of exploration and maximisation of existing systems as employees have fewer colleagues who have shared expertise in the system that they use with which to pool ideas and suggestions for improvement

EKH commissioned independent IT consultants SOCITM, to review the options for EKH and the business case they originally presented to EKH and the councils, indicated that based on the lowest projected benefits and the highest projected costs, a single system alone, without all of the associated service and frontline efficiencies, would still have a **positive benefit of £60,000 over five years**.

Subsequent to the original business case being presented, the councils have suggested increasing the funding for the council resources needed to test interfaces, varying the discounted cash flow calculation and removing the value of 'avoided costs' from the calculation of benefits.

Savings included within the business case developed by SOCITM did not include those set out in EKH's Vision and Funding Plan. This was done purposefully to prevent any confusion within the councils about double counting savings. However, EKH has also created its long-term strategies and savings targets based on the implementation of a single housing management system.

## 2. Vision and Funding Plan Savings

The savings identified within EKH's vision and funding plan that have been accepted by the councils' client officers for EKH to progress and linked to the implementation of a single system are:

<b>Not Fully Achievable Without Single System</b>					
	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
<b><u>Direct Pay Reductions</u></b>					
Digital Service Delivery			£65,000	£65,000	£65,000
<b><u>Direct Non Pay Costs</u></b>					
Tenant Engagement	£4,000	£4,000	£4,000	£4,000	£4,000
<b><u>Office/Accommodation</u></b>					
HQ Accommodation		£40,000	£40,000	£40,000	£40,000
All Accommodation				£90,000	£100,000
<b><u>ICT</u></b>					
Staff Information & Tablets			£60,000	£60,000	£60,000
<b><u>Income</u></b>					
Managing for other Landlords			£5,000	£10,000	£20,000
<b>Totals</b>	<b>£4,000</b>	<b>£44,000</b>	<b>£174,000</b>	<b>£269,000</b>	<b>£289,000</b>
<b>Accumulated Savings</b>					<b>£780,000</b>
<b>Difficult to Maintain without Single System</b>					
	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
<b><u>Direct Pay Reductions</u></b>					
Performance Management	£34,000	£34,000	£34,000	£34,000	£34,000
Improved Asset Procurement and Health & Safety Planning					£75,000
Reduction in establishment	£60,720	£60,720	£60,720	£60,720	£60,720
<b><u>Direct Non Pay Costs</u></b>					
Training budget reduction	£5,000	£5,000	£5,000	£5,000	£5,000
<b>Totals</b>	<b>£99,720</b>	<b>£99,720</b>	<b>£99,720</b>	<b>£99,720</b>	<b>£174,720</b>
<b>Accumulated Savings</b>					<b>£573,600</b>

## 3. Business Case Refresh

The original recommendation from the business case developed by SOCITM, identified a preferred option to specify a system based on EKH's business needs, go out to the market but weight the evaluation criteria to focus on minimising the risk to EKH and the councils. The original SOCITM business case has previously been presented to the councils (copies are available from the author).

Based on the in-principle agreement of the councils to continue to explore the procurement of a single system, EKH's Board confirmed funding to allow SOCITM to progress to Phase 2 of the original commission. EKH's Board had committed £50,000 from its retained reserves to fund the external consultancy to support the development of the business case through to

procurement. A number of workshops have been held to finalise the requirements specification in line with the outline timetable.

The requirements specification will be drafted by SOCITM and informed by the councils and EKH, to set out EKH's business needs. The specification of the system will focus on the required system and business outcomes and leave the way a system will deliver these outcomes to be explained by potential suppliers and then evaluated against the agreed criteria. System requirements will include all the issues raised within workshops, including the key issues identified by the councils around financial interfacing, leasehold requirements and data segregation.

#### 4. Cost & Benefit Analysis

The original cost benefit analysis carried out by SOCITM showed a worst case **positive 5-year net benefit of £60,000 for the system**. Subsequently, some councils have indicated that the costs may have been understated for the resources they would need to apply to the project. An additional £50,000 has been estimated to be the cost of the councils' resources to support testing. Other council feedback indicated that the level of Discounted Cash Flow applied to the calculations was insufficient.

The original cost benefit analysis also did not separate costs into new costs, additional costs and re-diverted budgets within EKH. Work has now been done to update the cost benefit analysis to reflect the feedback from the councils, apart from the Discounted Cash Flow (DCF) element. DCF has not been adjusted because there are varying applications of this among the councils and, based on the margins of the revised costs, any differential would be contained within the overall budget and savings requirements.

It should be noted that the business case capital appraisal is based on the lowest of benefits realised and the highest of costs incurred. The difference between this projection and the projection based on the highest benefit realisation and lowest cost is around £500,000 over five-years. EKH's Board has previously indicated it would commit to underwrite any cost-overruns on the project, which, together with the worst case position taken on the financial projections, should provide further re-assurance to the councils about the overall project cost.

Appendix 1 sets out the revised cost & benefit capital appraisal for the project, which shows that following the removal of avoided costs, the project now shows a small surplus based on the worst case projection after 6 years.

#### 5. Financing

To be able to finance the project, it is projected that EKH will require additional up-front funding of £892,000. Previous discussions with the councils have indicated that the councils are prepared, subject to agreeing the business case, to each loan EKH a quarter of the project cost.

EKH is requesting a loan from each council of £223,000. The loans are to be confirmed in advance of EKH formally contracting with a supplier as are the technical accounting requirements that will minimise the cost of the loans to EKH. EKH will deliver the project and underwrite any cost overruns for the project, where the cost overruns are not caused by decisions taken by the councils for issues outside of EKH's control of the project.

The councils have an expectation that EKH will continue to explore opportunities for service efficiencies and a reduction in the management fee. Our business plan analysis shows that the acquisition of a new, single IT system will deliver annual savings amounting to £173,761. The intention is to deliver some reduction in the management fee in line with other savings targets and to commence repayment of the loans as more significant levels of savings start to be realised from the project itself.

Based on the latest timetable, the system will be rolled out to all areas by February 2016. Restructuring and embedding new systems will require some run-on from this date and a feasible start to repayments, based on annual re-payments in arrears, will be March 2017. The repayments will take EKH six years as a maximum, based on the fact that costs have been based on the lowest possible benefits and the highest possible costs.

To allow EKH to take a loan from the councils and to contract with a software supplier directly, joint decisions needs to be taken under the Owners Agreement. Because of the ownership of a system being vested in EKH, variations will be required to the respective management agreements to allow EKH to control the new system and interfaces with council systems.

Acting formally as the Officer Panel and with all necessary delegated authorities from their respective councils, council representatives are requested to unanimously agree the following joint decisions under Schedule 3 of the Owners Agreement:

- under Clause 9 allow EKH to contract directly with a software supplier
- under Clause 10 allow EKH to borrow money from the councils to fund a new software system
- under Clause 22 allow EKH to vary Section 66 of the Management Agreement that enables variations to the Management Agreement

Acting formally as the Officer Panel, council representatives are also requested to provide written consent to East Kent Housing to use a new computer system interfacing with council computer systems under Clause 24.5 of the Management Agreement.

Council representatives are also requested to include in the review of the Management Agreement, all necessary changes to sections within the Management Agreement be made to acknowledge and allow East Kent Housing to procure and own a single ICT system, including Section 21 (Use of Assets), Section 24 (Use of Computer Systems and Software), Section 25 (Data) and Section 38 (Use of Council's Assets)

## **6. Outline Timeline**

The original business case set out a provisional timetable for the project. Delays in moving forward with initial phases means that the original timeline is out of date. Working with SOCITM, a revised timeline has been developed and is included at Appendix 2.

# East Kent Housing

## Appendix 1 Capital Appraisal (Based on revised projections following feedback from councils)

Cost	Total Project Costs	Costs Covered by Existing EKH Budgets	6-Year Outcome New Costs
Specification and Procurement Phase	£553,300	£36,340	£516,960
Project Resources	£174,810	£69,520	£105,290
Data and Interface Costs	£223,750	£0	£223,750
Process Re-engineering Costs	£40,595	£3,455	£37,140
Testing, Training and Consultancy Costs	£34,350	£23,490	£10,860
Infrastructure Costs	£25,000	£0	£25,000
Disruption Costs	£143,220	£34,195	£109,025
	<b>£1,195,025</b>	<b>£167,000</b>	<b>£1,028,025</b>
Benefit			6-Year Benefit Outcome
Administration & System Efficiency Savings			£321,462
Maintenance & Support Savings			£711,858
Self-Service Savings			£9,246
			<b>£1,042,566</b>

# East Kent Housing

Appendix 2 Project Headline Timeline\_V\_3

Action	Critical (Yes)	Lead Responsibility	Support Responsibility	Period	Start	End	Comment
Agree Headline Plan	Yes	Client Officers	EKH	1 day	30/01/14	30/01/14	Completed
Develop Best Estimate of Project Cost	Yes	EKH	SOCITM	2 weeks	31/01/14	18/02/14	Completed
Interviews & Workshops		SOCITM	EKH Executive Support	7 weeks	27//01/14	14/03/14	Completed
Agree Direction of Travel for Project		EKH Employment & Corporate Services Sub-Committee	EKH Head of Corporate Services	1 day	24/02/14	24/02/14	Completed
Create Project Governance Structure		SOCITM	EKH Management Team	3 weeks	24/02/14	14/03/14	Completed: Project Board will report to EKH's Board as the Sponsor and will brief the Joint Client Officer Group
Councils confirm loans to EKH	Yes	Client Officers	EKH Head of Corporate Services	10 weeks	24/02/14	30/04/14	The initial process will need to be based on best projected values of project costs and accounts for report lead times and council meetings
Draft Specification		SOCITM	EKH	2 weeks	18/03/14	01/04/14	The specification will be based on system requirements and not be prescriptive about how these are to be met
Delegate Authority to Finance & Audit Sub-Committee	Yes	EKH	EKH Head of Corporate Services	1 day	10/03/14	10/03/14	Completed
Agree Procurement Method		EKH	SOCITM	4 weeks	01/04/14	30/04/14	EKH Employment & Corporate Services Sub-Committee through to Board
Feedback on Specification		EKH	Client Officers	4 weeks	02/04/14	30/04/14	The timing for this feedback will need to be focused, based on a deadline and on outcome requirements from EKH & the councils

# East Kent Housing

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Action	Critical (Yes)	Lead Responsibility	Support Responsibility	Period	Start	End	Comment
Amend Specification following Comments		SOCITM	EKH	2 weeks	01/05/14	08/05/14	
Specification Delivered to EKH	Yes	SOCITM		1 day	09/05/14	09/05/14	
Prepare Procurement Documentation		SOCITM	EKH Legal Advisor	3 weeks	18/04/14	19/05/14	
Sign-Off Specification & Procurement Process for EKH	Yes	EKH Employment & Corporate Committee	EKH	1 weeks	10/05/14	19/05/14	This will include recommending changes to the Owners Agreement as a 'joint decision' to allow EKH to take out a loan and contract
Recruit Project Team First Implementation		EKH	SOCITM	8 weeks	18/04/14	06/06/14	This will need to include temporary backfilling of posts within EKH and for the councils' interface testing
Procurement Period		SOCITM	EKH	8 weeks	19/05/14	11/07/14	Procurement will be solely under EKH's control
Evaluate Tenders		EKH	SOCITM	2 weeks	14/07/14	25/07/14	
Contractual Negotiations		SOCITM	EKH	4 weeks	28/07/14	22/08/14	
Award Contract	Yes	EKH	SOCITM	1 day	25/08/14	25/08/14	
Implementation Planning		SOCITM	EKH Project Team	2 weeks	01/09/14	12/09/14	
First Implementation	Yes	EKH Project Team	SOCITM	5 months	15/09/14	28/02/15	Timing will allow one year end to be run on one system before starting a further implementation
Second Implementation	Yes	EKH Project Team	SOCITM	3 months	14/04/15	31/07/15	Lessons will be taken from the first implementation and some preliminary work can be concurrent with the first implementation
Third Implementation	Yes	EKH Project Team	SOCITM	3 months	01/08/15	31/10/15	Processes may speed up due to continued learning and concurrent processes for data-

# East Kent Housing

Action	Critical (Yes)	Lead Responsibility	Support Responsibility	Period	Start	End	Comment
							cleansing
Dover Implementation	Yes	EKH Project Team	SOCITM	3 months	01/11/15	28/02/16	Processes may speed up from learning and concurrent processes for data-cleansing



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<b>Subject:</b>	<b>REVIEW OF ON AND OFF-STREET PARKING CHARGE PERIOD</b>
<b>Meeting and Date:</b>	<b>Cabinet – 14 April 2014</b> <b>Extraordinary Council – 14 May 2014</b>
<b>Report of:</b>	<b>Roger Walton, Director of Environment and Corporate Assets</b>
<b>Portfolio Holder:</b>	<b>Councillor Nigel Collor, Portfolio Holder for Property and Access</b>
<b>Decision Type:</b>	<b>Key Decision</b>
<b>Classification:</b>	<b>Unrestricted</b>

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**Purpose of the report:** To obtain Cabinet’s approval for the recommendation relating to the on and off-street parking charge period as set out in the report.

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- Recommendation:**
1. Subject to recommendation 3 being accepted by the Council, to reduce the on and off-street parking charge period from 9am – 6pm to 9am – 5pm from dates to be determined by the Director of Environment and Corporate assets but broadly anticipated to be July and June 2014 respectively in accordance with paragraphs 5.15 and 5.13 of this report..
  2. To delegate any decision on any objections received during the consultation process to the Director of Environment and Corporate Assets in consultation with the Portfolio Holder for Property and Access.
  3. To recommend to Council the approval of a £64k supplementary budget.
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**1. Summary**

1.1 This report seeks agreement to reduce the car parking charging times from the current 9am – 6pm period to the proposed 9am – 5pm period for both on- and off-street parking. The charging days of Monday to Saturday, with a limited number of parking areas also charging on Sunday, should remain unchanged.

1.2 In making this recommendation, consideration has been given to equality issues. It is not anticipated that this will adversely affect any of the protected groups.

**2. Introduction and Background**

2.1 Prior to parking being decriminalised, charging times and enforcement practices for on-street parking across Dover district were varied. However, in January 2001, following a lengthy consultation process and when DDC undertook decriminalised parking enforcement, steps were taken to standardise on-street charging times and a maximum charging period of 8am to 6pm was established. In 2006, the decision was

taken to reduce the charging times to 9am to 5pm. However, this resulted in a significant loss of return and therefore in late 2007 the decision was taken to increase the charging times to those currently in existence, i.e. 9am to 6pm.

- 2.2 Off-street parking has always been a matter for DDC.
- 2.3 At the Cabinet meeting of 6<sup>th</sup> January 2014, it was agreed that the parking and permit charges for the financial year 2014 – 2015 would be frozen.
- 2.4 Following on from that decision, a review has now been carried out into the times charges for parking within Dover district are imposed. During this review it was borne in mind that:
  - Parking charges are a small part of the cost of motoring;
  - The statutory parking regime is to be used for the purpose of relieving or preventing congestion of traffic;
  - Maintenance costs for on and off-street parking areas and areas where parking regulations apply will continue to be incurred as pay and display machines are in need of replacement, some car parks require resurfacing/relining works, and some streets need relining carried out; and
  - Dover District Council has a shorter charging period than neighbouring authorities, most of which charge into the evening as shown in Appendix 1.
- 2.5 In considering the appropriate level for parking charges the Council needs to be mindful of advice on parking policy and charges given in the Secretary of State's Statutory Guidance to the Local Authorities on the Civil Enforcement of Parking Contraventions, expanded upon in Operational Guidance to Local Authorities: Parking Policy & Enforcement which states that charges should be proportionate.
- 2.6 It is also noted that the Portas Review, an independent review into the future of our high streets, noted the advantage of the free parking arrangements often available at out of town shopping centres. The report stated that "To give the town centre a fighting chance against out-of-town developments we need to go back to basics, with business rates that work for business, decent parking and no unnecessary restrictions."
- 2.7 In arriving at the recommendation to reduce the car parking charging time, the following points have been taken into account:
  - The current economic trends suggest that the anticipated recovery is beginning. The reduction in charging times will assist local businesses with recovery by encouraging residents and visitors into our town centres;
  - Parking income has reduced over the last two financial years and the reduction in charging times may assist in reversing this trend;
  - A reduction in charging times will maintain Dover District Council's position as one of the lowest charging authorities in the area with the shortest charging period; and

- The need to ensure that an appropriate “turn over” of parking spaces is maintained. This will assist in reducing on-street parking and therefore aid general traffic flow.

2.8 Any changes in charging period will of course also potentially impact on income streams and so a financial analysis has been carried out to ascertain the potential reduction in income should the recommendation be accepted. It should be noted that it is not possible to determine the precise amount as it is impossible to ascertain how many motorists arrived in a parking area before 5pm but paid for sufficient time to take them through to 6pm (expiry of the charging time). The only figures available are for income taken by the Pay and Display machines between 5pm and 6pm on the charging days.

**TOTAL INCOME RECORDED BY PAY AND DISPLAY MACHINES BETWEEN 5PM AND 6PM ON CHARGING DAYS**

2011 – 2012	£46,685
2012 – 2013	£42,320
2013 – 31.1.2014	£33,937
<b>Total</b>	<b>£122,942</b>

Average Pay and Display income over three years	<b>£40,980</b>
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2.9 The above table illustrates the minimum income received to pay for parking between 5pm and 6pm on charging days. In reality, the amount will be higher but cannot be accurately ascertained given the limitations of the relevant database.

2.10 In addition to motorists paying for parking time via Pay and Display machines, DDC also offers the opportunity to pay by telephone using the services of RingGo. The following table illustrates the income received using this method of payment over a three year period:

**TOTAL INCOME RECORDED BY RINGGO BETWEEN 5PM AND 6PM ON CHARGING DAYS**

2011 – 2012	£286.08
2012 – 2013	£468.43
2013 – 31.1.2014	£677.74
<b>Total</b>	<b>£1,432.25</b>

Average Pay and Display income recorded by RingGo over three years	<b>£477</b>
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2.11 Again, this will be the minimum income received by this method as RingGo are not able to supply information relating to motorists arriving outside the hours of 5pm – 6pm but who paid for parking time to include these hours.

2.12 The parking management information database has also been examined for the number of pay and display contravention related Penalty Charge Notices (PCN) issued on charging days between 5pm and 6pm.

**HIGHER LEVEL (£70) PAY AND DISPLAY RELATED PCN ISSUE BETWEEN 5PM AND 6PM ON CHARGING DAYS**

	ON-STREET		OFF-STREET		TOTAL	
	PCN	£	PCN	£	PCN	£
<b>2011 – 2012</b>	0	0	35	896.70	35	<b>896.70</b>
<b>2012 – 2013</b>	0	0	18	505.44	18	<b>505.44</b>
<b>2013 – 31.1.2014</b>	0	0	10	263.60	10	<b>263.60</b>
<b>Total</b>	<b>0</b>	<b>0</b>	<b>63</b>	<b>1,665.74</b>	<b>63</b>	<b>1,665.74</b>

Average higher level PCN income over three years	<b>£555</b>
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**LOWER LEVEL (£50) PAY AND DISPLAY RELATED PCN ISSUE BETWEEN 5PM AND 6PM ON CHARGING DAYS**

	ON-STREET		OFF-STREET		TOTAL	
	PCN	£	PCN	£	PCN	£
<b>2011 – 2012</b>	335	6,361.65	880	16,711.20	1,215	<b>23,072.85</b>
<b>2012 – 2013</b>	172	3,386.68	517	10,179.73	689	<b>13,566.41</b>
<b>2013 – 31.1.2014</b>	61	1,026.02	195	3,279.90	256	<b>4,305.92</b>
<b>Total</b>	<b>568</b>	<b>10,774.35</b>	<b>1,592</b>	<b>30,170.83</b>	<b>2,160</b>	<b>40,945.18</b>

Average lower level PCN income over three years	<b>£13,648</b>
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- 2.13 In arriving at a value for each PCN, this has been reached by simply calculating the annual income from PCN and dividing it by the number of valid PCN's issued. It cannot take account of income received outside these parameters (e.g. paid later, paid after appeal, or recovered by Bailiffs). In reality, the income from PCN's is likely to be higher than that illustrated.
- 2.14 It will be noticed from the figures above that both income and PCN issue has reduced over the illustrated three year period. This is partly due to an increase in compliance with parking regulations and an indication of the difficult economic times currently being experienced. However, in addition, during 2013 – 2014, we have experienced unprecedentedly high levels of sickness amongst an under-strength Civil Enforcement Officer (CEO) establishment. However, this has been addressed; currently no CEO is off work with sickness and the establishment is only one under strength. Therefore, it is reasonable to expect the PCN issue rate to increase considerably for the remainder of this financial year and in ensuing years.
- 2.15 In addition to the improved situation amongst CEOs, revenues are also likely to improve in line with the national economic outlook and the delivery of the Council's regeneration plans.
- 2.16 If the recommendation is approved, the new charging period will be introduced in two stages. The first stage will be to introduce the new period in DDC owned and managed off-street car parks. This process only requires Cabinet approval and a three week consultation period. If approval is received from Cabinet on 14<sup>th</sup> April 2014, the consultation period will commence on 24<sup>th</sup> April 2014 and end on 15<sup>th</sup> May. Assuming that no objections are received and that the process need not return to Cabinet, arrangements can be made for the Pay and Display machines and our Pay by Phone service to be reprogrammed and for the tariff boards and website to be

updated. It must be borne in mind that these arrangements involve external providers and we are therefore reliant on their timescales. Early negotiations will take place with them if the recommendation is approved. This could provisionally be completed for introduction at 9am on Monday 2 June 2014.

- 2.17 The Director of Environment and Corporate assets already has delegated authority to undertake the procedural aspects of the necessary statutory provisions to carry into effect any approved change in charging hours. Should any objections be received, Cabinet is asked to delegate any decision on this to the Director of Environment and Corporate Assets and the Portfolio Holder for Property and Access.
- 2.18 Although KCC are responsible for on-street issues in relation to parking, DDC undertakes this function on their behalf. Accordingly, the introduction of the new charging period on-street requires DDC to follow a clearly laid out process to obtain a full Traffic Regulation Order (TRO) which is required before such a change can be introduced on-street. The initial stages outlined in paragraph 2.13 apply, but once the consultation period has ended a report must be taken before the Dover Joint Transportation Board (JTB) informing them of the proposal. If a Cabinet decision is taken on 14<sup>th</sup> April 2014 to support the recommendation, the consultation period will commence on 24<sup>th</sup> April 2014 and end on 15<sup>th</sup> May. The dates of JTB meetings for 2014/15 have not yet been set, but the next available meeting is likely to be on or about 26<sup>th</sup> June 2014. Whilst the JTB can only make a recommendation (and there is an assumption in this instance that it will be to support the proposal to reduce the charging period) they are the accepted body who approve TRO's. Assuming they make a positive recommendation, we are then required to advertise our intention to make an order (reducing the charging period) and give a six week period for responses. However, we are not required to delay introduction until after that period and, therefore, subject to the logistical requirements being met, the new charging period can be introduced on-street by 28<sup>th</sup> July 2014.
- 2.19 Finally, members are asked to note that the regeneration plans for the District and for Dover especially are likely to cause significant change to the current parking patterns and demand. Provision has been made within the MTFP to undertake a review over the next year of the Council's Parking Strategies for Dover, Deal and Sandwich. The impact of any changes made to charging times as a consequence of this report will be reviewed as part of this process, to ensure that parking provision continues to support the on-going regeneration within Dover district.

### **3. Identification of Options**

- 3.1 Option 1. To confirm the recommendation to reduce the on- and off-street parking charge period from 9am – 6pm to 9am – 5pm.
- 3.2 Option 2. Not to reduce the on- and off-street parking charge period from 9am – 6pm to 9am – 5pm but to retain the current times.

### **4. Evaluation of Options**

- 4.1 The preferred option is Option1, as this will ensure that the charging regime for parking provision within the Dover district supports the Council's on-going regeneration plans by providing the shortest charging period not only locally but across the county whilst maintaining proper control of the spaces available.
- 4.2 Option 2 is not recommended as this will not provide an enhanced incentive to motorists to make greater use our town centres.

## 5. Resource Implications

<i>Revenue Implications</i>	<i>2014/2015 £000</i>	<i>On-going £000</i>
Expenditure:		
• Renew signage on tariff boards (two stages)	2.0	
• Reprogramming of Pay and Display machines (two stages)	2.0	
• Reprogramming RingGo system (two stages)	2.0	
• Newspaper advertising (two stages)	1.5	
• On-Street TRO process (external supplier)	1.5	
Income decrease (estimated annual decrease based on average of the three year figures given in the body of the report)	55.5	55.5
Budget requirement	64.5	55.5

## 6. Corporate Implications

### 6.1 Comment from the Section 151 Officer:

As noted above, the statutory parking regime is used for the purpose of relieving or preventing congestion of traffic and therefore this is not, primarily, a financial decision.

However, the decision will have financial implications and these are explained below.

DDC currently has the lowest Council Tax in East Kent, one of the lowest car parking hourly charges in Kent, and the shortest charging hours. However, income for 2013/14 is currently projected to be £98.4k below the original budget. A modest increase is projected for 2014/15.

The proposed reduction in charging hours for off-street parking is estimated to reduce income by £64k (including some costs) in the first year and £55k in subsequent years.

This reduction was not included within the current 2014/15 budget and therefore if Cabinet approve the change in charging hours, approval for a supplementary budget will be required from Council.

The current approved 2014/15 budget is balanced. Therefore the proposal will result in an approved General Fund revenue budget deficit of £64k and an equivalent reduction in the 2014/15 projected year end balances from £2,530k to £2,465k. These are still above the minimum level approved by Council.

In addition, the Medium Term Financial Plan (MTFP) currently projects that General Fund revenue savings of £763k and £1,189k will be required in 2015/16 and 2016/17. If the proposal is approved these savings targets will increase to £827k and £1,244k respectively.

Against this background Members are also reminded that in the current climate income streams and expenditure are increasingly volatile. The outturn for 2013/14 is expected to show significant additional income from Business rates and Planning Fees. This is partially offset by other income reductions and increased costs, but will still lead to a favourable outturn.

These trends are also expected to continue in 2015/16 (although the income will remain volatile) however Members should note that the improved income will be insufficient to offset all of the required savings, so any loss of car parking income will increase the savings required in future years. (MD)

**6.2 Comment from the Solicitor to the Council:**

The Solicitor to the Council has been consulted in the preparation of this report and has no further comments to make.

**6.3 Comment from the Equalities Officer:**

This report does not specifically highlight any equalities implications however, in discharging their responsibilities members are required to comply with the public sector equality duty as set out in section 149 of the Equality Act 2010 <http://www.legislation.gov.uk/ukpga/2010/15>

**7. Appendices**

Appendix 1 – Parking Charging Period Comparisons

**8. Background Papers**

None

Contact Officer: Roger Walton, Director of Environment and Corporate Assets

## PARKING CHARGING PERIOD COMPARISONS

<u>Authority</u>	<u>Charging Period</u>
Ashford	7am – 6pm
Canterbury	7am – 9pm
Dartford	8am – 6.30pm
Dover	9am – 6pm
Gravesham	8am – 6pm
Maidstone	8am – 6.30pm
Medway	7am – 10pm
Seven Oaks	8.30am – 9.30pm
Shepway	8am – 6pm
Swale	8am – 6pm
Thanet	9am – 7pm
Tonbridge & Malling	8am – 6pm
Tunbridge Wells	8am – 6pm

Comparisons as of 22<sup>nd</sup> January 2014



DOVER DISTRICT COUNCIL

COUNCIL – 14 MAY 2014

**EXCLUSION OF THE PRESS AND PUBLIC**

**Recommendation**

That, under Section 100(A)(4) of the Local Government Act 1972, the public be excluded from the meeting for the remainder of the business on the grounds that the items to be considered involve the likely disclosure of exempt information as defined in the paragraph of Part I of Schedule 12A of the Act set out below:

<u>Item Report</u>	<u>Paragraph Exempt</u>	<u>Reason</u>
External Wall Insulation for the Dorlonco System Built Properties in Aylesham	3	Information relating to the financial or business affairs of any particular person



By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

**Agenda Item No 10**

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