

BRECKLAND COUNCIL FINANCIAL COMMENTS & APPRAISAL

THIS DOCUMENT PROVIDES THE FINANCIAL IMPLICATIONS
IN RESPECT OF THE ATTACHED REPORT

FROM: Alison Chubbock (Assistant Director Finance)
REPORT: Car Parking Strategy
REPORT DATE: 24 June 2024

	£ Year 1 2024-25	£ Year 2 2025-26	£ Year 3 2026-27	£ Year 4 2027-28
Revenue				
Income				
Car parks income	(-)	(422,010)	(865,113)	(888,359)
Costs				
One off set up	56,000	-	-	-
Existing running costs	250,000	252,219	259,786	267,580
Required Capital cont'n to revenue	200,000	200,376	206,387	212,579
New running costs	-	149,826	308,642	317,902
Capital repayment (MRP)	-	37,007	74,015	74,015
Lost interest on capital spend	-	8,882	16,283	16,283
Total Revenue	506,000	226,300	-	-
Capital				
Costs				
Initial design and technical support	39,000	-	-	-
One off set up requirements	-	337,900	-	-
Upgrades to car parks	-	76,700	-	-
Contingency	-	138,507	-	-
Total Capital	39,000	553,107	-	-
Considered By:	Cabinet			
Date:	24-06-24			

Financial Services Comments

Option 1

The table above details the indicative financial implications of Option 1 in the report.

The proposed charging model is designed to cover existing and new costs of car parking and to repay the one off capital costs, it does not aim to create a surplus and all income must be used in line with the legislation (Road Traffic Regulation Act 1984). The financial information shown above is based on the principles in paragraph 1.14 of the report and includes all existing costs, future new costs plus the one off costs of set up.

Breckland has a budget gap ranging between £300k - £400k from 2025-26 onwards which will need to be covered by new savings/income in the evolve programme. This strategy would contribute £252k per year to the evolve programme as the new car park income will cover existing revenue costs. It would also create a cost avoidance of £200k - £250k for future capital investment required in car parks which would have to be funded from revenue if a charging model was not in place.

One off revenue set up costs of £56,000 include Legal, Change orders, Project management, Procurement support and Communications costs. This could be funded from the Growth & Investment Reserve (invest to save), leaving a balance of £127k for other projects.

This appraisal is valid for 1 month from issue date
If there are changes to the original report it may invalidate this document & must be reviewed by Finance.

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One off capital requirement includes equipment, ground works, electrical works, signage and licences. Upgrades to car parks is to bring them up to a standard required before charging. The capital costs would be added to the capital budgets and would be repaid over 8 years through the Minimum Revenue Provision (MRP) charge.

If this option is approved, it is recommended that; the capital budgets are added to the approved capital programme, the revenue budgets are updated accordingly for new and revised costs and income and that £56,000 is released from the Growth & Investment Reserve (invest to save element).

Option 2

This option would increase revenue costs above current levels for enforcement and capital repayment costs, totalling circa £400k to £450k per year. This would result in an increased efficiency requirement for all future years which would need to be identified in other areas of the Council's services. In addition, the capital budget shown in the table above for option 1 would also be required.

Option 3

There is potential for this option to reduce both revenue and capital costs of the car parks to the Council, which would contribute to the Council's efficiency targets. The actual value of savings would depend on the quantum of the disposal of property.

Option 4

All future capital costs would need to be repaid through revenue (MRP) which would add around £200k per year to the efficiency requirement which would need to be identified in other areas of the Council's services.

Financial Risk

Option 1

The main variable which impacts on the income receivable is through displacement, therefore if these assumptions are incorrect the income forecasts will vary from those shown above.

Various assumptions have been used for this financial modelling, with available data used where possible, the key assumptions used are:

- Parking Matters parking data and displacement levels used for all towns with an additional displacement contingency.
- Sunday income is assumed at 6% of all other income.
- Capital costs contingency is included at 20%
- Capital inflation contingency is included at 10%
- Major repairs (such as resurfacing) will take place circa every 8 – 10 years.
- The charging model is in place from October 2025
- No allowance is included for a reduction in displacement in future years
- Allowance has been included for car parks which are already subject to planned change (Riversdale regeneration project)
- Tariff levels as detailed in the appendices to the report

The following variables have not been included in the financial data above due to a lack of detailed information, however they are not anticipated to have a material effect on the numbers shown:

- Where market day parking data is not available, average days data is used instead.
- No adjustment has been made for additional disabled users time.

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- No adjustment has been included for permits.

The £32,000 proposed release of capital funding at Cabinet can only be capitalised if the project continues to completion. Therefore if the overall funding is not approved at Full Council then this £32,000 will need to be funded from revenue reserves instead.

Option 2

This would increase the efficiency requirement by circa £400k to £450k per year, leading to additional savings/reductions needed in other areas of the Council's services on top of the existing budget gap ranging between £300k - £400k.

Option 3

There is potential for this option to contribute to the Council's efficiency targets. The actual value of savings would depend on the quantum of the disposal of property.

Option 4

This would increase the efficiency requirement by circa £200k per year, leading to additional savings/reductions needed in other areas of the Council's services on top of the existing budget gap ranging between £300k - £400k.

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