

Appendix 5: Summary of Permitted Use of Surplus Parking Income

The income and expenditure of local authorities in connection with their on-street charging and their on and off-street enforcement activities are governed by Section 55 of the RTRA 1984. All London authorities must keep an account of all income and expenditure in respect of designated on-street parking places and all income and expenditure related to the issue of PCNs (parking tickets) in both on and off-street areas. All London local authorities must send a copy of their accounts to the Mayor of London.

Operational guidance¹ deals with the publication of information on parking income, expenditure, the surplus or deficit and action taken in respect of that surplus/deficit.

This financial information is required for each financial year and is made available by each local authority within six months of the end of that year. Section 55 of the RTRA 1984 requires only one account but it is considered appropriate to provide sub-accounts for on-street and off-street parking operations.

The Special Parking Account (SPA) holds the parking income streams and expenditure for;

- Penalty Charge Notice enforcement
- CCTV bus lane enforcement
- Permits and visitor voucher income
- Suspension charges
- On-street casual parking income

A separate general fund account holds the income and expenditure relating to off street parking.

If there is a deficit in the SPA at the end of a financial year, the deficit should be made good out of the general fund. It is also accepted that ongoing parking operations may produce a parking income surplus although the level of the surplus is dependent on motorists' compliance with the parking restrictions in the borough, which is difficult to project.

The Council's aim, through its parking enforcement activity is to promote increased parking compliancy throughout the borough, however there is nothing wrong with making a surplus long as the authority does not rely on it and if for any reason a surplus does not occur, the Council commits that it will not adjust its charges or operations simply to achieve a surplus.

The use of any surplus is governed by Section 55 of the Road Traffic Regulation Act, 1984 which specifies that the surplus may be used for:-

- (a) the making good to the general fund of any amount charged to that fund (*to make good any deficit in the SPA*) in the 4 years immediately preceding the financial year in question;
- (b) meeting all or any part of the cost of the provision and maintenance by the local authority of off-street parking accommodation, whether in the open or under cover;
- (c) the making to other local authorities or to other persons of contributions towards the cost of the provision and maintenance by them, in the area of

¹ Operational Guidance to Local Authorities: Parking Policy and Enforcement (DfT 2010)

- the local authority or elsewhere, of off-street parking accommodation, whether in the open or under cover;
- (d) if it appears to the local authority that the provision in their area of further off-street parking accommodation is unnecessary or undesirable, the following purposes—
- (i) meeting costs incurred, whether by the local authority or by some other person, in the provision or operation of, or of facilities for, public passenger transport services,
 - (ii) the purposes of a highway or road improvement project in the local authority's area,
 - (iii) in the case of a London authority, meeting costs incurred by the authority in respect of the maintenance of roads maintained at the public expense by them,
 - (iv) the purposes of environmental improvement in the local authority's area,
 - (v) in the case of such local authorities as may be prescribed, any other purposes for which the authority may lawfully incur expenditure;
- (e) in the case of a London authority, meeting all or any part of the cost of the doing by the authority in their area of anything—
- (i) which facilitates the implementation of the London transport strategy, and
 - (ii) which is for the time being specified in that strategy as a purpose for which a surplus may be applied by virtue of this paragraph;
- (f) in the case of a London authority, the making to any other London authority of contributions towards the cost of the doing by that other authority of anything towards the doing of which in its own area the authority making the contribution has power—
- (i) to apply any surplus on the account required to be kept under subsection (1) above; or
 - (ii) to incur expenditure required to be brought into that account.