

## **Report to the Cabinet**

**Report reference:** C-062-2015/16  
**Date of meeting:** 11 January 2016



**Portfolio:** Safer, Greener and Transport

**Subject:** Alternative Options for the Provision of the Off Street Parking Arrangements in the District

**Responsible Officer:** Qasim (Kim) Durrani (01992 564055).

**Democratic Services:** Gary Woodhall (01992 564470).

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### **Recommendations/Decisions Required:**

- (1) To consider the outcome of the attached scoping study by RTA Associates Limited into the alternative provisions for the delivery of off street parking arrangements which concludes that the Council will have a clear financial benefit by extracting from the North Essex Parking Partnership (NEPP) for the off street element of the agreement;**
- (2) That subject to agreement with the conclusion of the scoping study to agree to serve the notice on NEPP for the Council to withdraw the off street parking element from the Joint Committee, that the notice be served before 31 March 2016, enabling the commencement of the new service by 1 April 2017;**
- (3) To give delegated authority to the Portfolio Holder for Safer Greener and Transport, to agree the formal notice to NEPP, in consultation with the Directors of Neighbourhoods and Governance;**
- (4) To agree that a further report be brought to Cabinet setting out: the procurement strategy, potential savings and set up costs and timeline for the delivery of off street parking operations outside of NEPP;**
- (5) That the Portfolio Holder Advisory Group already established for the review the impact of the parking strategy be asked to consider the options for the future provision of off street parking arrangements; and**
- (6) Waive Contract Standing Orders C4 (contracts exceeding £25,000 but not exceeding £50,000) and C11 (Contract selection) to appoint RTA Associates to provide specialist advice in preparing the tender specifications and consultancy support during the procurement process**

### **Executive Summary:**

The North Essex Parking Partnership (NEPP) was created in 2011 as a consequence of the decision of Essex County Council (ECC) to terminate the agency agreement for the delivery of the Decriminalised Parking Enforcement. The Council joined NEPP in 2012 at the end of the then enforcement contract with Vinci Parks Limited. The delivery of on street parking operations has been delegated to NEPP by ECC and all six member local authorities and

ECC manage the Committee that oversees this. Joining the management arrangements for the off street operations, however, are voluntary and only five of the authorities have chosen to be part of this arrangement. In 2012, before making the decision to join the off street element of NEPP, the Council asked Vinci Parks to quote for the delivery of the off street parking enforcement and cash collections before making the decision to join NEPP.

RTA Associates were recently commissioned to carry out a scoping study to establish if the Council is getting value for money from NEPP, in respect of off street operations only, give advice on alternative delivery options.

The advice from RTA Associates is that there is a clear advantage in the Council providing the off street parking enforcement, cash collection and administrative functions either directly in house, fully outsourced or a combination of both.

If the Council was minded to leave NEPP then under the terms of the Joint Committee Agreement of 2011 a notice has to be served at least twelve months, to be co-terminus with the end of the financial year, on the Lead Authority. By giving a notice before 31 March 2016 the Council can commence the new arrangements from 1 April 2017.

#### **Reasons for Proposed Decision:**

To ensure the Council is getting value for money for the off street car parking enforcement, cash collection and administration services.

#### **Other Options for Action:**

To ignore the outcomes of the scoping study and not consider alternative options for the delivery of the off street parking operations. The outcome of the RTA Associates study is very clear in that there are other delivery options available to the Council which can ensure a cost effective off street service.

#### **Report:**

1. At the time of joining NEPP in October 2012 the Council sought estimates for the provision of the off street service from Vinci Parks and NEPP. At the time NEPP's offer was more attractive and resulted in an overall CSB saving of £68,990. Vinci Parks were unable to provide the benefit of the economies of scale of carrying out a joint on and off street parking enforcement operation.
2. The main elements of the off street operation consist of: enforcement in the 18 Council car parks, receipt of electronic payments, cash collection from the 41 pay and display machines including counting and banking, administration of appeals and challenges to Penalty Charge Notice (PCNs) and first line maintenance of pay and display machines.
3. The Joint Committee of NEPP oversees the operations of the off street parking operation and has overall responsibility for the financial matters. The Committee consists of Executive Cabinet Members from: Colchester Borough Council, Braintree District Council, Harlow District Council, Uttlesford District Council and Epping Forest District Council. The Lead Authority, Colchester Borough Council, is responsible for hosting NEPP.
4. RTA Associates have been commissioned to carry out a scoping study to assess options for delivery of off street parking and advise if alternative delivery models are available. The report is attached as Appendix. The findings are very encouraging and RTA Associates are very clear that there are distinct financial advantages for the Council to provide the off street parking outside of NEPP.

5. RTA considered provision of all three main elements of off street parking: enforcement, administration of appeals against Penalty Charge Notices (PCN) and cash collection. Each of these could be provided either directly by the Council or through a private contractor. The table below sets out the options:

	Enforcement	Administration	Cash Collection	Estimated cost	Estimated saving
Provider	NEPP	NEPP	NEPP	£ 277,700	£ -
Option 1	In house	In house	Contractor	£ 245,990	£ 31,708
Option 2	Contractor	In house	Contractor	£ 174,373	£ 103,324
Option 3	In house	Contractor	Contractor	£ 235,500	£ 42,200
Option 4	Contractor	Contractor	Contractor	£ 163,896	£ 113,805

6. There are pros and cons of delivery of each of the above option. Whereas the savings are not significant if the Council were to provide all the three elements directly itself however this options provides the maximum control to the Council. Alternatively outsourcing all three elements offers the most savings. The most savings arise in the enforcement operations. If the decision was taken to leave NEPP then the options for service delivery would need to be investigated further including the upfront costs.

7. The table below sets out the current costs for provision as well as estimated future costs for each of the three main elements:

	NEPP	EFDC in house	Contractor
Enforcement	£170,200	£180,711	£ 109,094
Administration	£ 54,850	£ 39,429	£ 28,952
Cash collection	£ 52,650	Not costed	£ 25,850

8. As it can be seen from the table in para 7 there is a wide variance in the estimated costs. RTAA have carried out soft market testing and used their industry contacts to arrive at these estimates. The costs cannot be confirmed until a formal procurement exercise has been carried out.

9. There are other factors to consider. The Council currently has a cash collection contract for collections from: the Civic Offices in Epping, the Broadway Housing Office, Norway House, North Weald, Hemnall Street Office in Epping, Fleet Operations Workshop in Langston Road Depot and the Museum in Waltham Abbey. This contract is managed by the Directorate of Resources and is due to be retendered in 2016. It could be possible for the Council to benefit from the economies of scale if cash collection from the Council Car Parks could be added to this contract. This is currently being explored and if a decision is made to leave NEPP then cash collections from car parks can be included in this tender.

10. The terms of the legal agreement require that the notice to withdraw has to be served before the end of the preceding financial year in which it is to take effect. This means the Council has until 31 March 2016 to serve the notice of termination to be able to commence the new arrangement on 1 April 2017.

11. It is therefore proposed that the final decision to give notice of withdrawal should be served before 31 March 2016. In order to expedite the preparation of the final notice and to avoid any time delay it is recommended that the Portfolio Holder be authorised to agree the final wording of the notice in consultation with the Directors of Neighbourhoods and

## Governance

12. The procurement of services for the enforcement, cash collection and administration of challenges is a complex one and will be carried out over a number of months. It is recommended that a further report be brought to the Cabinet setting out in further detail the options available, procurement strategy, costs and associated time line for implementation. It is also recommended to avail the services of the existing Portfolio Holder Advisory Group set up to review the car parking strategy to provide support and guidance in taking this project forward.

13. RTA Associates were appointed to carry out the scoping study and this work is now complete. They have carried out an extensive analysis of the Councils off street car parking requirements in order to carry out a soft market test. The knowledge they have acquired in carrying out the scoping study gives them a valuable insight into the Councils car parking operations and this can be used to prepare technical specifications for an outsourced operation. It is proposed that in order to use the knowledge already gained by RTA their services be extended to provide expertise in preparing technical specifications for undertaking a procurement exercise. The Councils Contract Standing Orders require that up to three quotations should be sought for any works above £25,000. The Standing Orders also require that any contractor who has previously given advice to the Council on a contract should not be awarded the contract. In this instance an exception is sought, on the grounds stated earlier in the report, and waiver of Contract Standing Order C4 and C11 is recommended.

### **Resource Implications:**

RTA Associates have advised that the Council will achieve significant savings if it were to leave NEPP. The estimated range of savings, based on soft market testing, is £ 31,708 per year for an in-house service to £ 113,805 for a fully outsourced service. The level of savings may be lower once the initial set up costs are finalised, further analysis will be carried out if a decision is made to leave NEPP.

The delivery of financial savings as a result of withdrawal from NEPP cannot be confirmed until a formal procurement exercise is carried out. If the procurement exercise does not result in a net saving to the Council then, having given the notice to leave NEPP, the only option would be to run the service in-house.

It is currently estimated that an in-house service will result in yearly revenue saving of £ 31,708. However once the in-house delivery option is evaluated further and on costs and associated overheads fully assessed it should be possible to, estimate with a degree of confidence, the level of savings.

Funding for the work carried out by RTA Associates has been sought via the Invest to Save Fund. The work carried out so far is within budget. Any additional work by RTA Associates will be subject to an agreed fixed price quotation, detailed costs will be presented at the next Cabinet report as per recommendation (4).

### **Legal and Governance Implications:**

There are TUPE implications for any NEPP staff engaged in providing the enforcement and cash collection operations.

The terms of the Joint Committee Agreement of 2011 enable the Council to serve a notice to withdraw, provided it is co-terminus with the end of a financial year.

**Safer, Cleaner and Greener Implications:**

If the car parks are not serviced properly, adequate enforcement actions is not undertaken and pay and display machines are not kept in a good state of repair then the Council is at risk of loss of income.

**Consultation Undertaken:**

RTA Associates have carried out soft market testing to assess the alternative options for the service delivery.

NEPP and G4S will be consulted once the Cabinet decision is taken.

**Background Papers:**

Previous Cabinet reports, The Joint Committee Agreement 2011

**Risk Management:**

There is a financial risk to the Council if, once it has served the withdrawal notice, it is unable to secure a cost effective solution for the provision of all or one of the elements of the off street operation. However this risk is manageable as the fall back option of the service being provided by in house staff of the Council remains viable, albeit it does not offer the same level of financial savings as the estimated out sources solutions.

There is a reputational risk to be considered if the Council were to seek the provision of the administrative functions by means of a third party provider. For example when a motorist rings to challenge a Penalty Charge Notice they prefer to speak with a Council member of staff and not, sometimes remote, third party provider. Having said that private providers have made significant improvements in the way customer complaints are handled and service delivery standards can be specified to ensure the customers get the best service.

# Due Regard Record

This page shows **which groups of people are affected** by the subject of this report. It sets out **how they are affected** and how any **unlawful discrimination** they experience can be eliminated. It also includes information about how **access to the service(s)** subject to this report can be improved for the different groups of people; and how they can be assisted to **understand each other better** as a result of the subject of this report.

S149 Equality Act 2010 requires that due regard must be paid to this information when considering the subject of this report.

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Appropriate provision is made for parking bays for people with disabilities in the Council's off-street car parks. Free parking is provided for vehicles displaying a disabled badge.