



## BACKGROUND

1. From 6<sup>th</sup> September 2009 the parking landscape in Lancashire will change. Currently an integrated on and off street service is provided by a single contractor across the county with LCC operating a back office facility supporting the administration and payment of all penalty charge notices. Under the new arrangements, district council's in Lancashire will be responsible for delivering an off street parking service, whilst Lancashire County Council will deliver the on-street service across the county.
2. LCC have undertaken a procurement exercise which included the off street enforcement requirements of the district council's and should districts take up the option of using the LCC preferred enforcement contractor they will be required to utilise the LCC back office service on a cost per pcn basis, similar to the existing arrangement through Parkwise.
3. The districts have taken this opportunity to look at how they might work together to deliver a more efficient and cost effective off street service and through a project funded and facilitated by Team Lancashire have investigated the alternative delivery models to the solution provided through LCC. Initially this exercise was intended to be a pilot looking at the 5 mid-lancs districts however during the programme of work 11 of the 12 districts became involved. The cost assessment in this paper is therefore based on 11 participating districts. The only outstanding district has very recently asked to be involved which can be accommodated, however it was too late to include them in the financial analysis.
4. It was felt important at district level that this exercise was undertaken so that value for money could be properly demonstrated by being able to compare a number of alternative options. Districts were mindful of the tight timeframes on this project and so concentration has been focused on identifying solutions, which could be sourced without the need to undertake a full procurement exercise in compliance with OJEU regulations. Additionally there were potential operational considerations to take into account should one contractor be providing a service across two distinct service areas where responsibility for delivery would be with LCC for on-street and the districts for off street.

## WORK UNDERTAKEN

5. Facilitated by Team Lancashire the following options have been explored
  - a) back office, hosted and fully managed service through an existing ESPO framework contract. 3 companies submitted bids through a mini-tender exercise.
  - b) full parking solution encompassing enforcement, back office processing and cash collection, through a framework contract facilitated by the Essex Procurement Hub. This is a sole supplier framework and the nominated company has submitted a bid.
  - c) possible options through Legion Services for Enforcement and cash collection and for a full parking solution provided by Capita Symonds and Blackburn council in a partnership arrangement with the district council's.



## OUTCOMES

### Bids through the ESPO Framework

6. The submissions through the ESPO framework for the provision of a fully managed, hosted back office solution have been received and the evaluation exercise was concluded on Friday 15th June. The evaluation criteria assessed the bids on a 60/40 quality/price ratio based on a cost per pcn basis over the 5-year contract period for 39,000 pcn's per annum. The results were as follows;

**Company A - £3.07 per pcn**

**Company B - £8.30 per pcn**

**Company C - £6.28 per pcn**

7. Nb for comparison purposes these figures exclude commercial charges, dvla enquiries and the Appeals process charges. The commercial charges figures are immaterial in terms of this evaluation.
8. The £3.07 figure covers all costs associated with the project, however there would be initial start up costs in the first year, which could be capitalized? This would then result in a lower ongoing charge per pcn. The fairest way of apportioning the £72,530 would be based on the number of pcn's issued in each district during 2008/9. Table1 below indicates the split of year 1 up-front costs across the districts.

**Table 1 Proposed sharing of set up costs**

COUNCIL	OFF STREET NOTICES PROCESSED 2008/09	£ initial year1 start-up costs	%
BURNLEY	5194	9598	13.23
ROSSENDALE	2792	5160	7.11
PENDLE	2604	4812	6.63
CHORLEY	5159	9534	13.14
SOUTH RIBBLE	1122	2073	2.86
PRESTON	3076	5684	7.84
LANCASTER	6378	11786	16.25
WEST LANCS	3384	6254	8.62
WYRE	6150	11365	15.67
FYLDE	3318	6132	8.45
HYNDBURN	71	131	0.18
<b>TOTAL</b>	<b>39248</b>	<b>72530.00</b>	<b>100.00</b>

9. The cost per pcn issued over the 5-year contract period would reduce to £2.70 when the £75,230 is deducted from the overall cost.



### **Bids through the Essex Framework**

10. The bid received from Vinci Park under the Essex Framework for a complete solution offering an enforcement, cash collection and notice-processing service has been evaluated. As this is a sole supplier framework the focus has been on price, given that the supplier had gone through a robust quality assessment to win the initial tender and become established on the framework to provide a parking service to other UK council's. The costs associated with this submission are as follows:

Enforcement and cash collection – cost per hour £21.05  
Notice Processing - £12.08

11. The company has also requested a 15% performance payment in line with the British Parking Association conditions of contract, which would need to be negotiated and factored into the cost. If the full 15% were to be agreed the costs would increase as follows:

Enforcement and cash collection – cost per hour £24.20  
Notice Processing - £13.89

### **Other possible solutions**

12. Council's could elect to deliver the enforcement service using in-house staff as some districts already do and that may offer flexibility opportunities by integrating parking enforcement with other areas of enforcement such as litter picking and dog fouling enforcement areas.
13. Additionally there have been approaches made by 2 other organisations, which are covered below
14. As part of the Options Appraisal process the team also had dialogue with Legion Services and Capita Symonds. We were unable to find a shortened procurement route, which would enable these organisations to submit a bid on a 5 year contract basis to include all 11 council's however both organisations saw fit to submit bids for consideration.
15. Legion services have submitted an offer of a maximum of £10.11 per hour for enforcement (excluding transportation).
16. Capita Symonds has also submitted a proposal, which would involve this company who currently provide the parking service to Blackburn council working in partnership with the 11 districts. They believe that an arrangement could be put in place through a shared service model, which would satisfy procurement and legal requirements. The prices offered in their submission are as follows:

Back office processing £6.40- £7.68  
Enforcement Hourly rate £ 12.59 - £13.84 (excluding transport)

No submission was made by Capita Symonds for cash collection.



**Table 2 identifies comparisons with Chorley's enforcement hours, hourly rate and cash collections costs from 2008/09.**

	<b>Chorley 2008/2009 rates £</b>	<b>Legion £</b>	<b>Essex Framework £</b>	<b>Capita Symonds £</b>
Enforcement	49,234	37,590	Within total	51,817
Cash collection	34,410	21,827	Within total	
<b>Total</b>	<b>83,644</b>	<b>59,417</b>	<b>90,633</b>	<b>51,817</b>

**Legion**  
Cash collection rate is £5 per box plus 25 pence per £100 per box.  
Cash collection rate includes for use of a vehicle.

**Essex Framework**  
Hourly rate covers both enforcement and cash collection.  
Included within total of £90,633 is £11,822 re 15% negotiable performance payment.  
Not known at this stage if vehicle costs are included within the hourly rate.

**Capita Symonds**  
Hourly rate is for enforcement only

17. As mentioned above the districts cannot procure as a group through Legion on a 5 year contract basis, however the company have indicated a willingness to provide the service on a shorter term to any individual districts who might be interested and that would then allow the Lancashire Procurement Hub the opportunity to undertake a formal procurement process in the longer term. The solution offered by Capita Symonds does not offer the same financial benefits as the proposal; received from Legion Services
18. A further option for districts for delivering the enforcement service would be to employ their own staff. If we assume SCP 14 at £15570 x 15% on cost this equates to an hourly rate of £10.29. The potential advantages here are that it enables council's to provide a more flexible enforcement service, perhaps merged with other enforcement services, however there are disadvantages in employing, training and managing staff which cannot be underestimated particularly when enforcement hours requirements do not neatly match with FTE's. If the in-house route were chosen there would also need to be either an integrated or separate cash collection and counting service, which again might create operational issues.
19. In terms of any local agreement with the Legion, they have asked if participating authorities could supply a small amount of office space for their enforcement operatives and Preston CC have indicated that they are willing to also provide a facility for cash counting. It is assumed that each authority will accommodate this request at their own cost, which should be negligible.
20. The appendices attached compares the current arrangements with LCC alongside the LCC rates and the alternative options .



21. Points for information are as follows:

- **To receive the prices quoted by the lowest bidders the majority of the districts will have to choose the same service provider otherwise, the prices will need renegotiating**
- LCC offer includes transport and accommodation costs
- Legion offer includes transport for cash collection only and assumes staff will be accommodated within the district they are working at
- Legion Enforcement offer does not include transport costs
- Individual Districts will have to determine what impact the above 2 points will have on their comparative pricing
- The cost per PCN for the notice processing by company A may increase should a number of districts decide to use a different supplier. Clarification from Company A is required on this issue.

22. The County Council have indicated they would very much like to work in partnership with the Districts on this new parking venture. They appreciate that we have had difficulties in the past with the Parkwise arrangements but we do need to move on from this. The County Council believe they have a workable solution which is as competitively priced as possible and, despite the progression of time, they remain confident that we can be fully operational by September.

23. The County Council is strongly committed to developing a positive and productive partnership between the County Council and Districts and if this can be achieved the new arrangements for parking enforcement could significantly benefit all parties and bode well for progressing less obviously difficult areas for joint working.

24. Given the present economic climate a joint approach on parking enforcement could also help achieve a better public image. It would be unfortunate if separate enterprises were to be perceived by the press and public as inefficient.

25. The County Council hope Districts can favorably consider this approach and feel able to join the new arrangements for parking enforcement and have requested that they are informed of each Council's decision by 30th June 2009.

## **TIMESCALES**

26. From a district perspective it is felt that the decision deadline date on the way forward needs to be no later than 30<sup>th</sup> June 2009. This should enable a notice processing, enforcement and cash collection solution to be in place on 6<sup>th</sup> September should the district council's elect to arrange and manage the service themselves or as a group. . The 30<sup>th</sup> June has been put to districts as the deadline and it is hoped that all will be able to go through their internal approval procedures to meet this date.



## TUPE

27. There are potentially TUPE issues associated with this project. Should the districts elect to provide their own back office rather than through LCC there may be staff eligible for transfer to the new supplier. This could impact on the prices quoted by Company A through the ESPO framework for the back office but it is not anticipated that this would present significant barriers to doing business with this company. Similarly there may be staff transfer issues if the off street enforcement service is not delivered through the LCC preferred bidder but again it is not felt that this would present insurmountable issues and would be between the incumbent contractor and whoever the districts choose to deliver their enforcement service. A present LCC have not indicated if any TUPE issues exist.

## LCC POSITION

### **Parking Enforcement – New Arrangements for September 2009**

28. The new arrangements applicable from September 2009 were approved by the County Council's previous Cabinet Member for Sustainable Development in November 2008. Under the new arrangements, the County Council will undertake enforcement of on-street parking across the County with the District Councils enforcing off-street parking in their area. The County Council will continue to procure enforcement and notice processing system and provide a back office service and the District Councils will have the option of utilising these services.
29. LCC have concluded a procurement exercise and have awarded NSL the enforcement contract with SPUR providing the notice processing system as part of the same contract. They are therefore e now in a position to offer these facilities to other Authorities at the rates set out below.

## Enforcement

30. The enforcement costs consist of an hourly rate, a fixed cost element and cost of accommodation.
31. The hourly CEO rate is £13.06 rising to £13.52 if any CEOs TUPE over to the contractor. These costs include vehicle costs and all PCN rolls and carries, printers, cameras, HHC and training. This rate applies to any day including bank holidays, Sundays and at any time. The cost for districts employing their own CEOs will be £1.69 per hour deployed, which includes uniform, HHC, printers, cameras and PCN rolls.
32. The fixed cost element of the contract can be distributed based on the number of PCN's issued. However, the County Council is prepared to take on the full fixed costs for the contract. This will reduce the costs to Districts by £101,000 per annum.
33. The County Council is also prepared to fund the full cost of accommodation provided the District Councils can identify suitable accommodation at advantageous rates for the four bases needed by the contractor. This represents further savings to the Districts of approximately £34,000 per annum.

### Back Office

34. The proposed cost for the back office is £5.47 per PCN, this excludes the 60p TPT charge (which district pay direct) and also any TEC charges which will be charged separately. **These costs are based on the assumption that all districts will be using this facility.**

### Cash Collection

35. Cash collection can be provided through the enforcement contract at a rate of £80 per machine per month. This rate is based on three collections per week.
36. The above costs have now been exemplified in the cost model shown the appendices to this report

### MANAGING THE OFF-STREET SERVICE

37. The review has not yet looked how individual authorities may manage the 'client' side of any off-street solution. Individual authorities will need to determine whether they can absorb the workload within their current establishment or not given that many of the current parking managers will transfer to the County Council under the TUPE regulations. Once this is decided further work can be done to establish if any cluster working is required or not as the case may be. This can only be determined once the enforcement and notice processing arrangements are established.

### RECOMMENDATIONS

**The recommendations made below are based purely on the financial appraisal which shows that least cost option is for the Districts to procure their own enforcement, back office processing and cash collection services. The recommendation takes no account of the potential benefits of a joint solution in terms of the public interface or the intangible goodwill that could be created. It will be for individual Districts to form their own view in this respect.**

38. That the 12 Lancashire Districts contract Company A to deliver a hosted and fully managed back office system for their off street parking enforcement operations
39. That the districts who require an external enforcement contractor and cash collection services engage individually with Legion Services to negotiate a short term arrangement for the delivery of this service. Despite there being some further analysis required on transportation costs for those districts requiring vehicles for enforcement this would narrow the gap between the LCC offer and the cheapest bid but not eradicate the difference.
40. That the Lancashire Procurement Hub be engaged to undertake a formal procurement exercise in association with the 12 district councils for an enforcement and cash collection service.
41. If the decision by a significant number of Councils were to support the recommendation in this report, it would make sense to appoint a lead Authority to arrange the contract for enforcement,

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back office and cash collection if appropriate. Some further discussion is also required regarding the implementation of an alternative solution and how this is resourced to ensure a successful implementation.

GARY HALL  
ASSISTANT CHIEF EXECUTIVE  
CHORLEY COUNCIL  
15<sup>TH</sup> JUNE 2009





## SUMMARY

District	2008/2009 Rates from LCC £	LCC rates from the 6th Sept 09 £	Alternative Rates From the 6th Sept 09 £
Burnley	99,799	101,105	74,276
Rossendale	49,274	51,127	35,277
Pendle	40,841	42,365	28,940
Chorley	110,425	102,184	75,255
South Ribble	23,863	28,392	15,832
Preston	110,458	148,415	121,926
Lancaster	160,839	167,111	131,624
West Lancs	80,167	85,484	62,018
Wyre - employ own CEO'S	69,795	65,631	37,419
Fylde	81,003	95,502	63,450
Hyndburn	133	137	77
	<b>826,596</b>	<b>887,453</b>	<b>646,092</b>

## LCC at 2008/2009 Rates

District	PCN's issued 2008/2009	Weekly Off St Enforcement Hours	NO of weekly box collections i.e. no of boxes multiplied by frequency	Notice Processing at £5.30	Enforcement assuming an avg of £13.00 per hour	Cash Collection	Total
				£	£	£	£
Burnley	5,193	72	69	27,523	48,672	23,604	99,799
Rosendale	2,792	51	0	14,798	34,476	0	49,274
Pendle	2,604	40	0	13,801	27,040	0	40,841
Chorley	5,159	72	73	27,343	48,672	34,410	110,425
South Ribble	1,122	18	10	5,947	12,168	5,748	23,863
Preston	3,076	78	240	16,303	52,728	41,427	110,458
Lancaster	6,378	88	220	33,803	59,488	67,548	160,839
West Lancs	3,378	68	54	17,903	45,968	16,296	80,167
Wyre - employ own CEO'S	6,150	80	62	32,595	0	37,200	69,795
Fylde	3,316	80	37.5	17,575	54,080	9,348	81,003
Hyndburn	25		0	133	0	0	133
	<b>39,193</b>	<b>647</b>	<b>765.5</b>	<b>207,723</b>	<b>383,292</b>	<b>235,581</b>	<b>826,596</b>

## Alternative Rates From The 6th September 2009

District	PCN's issued 2008/2009	Weekly Off St Enforcement Hours	NO of weekly box collections i.e. no of boxes multiplied by frequency	Notice Processing at £3.07	Enforcement at £10.04 - £10.11 per hour	Cash Collection at £5.75 per box	Total
				£	£	£	£
Burnley	5,193	72	69	15,943	37,702	20,631	74,276
Rossendale	2,792	51	0	8,571	26,706	0	35,277
Pendle	2,604	40	0	7,994	20,946	0	28,940
Chorley	5,159	72	73	15,838	37,590	21,827	75,255
South Ribble	1,122	18	10	3,445	9,397	2,990	15,832
Preston	3,076	78	240	9,443	40,722	71,760	121,926
Lancaster	6,378	88	220	19,580	46,263	65,780	131,624
West Lancs	3,378	68	54	10,370	35,501	16,146	62,018
Wyre - employ own CEO'S	6,150	80	62	18,881	0	18,538	37,419
Fylde	3,316	80	37.5	10,180	42,058	11,213	63,450
Hyndburn	25		0	77	0	0	77
	<b>39,193</b>	<b>647</b>	<b>765.5</b>	<b>120,323</b>	<b>296,885</b>	<b>228,885</b>	<b>646,092</b>

## LCC Rates From The 6th September 2009

District	PCN's issued 2008/2009	Weekly Off St Enforcement Hours	NO of weekly box collections i.e. no of boxes multiplied by frequency	Notice Processing at £5.47	Enforcement at £13.52 per hour	Cash Collection	Total
				£	£	£	£
Burnley	5,193	72	69	28,406	50,619	22,080	101,105
Rossendale	2,792	51	0	15,272	35,855	0	51,127
Pendle	2,604	40	0	14,244	28,122	0	42,365
Chorley	5,159	72	73	28,220	50,619	23,345	102,184
South Ribble	1,122	18	10	6,137	12,655	9,600	28,392
Preston	3,076	78	240	16,826	54,837	76,752	148,415
Lancaster	6,378	88	220	34,888	61,868	70,356	167,111
West Lancs	3,378	68	54	18,478	47,807	19,200	85,484
Wyre - employ own CEO'S	6,150	80	62	33,641	7,030	24,960	65,631
Fylde	3,316	80	37.5	18,139	56,243	21,120	95,502
Hyndburn	25		0	137	0	0	137
	<b>39,193</b>	<b>647</b>	<b>765.5</b>	<b>214,386</b>	<b>405,654</b>	<b>267,413</b>	<b>887,453</b>