

CABINET

Urgent Business Report Civil Parking Enforcement

Report of Corporate Director (Regeneration)

PURPOSE OF REPORT				
This report considers the procurement options for the operation Civil Parking Enforcement (CPE) after the expiry of the current Agency Agreement with Lancashire County Council in September 2009.				
Key Decision	<input checked="" type="checkbox"/>	Non-Key Decision	<input type="checkbox"/>	Referral from Cabinet Member
Date Included in Forward Plan	April 2009			
This report is public				

RECOMMENDATIONS

- (1) That the County Council be selected for the provision of off-street parking enforcement and back office services including Cash in Transit from September 2009 subject to County wide consultation and there being no significant changes in agreeing the final level of charges.
- (2) That the Corporate Director (Regeneration) in consultation with the Head of Legal and Human Resources, Head of Property Services and Head of Financial Services be authorised to enter into the necessary contracts to ensure the delivery of the above services from September 2009.
- (3) That the County Council provides appropriate levels of enforcement in residents parking zones and liaises with the City Council's parking team over this requirement.
- (4) That the Overview & Scrutiny Chairman be consulted with a view to waiving call in, in accordance with Overview & Scrutiny Procedure Rule 17, to enable the Chief Executive's decision to be implemented immediately.

1.0 Introduction

- 1.1 Members of Cabinet and Overview and Scrutiny Committee recently received a Cabinet Briefing Note on the arrangements for Civil Parking Enforcement (CPE) that are due to change in September. The note outlined the current position with the procurement options for the provision of various off-street parking services. A copy of the briefing note is attached at **Appendix A**.

- 1.2 Team Lancashire and Lancashire County Council have now confirmed their preferred options and contractors and officers have evaluated the operational and financial implications of each procurement exercise. This report provides further information on these proposals and evaluations.
- 1.3 An urgent business decision is required to enable the contractor and service providers to introduce their arrangements by September. Any delays in implementing the urgent business decision will make it extremely difficult to guarantee that the necessary arrangements will in place by the required deadline.

2.0 Background Information

- 2.1 The background to this report is outlined in the earlier briefing note. A decision now needs to be made on which option is to be chosen for the provision of off-street car park enforcement, back office notice processing services and cash in transit (CIT) arrangements to coincide with the current contractual arrangements terminating in September. This is when the County Council assumes responsibility for the on-street element of parking enforcement in the Lancaster district.

3.0 Proposal Details

3.1 County Council Procurement Arrangements

- 3.2 The County Council has appointed NSL Services (formally NCP Services) for the provision of a combined enforcement and back office notice processing IT system. NSL are the present enforcement contractor and they have selected a company called SPUR to provide their back office software. This means the central notice processing office in Preston will be using new software for notice processing from September. NSL have also confirmed they can provide an all inclusive CIT service. Further information on the County's proposals and prices is attached at **Appendix B**.
- 3.3 Discussions have been taking place with representatives from Team Lancashire and the County Council over their respective procurement exercises. This has resulted in the County Council offering to absorb all fixed costs for the period of the contract thereby reducing the total cost for all districts by £101,000 per annum. County have also offered to pay the full cost of accommodation and this means that no costs will be payable for off-street operations using the same facilities. This has resulted in the County's unit costs reducing to £13.06 per hour for enforcement and £5.47 per PCN for notice processing. However, the notice processing cost is subject to all districts using this facility.
- 3.4 The County Council has indicated it is strongly committed to developing a positive and productive partnership with the districts and believe they have a workable solution that is competitively priced. They feel that a partnership could achieve a better public image and that separate arrangements for on and off-street could be perceived by the press and the public as being inefficient.

3.5 Team Lancashire Procurement Arrangements

- 3.6 The background to the alternative options is outlined in the earlier briefing note. Team Lancashire has now published its final report and a copy is attached at

Appendix C. The report outlines the procurement work that has been undertaken, summarises the bids received, comments on the County's proposals and prices and provides some cost comparison analysis across all districts.

- 3.7 The Team Lancashire preferred option is to contract a software company called Chipside for 5 years to deliver a hosted and fully managed back office and notice processing service at £3.07 per PCN. This figure could be reduced if the setting up costs of £72,530 across all districts were capitalised or paid in the first year. Chipside would establish the back office in Swindon and this would offer similar services to the existing notice processing office in Preston.
- 3.8 Team Lancashire's preferred option for enforcement and CIT is to use Legion Services who can offer enforcement at an initial cost of £10.11 along with rates for CIT. However, each district would have to negotiate the provision of transport and accommodation and enter into a short term arrangement with Legion to overcome procurement difficulties. This would require the Chief Executive/Corporate Director to approve a Request for an Exception to Contract Procedure Rules. The Lancashire Procurement Hub would then be engaged to undertake a formal procurement exercise in consultation with all 12 Lancashire districts.
- 3.9 Discussions have been held with Legion Services to determine the City Council's off-street specification and to investigate how these services would be provided during a short term arrangement. For CIT this has resulted in additional costs due to the scale of the City Council's operation and these costs have been included in the financial implications.
- 3.10 It is clear from discussions with the County Council, NSL Services the present enforcement contractor and Legion Services that some existing Civil Parking Enforcement Officers (CEOs) and CIT staff would be eligible for transfer to Legion Services under the Transfer of Undertakings (Protection of Employment) Regulations 2006. For the Lancaster district this could be up to 5 employees and additional costs relating to these transfers were not included in Legion's initial unit costs for enforcement and CIT. However, Legion Services have subsequently provided an estimate of these additional costs and these are noted separately in the financial implications but as yet they are not based on information Legion have obtained from the current contractor.

3.11 In-House Enforcement and Back Office Option

The disadvantages of providing these services in-house were also outlined in the briefing note. This option has been included in the operational and financial evaluation and further information is provided in the options and options analysis section of this report.

3.12 Parking Strategy

All the potential options for delivering these off-street parking services are in line with the Parking Strategy. However, the new arrangements from September whereby the County Council will be responsible for on-street parking enforcement could potentially impact on the level of enforcement in on-street residents parking zones. Within the Parking Strategy residents are considered to be at the top of the parking hierarchy when considering parking priorities. It is therefore suggested that if the option to use the County's off-street services is chosen this should be linked to the County providing similar levels of enforcement in on-street residents parking zones to those provided under the current arrangements.

3.13 Form of Agreement or Contract

It is understood the City Council will be expected to sign a contract with the County's enforcement contractor NSL Services and it is likely that a Service Level Agreement will be required for the back office services. For the Team Lancashire option each district will have to enter into a short-term agreement with Legion Services for enforcement and CIT services as outlined earlier. A separate contract or agreement will be required with Chipside for 5 years for the provision of the back office services and software. The contractual implications of the option that is chosen will be discussed with the Head of Legal Services when further information has been provided.

4.0 Details of Consultation

- 4.1 The County Council's approach to on-street parking enforcement has been discussed on several occasions at Lancashire Leaders' and LCFOs meetings. The Parkwise Managers' meetings have discussed the arrangements for September 2009 onwards and copies of the County Council's ITT document have been provided to the relevant district directors and senior managers.

The Team Lancashire initiative has been discussed at its Shared Services Board. Parking Managers have discussed the expressions of interest with a panel of district representatives evaluating the final submissions. Representatives from Team Lancashire and the County Council have also discussed the procurement exercises as outlined earlier. The final Team Lancashire report has been circulated to district representatives, senior managers, Heads of Finance and Chief Executives.

5.0 Options and Options Analysis (including risk assessment)

Please refer to the following pages

5.1 Option 1 – County Council Services

The advantages and disadvantages of the County Council option are as follows:

Advantages	Disadvantages
<p><u>Enforcement</u></p> <p>Less expensive than current arrangements and more certainty over costs</p> <p>CEOs already appointed, trained and have local knowledge and understanding of our enforcement protocols</p> <p>All CEOs trained to deliver on and off-street enforcement. Car park requirements will be drawn from this pool of resources with equal priority for deployment</p> <p>CEOs and CIT staff trained to provide first line maintenance for pay and display machines. Provision of additional first line maintenance will allow the potential cancellation of the pay and display machine maintenance contract</p> <p>Accommodation and infrastructure already in place and retains elements of the existing integrated service</p> <p>Annual tender prices linked to RPI increases</p> <p>Proven track record on enforcement requirements and established client and contractor relationship</p> <p>No TUPE implications for CEOs & CIT staff</p>	<p>More expensive should TUPE not apply to the Team Lancashire option and initial tender prices are accurate</p> <p>Perceived poor public relations image from existing arrangements under the Parkwise branding</p>
<p><u>Back Office</u></p> <p>Already in place in Preston, staff appointed and trained and all electronic links and bureau services available</p> <p>All payment options and services are already available</p> <p>Access to shared technical and legal resources for PCN notice processing issues</p>	<p>Uncertainty over PCN unit cost if most districts go with the Team Lancashire option</p> <p>Potential problems with new back office software</p>
<p><u>Cash In Transit (CIT)</u></p> <p>Service already substantially established. Full CIT service would enable savings to be made by terminating G4S contract</p>	<p>Some implications for other services based at Morecambe Town Hall</p>

5.2 Option 2 - Team Lancashire Services

The advantages and disadvantages of the Team Lancashire option are as follows:

Advantages	Disadvantages
<p><u>Enforcement</u></p> <p>Less expensive than the County Council based on the initial tender prices should TUPE not apply</p> <p>More direct control over CEOs and local deployment</p> <p>12 month contract provides districts with an opportunity to undertake their own procurement exercise</p> <p>Public perception – fresh approach to enforcement</p> <p><u>Back Office</u></p> <p><u>Cash in Transit (CIT)</u></p> <p>Full CIT service would enable savings to be made by terminating G4S contract</p>	<p>Less certainty over costs & greater risks over some aspects of the tender requirements</p> <p>CEOs yet to be appointed and trained and will need to know local arrangements and enforcement protocols</p> <p>Ability to provide cover if reduced deployment resources e.g. sickness etc.</p> <p>TUPE implications for CEOs and CIT staff are highly likely</p> <p>CEOs and CIT staff would need training on first line pay and display maintenance</p> <p>Potential for another contractor and uncertainty over future costs</p> <p>Lead authority recommended and long term availability of Team Lancashire resources has not been confirmed</p> <p>Public perception of another contractor and less effective arrangements</p> <p>Company currently only provides partial support services for some customers</p> <p>Staff not appointed, trained and familiar with statutory guidance and PCN processing. Electronic links and bureau services only partially in place</p> <p>Project implementation time to provide service by September & increased risk of not being ready in time & less effective in early months</p> <p>Increased risk of additional costs due to being new service provider</p> <p>Remote location for staff familiarisation and meetings</p> <p>Reduced income from enforcement and back office services a possibility</p> <p>Service to be established by September with vehicles, collection, banking, reconciliation and management information arrangements</p>

5.3 Option 3 - In-House Arrangements

The advantages and disadvantages of in-house arrangements are as follows:

Advantages	Disadvantages
<p><u>Enforcement</u></p> <p>More certainty over costs</p> <p>Direct control over CEO and CIT staff recruitment, training and deployment</p> <p>Possibly less turnover of staff</p>	<p>Most expensive option and outside the budget framework</p> <p>Recruitment costs</p> <p>Training required by an external contractor</p> <p>Uniforms and transport required</p> <p>Day to day supervision required</p> <p>Paid per employed hour rather deployed hour when they are actually carrying out enforcement duties</p> <p>Less flexibility to increase or decrease deployment to meet short term or longer term needs</p> <p>Insufficient time to establish workforce before September</p>
<p><u>Back Office</u></p> <p>Direct control over whole PCN notice processing operation</p>	<p>Need to purchase new or upgraded software and implement before September</p> <p>All electronic links with DVLA, TEC and bureau service for bulk handling of statutory correspondence would need to be set up</p> <p>Fully integrated range of payment options would need to be established</p>
<p><u>Cash In Transit (CIT)</u></p> <p>Direct control over the whole operation</p>	<p>Separate staff would need to be recruited and a secure vehicle purchased or leased</p> <p>G4S contract would still be required</p>

5.4 An analysis of the costs associated with all the above options is included in the Financial Implications section of this report.

6.0 **Officer Preferred Option (and comments)**

6.1 The preferred option is to use the County Council's contractor to provide car park enforcement and a fully inclusive cash in transit (CIT) service. This option is compliant with the City Council's own financial regulations and EU legislation and avoids the need for the Lancashire Procurement Hub to carry out a further procurement exercise within the next 6 months. This option also uses the County Council's already established back office in Preston for PCN notice processing.

- 6.2 This option ensures that both on-street and off-street enforcement are carried out by the same contractor and this will be more effective in terms of the flexibility and deployment of CEO resources. Whilst this will not be the same as the existing integrated operation it will maintain the current arrangements to a large degree and help to provide better management of parking enforcement across the district.
- 6.3 The existing contractor is able to provide first line maintenance of pay and display machines and this could provide further savings. An all inclusive maintenance agreement is currently in place for these machines and the number of call-outs to repair the machines is being monitored. Early indications suggest this contract could be terminated and repairs would then be paid for as they arise. Further monitoring will be undertaken and the contract will be terminated if this is considered to be cost effective. The potential savings are approximately £7,500 p.a. and this could be taken into account as part of the 2010/2011 budget exercise.
- 6.4 Retaining the existing enforcement contractor will ensure the continuation of the Partnership Plus SLA between the City Council, NSL Services Ltd and Lancashire Constabulary Northern Division. This has been a successful partnership aimed at reducing crime and the fear of crime and contributes to the Lancaster District Local Strategic Partnership's Safety Priorities and Objectives.
- 6.5 The preferred option builds on the success of the current operational arrangements with the advantages as outlined above and requires minimal project implementation resources. It can be delivered within the budget framework and has limited potential for any additional costs. This option is more risk averse and provides a sound basis in terms of business continuity for the off-street parking service.
- 6.6 The Team Lancashire option has a number of inherent risks including likely TUPE transfers between contractors, the uncertainty over the outcome of another procurement exercise and further risks associated with establishing a new back office notice processing centre by September. The existing enforcement contractor and Legion Services agree that TUPE will apply and based on the provisional additional costs associated with this the County Council option is also the least expensive.

RELATIONSHIP TO POLICY FRAMEWORK

Off-street parking contributes to the Corporate Plan's Vision for the district and links to the Medium Term Objectives of working in partnership to ensure a strategic approach to economic development and regeneration and contributing towards making our district an even safer place by reducing crime and the fear of crime and anti-social behaviour.

CONCLUSION OF IMPACT ASSESSMENT

(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)

Although the City Council will only be responsible for off-street parking enforcement under the new arrangements this still has community safety impacts on road safety and vehicle and personal security.

FINANCIAL IMPLICATIONS

As outlined in the report a full operational and financial appraisal of each option has been undertaken encompassing the tender prices that have been received. This has allowed the financial implications of all the options to be considered and compared with the assumptions

built into the 2009/10 budget process.

Should all options be delivered at the tender prices received, the following table outlines the financial impact over a one year period :-

	Budget 2009/10	Lancs County Council	Team Lancs	Team Lancs (TUPE)	In House
	£'000	£'000	£'000	£'000	£'000
<u>Expenditure</u>					
Enforcement	77	91	76	84	105
Back-Office	87	85	73	73	86
Cash in Transit	83	56	73	80	71
TOTAL EXPENDITURE	247	232	222	237	262
<u>Income</u>					
PCN Income *	152	145	145	145	145
TOTAL INCOME	152	145	145	145	145
NET EXPENDITURE	95	87	77	92	117

* PCN Income has been reduced to take account of the outturn position which has been heavily influenced by the new TMA arrangements which introduced lower penalty charges for off-street parking contraventions.

An analysis has been undertaken for the Lancashire County Council and Team Lancashire options based on the following risks and assumptions outlined within the options and options analysis section of this report :-

- Enforcement costs within Team Lancashire option subject to potential TUPE implications between NSL and Legion, therefore increasing costs;
- Back office notice processing costs within both options are subject to increase depending on the number of Districts choosing their services;
- Back office notice processing costs within Team Lancashire option are viewed to be at greater risk due to the establishment of a new notice processing centre and potential TUPE implications between Lancashire County Council and Chipside;
- Income levels within Team Lancashire option are viewed to be at greater risk due to newly appointed contractor with limited knowledge of the area.

The Lancashire County Council option is the more risk averse option as there is only one area of cost which is subject to change. To work within the current budget restraints these costs can increase by no more than 20% but it is hoped that savings will be made within this option. Should the target costs be met, savings of £40,000 can be achieved over the 5 year period. There are no TUPE implications attached to this option.

The Team Lancashire option is of a more risk taking nature and should the TUPE implications arise then the financial impact is altered (as also shown in the table). Should the target costs be met, savings of £90,000 can be achieved over the 5 year period. However, with the increased likelihood of TUPE implications, the costs could rise to that in excess of the County option and this is likely in context of the risks identified. Further instability occurs when considering the back-office costs as this is at high financial risk as outlined in the options and options appraisal section of this report.

The in-house solution is deemed operationally inflexible, difficult to implement in the timescale provided and cannot be delivered within the current budget framework.

In summation, Team Lancashire potentially offer greater financial savings but this is at a significantly higher risk than that of Lancashire County Council, who in partnership with, can deliver the scheme within the current budget and potentially savings are more likely to be realised.

SECTION 151 OFFICER'S COMMENTS

The s151 Officer has been consulted and has no comments to add.

LEGAL IMPLICATIONS

There are no legal implications directly arising from this report. In the event of option 1 being approved Legal Services will be required to complete any documentation to comply with the arrangements proposed by the County Council.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments.

BACKGROUND PAPERS

Report to Cabinet 2nd September 2008 and various reports to Lancashire Leaders, LCFOs and CPE Project Board. Team Lancashire reports and County proposals and prices.

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