**POLICY AND RESOURCES COMMITTEE**

**17 OCTOBER 2017**

**PART I – NOT DELEGATED**

**5. AWARD OF PARKING ENFORCEMENT SERVICE**

(DCES)

***Appendix D (of Appendix 1) and Appendix 3 to this report are NOT FOR PUBLICATION because they deal with information relating to the financial or business affairs of any particular person (including the authority holding that information) (Paragraph 3 Schedule 12A)***

1. **Summary**

* 1. This report seeks a decision on the award of Three Rivers DC parking enforcement service to Hertsmere Borough Council (HBC). The service would be run as a partnership arrangement through a Section 101 delegation of the TRDC function to HBC.
  2. The decision to proceed with this option will enable a Service Level Agreement to be drawn up with HBC as the preferred provider based on their proposals and to allow mobilisation of the project ready for commencement in early April 2018. As a delegation of function, TRDC is not required to go through the usual public procurement exercise.

2. **Details**

2.1 The existing Parking Enforcement contract ends in April 2018. Officers have been investigating alternative provision for this service for the past year. Full details of the current service, the alternative options considered and the proposal of Hertsmere Borough Council were presented to an extraordinary meeting of the Sustainable Development, Planning and Transport Committee on 16 August 2017. The previous report is attached as **Appendix 1**.

2.2 At this Committee Members RESOLVED:

1. That the Committee agrees to speedily progress the option, based on the overall submitted costs, of working solely with Hertsmere BC which would deliver a Lead Authority Shared Service, for a contract period of 5 years.
2. That prior to 1 April 2018, a report be brought to the Sustainable Development, Planning and Transport Committee on mobilisation for the new contract.

Condition: That HBC provide a further breakdown of non-specified costs for a definitive decision to be made at the Policy and Resources Committee.

2.3 Details of the service proposed are to be found in the report in **Appendix 1** with further clarification found in the attached minutes of the Sustainable Development, Planning and Transport Committee, **Appendix 2**. Final details will be specified and agreed as part of the project mobilisation and in the final Service Level Delegation Agreement. The Agreement will cover an initial period of 5 years with an option to extend to 8 years.

3. **Options and Recommendations**

* 1. Discussions are continuing with HBC but Officers are mindful of the timescales before the end of the current contract. Whilst there have been questions over the initial response HBC have clarified a number of key points and continue to provide further information. A further breakdown of costs has been requested and received and this is detailed with all costs in **Appendix 3** and further considered below.
  2. The service provided by HBC would involve a Lead Authority shared-service approach and in this respect would replicate the service offered already at HBC. HBC explain that they “*already manage a successful parking service”* and are of the opinion this success could be replicated at TRDC if given the opportunity.
  3. Discussions on the full service specification will continue within the parameters of that already proposed and detailed. The final decision to award the parking enforcement service to HBC would allow formal mobilisation of the project including the appropriate delegations/agreements to allow HBC to run TRDC’s parking enforcement service from April 2018.
  4. Failure to determine our final service provider could result in inadequate time remaining to procure and secure an alternative provider. This could result in the temporary withdrawal of a parking enforcement service from April 2018. If members do not agree to the HBC proposals alternative providers would need to be approached.

4. **Policy/Budget Reference and Implications**

4.1 The recommendations in this report do not have implications for the Council’s agreed policy but do have implications on the Council’s agreed budgets.

5. **Legal Implications**

5.1 The service provided by HBC would involve a Lead Authority shared-service approach. The service would be secured through a delegation of the parking enforcement function and detailed in a Service Level Agreement between the 2 Authorities. As part of the delegation of function, the public procurement regime would not apply in these circumstances.

5.2 As part of the HBC service the role of the existing Written Representations Officer and the Traffic Engineer role will be provided by HBC and regard needs to be had to the transfer of existing staff from the present contractor. The legal implications for staffing would need to be explored further with the Council’s legal and HR sections in the usual way.

6. **Financial Implications**

6.1 Following the service costs presented to the Sustainable Development, Planning and Transport Committee a further breakdown of costs was requested and received. These are detailed in **Appendix C**. The table below shows a summary of existing and proposed service costs.

6.2 The figure of £109k, represents the overall increase in the administration and management HBC consider is required to run the new service. HBC have compared the costs of their existing staff structure against the new staff structure required as a result of running TRDC’s parking enforcement service. Whilst this equates to an increase of 2.1 FTE the costs are spread across the whole team in particular an increase in the Traffic Engineer resources and the Parking Manager’s (PM) remuneration. The increase in remuneration for the Parking Manager is as a result of the different role of this officer. As the lead of the HBC/TRDC partnership the new role is different from the current responsibilities of this role as it not simply a shared managers situation and has therefore been re-graded to reflect this.

6.3 The original proposed structure chart indicated 2 Traffic Engineers and provision of a Traffic Engineer to TRDC for 2 days a week, although HBC confirmed this would be flexible dependent on work demands. The current proposals details one full time Traffic Engineer and one full time Traffic Technician, who would support the Traffic Engineer. HBC have confirmed the current proposal ensures the Traffic Engineer roles would be utilised as demand requires.

6.4 In addition to the proposed HBC service costs there are one off capital costs for IT software and for a Project Manager. These are detailed in the table below. These one-off capital costs are unbudgeted for. HBC proposes to procure a new IT system to meet the requirements of TRDC. The Project Manager would be employed by HBC but would work jointly across both Councils on project implementation. HBC has confirmed these are the maximum total costs expected and may be lower.

6.5 **TABLE 1** Existing and proposed service costs:

|  |  |  |
| --- | --- | --- |
| **Revenue Summary** | **TRDC 2018/19 Budget Provision** | **Hertsmere BC Proposal** |
| Annual Contract Costs | 360,760 | 362,200 |
| Additional costs (not in formal HBC costs proposal):  Cash handling  Lines and Signs  Machine Maintenance  **Total:**  **Overall Total** | Covered by existing budget provision  £360,760 | 2,390  2,500  1,630  6,520  £368,720 |
| **Capital One off Costs**  Capital costs of software  Mobilisation: Project Management and set up costs  **Total:** |  | 6,250  40,000  £46,250 |

The table shows that an additional budget cost of £6,520, in addition to £46,250 capital costs, will be required if HBC is awarded the service.

6.6 The additional costs detailed are not included in the proposed HBC service cost. TRDC’s existing cash collection costs are £16k per annum for cash collection and banking from our long term car park P&D machines but HBC has advised lower collection costs could be secured to continue this service.

6.7 Machine maintenance is also included in the existing contract costs. However, TRDC currently pay for parts. Essentially, HBC CEOs are trained to handle routine maintenance with more complex issues escalated to a trained Supervisor. If the Supervisor is unable to fix the machine then a specialised engineer would be called, this would be secured as part of this £1,630 annual machine maintenance cost.

6.8 The management of TRDC traffic signs and lines is currently undertaken by TRDC’s existing Written Representations Officer. HBC will manage the signs and lines but there would be a cost of £2,500 to TRDC to implement the works.

6.9 The HBC initial parking proposal includes a requirement that a percentage of any additional revenue generated above £360,000 is paid to HBC (exclusive of VAT). This income refers to both PCN income and income from the sale of permits, P&D charges and from any new measures implemented. This has been fixed at 25p pence for every pound earned, and is to cover additional expenditure incurred in realising the additional income such as additional back office staff. It has been confirmed that HBC will only share any surplus income over the total service costs 25/75 (HBC/TRDC). Due to the additional service costs of cash collection, machine maintenance and signs and lines (additional £6,500) which are known at the current time the threshold above which any surplus is apportioned should be £370,000. Any further costs incurred by HBC and passed onto TRDC for achieving new measures will be offset against each other before the apportionment of 27/75 takes place. All figures will be subject to inflation. It is considered that this is a reasonable incentive for HBC to ensure the successful operation of the service and achievement of financial targets.

6.10 Any unbudgeted costs/incomes brought about by awarding Hertsmere BC the parking enforcement service contract will be taken into account during the forthcoming budget setting process (2018-21).

7. **Staffing and Customer Services Centre**

7.1 TRDC service requirements and the continuing discussions with HBC will determine the staffing implications. HBC will employ a Project Manager to jointly work for both authorities to mobilise the project but this Officer will require input from a number of TRDC Officers including IT, Finance, Facilities and the Senior Planning Officer (transport). The project will continue to be overseen by the Head of Regulatory Services.

7.2 It is anticipated that Customer Service Centre staff may handle initial parking related calls but essentially they would be mostly directed to Hertsmere Borough Council as appropriate. Officers will receive relevant training. It is planned that a weekly ‘parking’ surgery is held at TRDC but this would involve a member of the HBC staff. It is expected this Officer would sit in the reception area.

8. **Communications & Website**

8.1 Full details of the new service will be publicised as appropriate to ensure a smooth and successful transition of the service.

9. **Environmental, Community Safety, Public Health.**

9.1None specific.

10. **Equal Opportunities Implications**

10.1 ***Relevance Test***

|  |  |
| --- | --- |
| Has a relevance test been completed for Equality Impact? | No |
| Did the relevance test conclude a full impact assessment was required? | No |

11. **Risk Management and Health & Safety Implications**

11.1 The Council has agreed its risk management strategy which can be found on the website at http://www.threerivers.gov.uk. In addition, the risks of the proposals in the report have also been assessed against the Council’s duties under Health and Safety legislation relating to employees, visitors and persons affected by our operations. The risk management implications of this report are detailed below.

11.2 The subject of this report is covered by the Regulatory Service Plan. Any risks resulting from this report will be included in the risk register and, if necessary, managed within this plan.

11.3 The following table gives the risks if the recommendations are agreed, together with a scored assessment of their impact and likelihood.

|  |  |  |  |
| --- | --- | --- | --- |
| Description of Risk | | Impact | Likelihood |
| 2 | Agreement that the new service will be delivered at a lower standard than expected. | III | E |

11.4 The following table gives the risks that would exist if the recommendation is rejected, together with a scored assessment of their impact and likelihood:

|  |  |  |  |
| --- | --- | --- | --- |
| Description of Risk | | Impact | Likelihood |
| 1 | Failure to agree a parking enforcement service within the relevant timescales | III | E |

11.5 Of the risks detailed above none is already managed within a service plan.

11.6 The above risks are plotted on the matrix below depending on the scored assessments of impact and likelihood, detailed definitions of which are included in the risk management strategy. The Council has determined its aversion to risk and is prepared to tolerate risks where the combination of impact and likelihood are plotted in the shaded area of the matrix. The remaining risks require a treatment plan.

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Likelihood** | A |  |  |  |  |  | Impact | Likelihood |
| B |  |  |  |  |  | V = Catastrophic | A = >98% |
| C |  |  |  |  |  | IV = Critical | B = 75% - 97% |
| D |  |  |  |  |  | III = Significant | C = 50% - 74% |
| E |  |  | 1, 2 |  |  | II = Marginal | D = 25% - 49% |
| F |  |  |  |  |  | I = Negligible | E = 3% - 24% |
|  | I | II | III | IV | V |  | F = <2% |
| **Impact** | | | | | |  |  |

11.7 In the officers’ opinion the new risks above, were they to come about, would not seriously prejudice the achievement of the Strategic Plan and are therefore operational risks. The effectiveness of treatment plans are reviewed by the Audit Committee annually.

12. **Recommendations**

12.1 Members RESOLVE:

1. That Council authorises the delegation of the parking enforcement function to Hertsmere Borough Council (HBC) pursuant to S101 of the Local Government Act 1972 (and all other powers so providing) as set out in the report, subject to DCES being satisfied with the terms of the delegation agreement to be entered into between the Council and HBC.
2. That Council delegates to DCES in consultation with the Lead Member the authority to finalise in the Council’s best interests the terms of the delegation agreement referred to at 1, above.

**Appendices**

Appendix 1: report of the Sustainable Development, Planning and Transport Committee, 16 August 2017 with Appendices.

Appendix 2: Draft minutes of the Sustainable Development, Planning and Transport Committee, 16 August 2017

Appendix 3: Costs of proposed service

Report prepared by: Kimberley Rowley, Head of Regulatory Services

Peter Simons, Traffic Engineer (part time, interim)

**Data Quality**

|  |  |  |
| --- | --- | --- |
| 1 | Poor |  |
| 2 | Sufficient | x |
| 3 | High |  |