**APPENDIX 1**

**SUSTAINABLE DEVELOPMENT, TRANSPORT AND PLANNING COMMITTEE**

**16 AUGUST 2017**

**PART I - DELEGATED**

 **PROCUREMENT OF NEW PARKING ENFORCEMENT CONTRACT – ONGOING INVESTIGATION**

(DCES)

***Appendix D to this report is NOT FOR PUBLICATION because it deals with information relating to the financial or business affairs of any particular person (including the authority holding that information)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 will update the Committee of the officer investigations on a proposed new parking partnership arrangement with Hertsmere Borough Council (HBC). The Committee is asked to agree that that officers continue to progress this option to enable a service level agreement to be drawn up with HBC as the preferred provider based on the attached proposal.
	2. Officers from HBC will attend the pre-meeting. There will be a short presentation and an opportunity for questions.

2. **Details**

2.1 The existing Parking Enforcement contract ends in April 2018. Members have previously been provided with details on the existing contract arrangements and options for procuring a new contract. Officers were asked to research the alternative opportunities for procuring a new contract for our parking enforcement services. A report was presented to this Committee in November 2016 detailing the opportunities and implications of different models for the parking enforcement service. At the November Committee Members requested further detail on three options:

* + 1. Continuation of arrangements with Watford Borough Council (Model with an external service provider) (**shared contract model**).
		2. Provision of a Local Authority service managed by a Lead Authority with a joint Parking Services Manager (**fully shared or partnership model**).

G1. Reduced civil enforcement activities with potential use of new statutory powers.

2.2 Subsequently in January 2017 the Committee was presented with a paper detailing further investigations on the chosen models. At this Committee Members resolved:

* That a report be brought back to the Committee on what will inform the Council’s Civil Parking Enforcement Contract (e.g. proposals for the number of Enforcement Officers and the areas they would need to cover).
* To further investigate option B (Provision of a Local Authority service managed by a Lead Authority with a joint Parking Services Manager), with HBC and a report to be brought back to Committee.
* Not to commit to a future joint service with Watford Borough Council at this time.
* Not to investigate Option G1 at this stage.

2.3 In March 2017 a further report was presented to Members detailing discussions with HBC and requesting Member feedback on a number of service areas. As a result of this meeting a consultancy was commissioned to write a specification for the TRDC parking service. This was completed and sent to HBC on 24 May 2017 for a response on 30 June 2017. A response to the specification was received from HBC on 30 June 2017.

2.3.1 While the HBC offer (see Appendix A) is for a different service than that detailed by the specification, the HBC response is for a Lead Authority Shared Service, not a contractual arrangement, to which HBC considers *“the specification seems more appropriate*”. The proposals include elements such as work of the traffic engineer, which was outside the scope of the original specification produced by our consultant.

2.3.2 Officers from both Councils have worked together to develop the proposal to a point where it appears that it will provide an enhanced service compared with the current WBC Indigo service and that it seems that future improvements will be delivered, such as the introduction of new technology.

2.3.3 Some TRDC key requirements are described below; the service offered is described in section 2.5 and a comparison is discussed in section 2.6.TRDC has prioritised some requirements, including:

* Provision of an increased number of Enforcement Officers above the 4 provided through the current contract;
* Demonstrable commitment and a detailed plan with timescales to introduce new technology such as virtual permits;
* Flexibility of enforcement service to include capacity to provide services out of hours and at weekends;
* A contract period of 5 years plus an option to extend this by a further 3 years.

2.3.4 The elements of the proposed service which differ from the specification are:

* No holiday or annual leave cover; two enforcement officers on Saturday. HBC consider that their proposal is a more effective use of resources and in line with how Hertsmere operate their own parking service, please see Appendix B for full details
* The performance indicators proposed by HBC differ from those suggested in the consultant’s specification. HBC felt these were geared to a contract provider and have therefore provided a comprehensive list of alternative KPIs which are more customer focused. Please see Appendix C.

2.4 **Description of existing Service**

2.4.1 The existing Indigo contract provides to the District Council a frontline service comprising 3 CEOs, and one senior CEO, (including uniforms and equipment with work transport being a shared company vehicle) and counter staff at The Parking Shop. These, in addition to the back office staff, handle parking enquiries, processing of PCNs and management and issue of visitor and residents’ permits.

2.4.2 No parking enforcement related phone or face to face enquiries are handled by staff at the Rickmansworth office. A direct number is provided for The Parking Shop for parking and permit related enquiries.

2.4.3 In addition, the existing contract provides contract management by Indigo, IT software, hardware and handheld devices, cash collection services and P&D machine maintenance.

2.4.4 The District Council contracts Watford Borough Council for them to deliver the management of the Parking Enforcement Function. This agreement currently costs this authority approximately £80,000 each year and includes the following:

* + - Rent and associated building costs for the building containing the Parking Shop in Watford.
		- Management costs for the parking enforcement service and associated functions of the Parking Shop
		- Representation Officer costs (TRDC currently pay 33% of the salary of 2 WBC-employed Written Representations Officers) to support the Representations Officer directly employed by TRDC.
* Web, IT and telephony charges.

2.4.5 The element paid towards the Parking Manager and the duties of the Representation Officers includes:

* Management of the Indigo contract,
* processing and administration of Penalty Charge Notices,
* Managing appeals and cost recovery,
* Managing resident and business parking permits,
* Management of car parks,
* Management of signage/lines,
* dealing with public enquiries,
* Service marketing,
* Management of bailiff contract and three appointed companies.

2.4.6 In addition, the District Council directly employs a Representations Officer who is based at the Parking Shop. Employment of this role directly was a requirement of the contract set up. This is a total cost of £32k per annum. This role undertakes many of the elements in paragraph 2.4.5 in addition to a number of other specific traffic management duties for the District Council.

2.4.7 TRDC currently employs a Traffic Engineer in a separate role to the Parking Enforcement service, for 3 days a week. This is currently a post which is filled on a secondment basis due to recruitment difficulties. The current HBC Traffic Engineer also contributes to this role through an informal contract.

**2.5 *Description of Service offered by HBC***

2.5.1 In a response from an enquiry from TRDC officers, a letter was received from HBC dated 1 February 2017, indicating their interest in exploring a shared parking service with TRDC. HBC confirmed it could provide a parking enforcement service to match the level of existing service which made an estimated saving of £30,000 on TRDC current service costs based on data and information available at the time. It should be borne in mind of course that the WBC Indigo costs would inevitably have risen should a new contract have been procured with them.

2.5.2 HBC Officers advise that they “*have an existing highly successful parking service*” (see Appendix B) and would be looking at replicating this at TRDC.

2.5.3 The key details and costs of the HBC response are detailed further below with Officer comments. TRDC Officers have met with Officers from HBC since the receipt of their response to discuss aspects of the specification/offer and to clarify/request further detail.

2.5.4 Whilst the key function of the HBC CEOs is to ensure parking controls are observed and enforced in a fair, accurate and consistent manner their duties also require them to help and inform the public and in this respect they are seen as positive additions to the streets and community. HBC places emphasis on this ‘civic ambassador’ role. This is not considered by HBC to detract from their principal duties but is seen as a complementary part of their role. This role would be repeated in TRDC and is described **in Appendices A and B**.

2.5.5 HBC proposes a Rickmansworth-based CEO team, dedicated solely to TRDC, with shared back-office processing. There is more detail set out in the discussion below in sections 2.6.4 to 2.6.8.

**2.6 *Comparison of existing Service and HBC proposal (July 2017)***

2.6.1 The HBC proposal is set out in Appendices A, B, C and D.

2.6.2 The parking service would be transferred to the Lead Authority rather than through a contractual arrangement. TRDC would still retain a good level of control over the service through agreed reporting/regular meetings and KPIs. In addition there will be regular ‘public parking surgeries’ held by HBC at the TRDC offices. HBC would have responsibility for the whole back-office function, and would be based at their offices in Borehamwood, including the dedicated TRDC Representation Officer. However the dedicated TRDC CEOs and supervisor will be based at the TRDC offices in Rickmansworth. Although enquires can be made directly to Borehamwood, initial contact can also be made via the Customer Services team at TRDC.

***Traffic Engineer***

2.6.3 TRDC currently operates a 3 day a week traffic engineer role and currently uses the qualified and experienced HBC Traffic Engineer for 2 days a week under an informal agreement. Under the proposal, traffic engineering services will be provided by HBC using qualitied and experienced traffic engineers.The number of days the traffic engineer works at TRDC or on TRDC projects will be agreed by TRDC through the agreement with HBC as part of the management of TRDC parking services and will be "flexed" to meet service requirements in discussion with the Head of Regulatory Services.

***Number of Civil Enforcement Officers***

2.6.4 Members have consistently requested an increased enforcement presence on TRDC streets. Since the start of the current contract in 2008 there has been a general trend of increased car ownership, additional vehicles on the roads and the introduction of additional measures and restrictions to manage traffic and parking, all of which indicate a need for increased enforcement coverage. However, the number of CEOs has remained at the level of four officers present on-street at any operational time, since the start of the current contract.

2.6.5 The HBC parking proposal provides for 4 CEOs plus a supervisor. All CEO’s are electronically tracked in real time to ensure health & safety of the officers as well as aiding an efficient and effective use of resources.

 2.6.6 HBC are of the opinion, based on their existing experience of over 20 years of parking enforcement, that 4 CEOs and a supervisor would be sufficient to enforce the current parking controls in TRDC and that this would be managed through the deployment plan (which will be agreed with TRDC). Members have consistently raised concerns at the current deployment practices of WBC Indigo and it is considered essential that this is adequately addressed. The HBC offer is for a total number of 4 CEOs and not a pool therefore, taking into account annual leave and sickness, there will be occasions where there are less than 4 in deployment.

2.6.7 However HBC have confirmed that they are able to offer additional CEOs at a fee of £31,000 annually for each CEO should this be required. Members are advised that the provision of an additional CEO will not necessarily increase the number of paid Parking Contravention Notices (PCNs). The Government intends Civil Parking Enforcement to ensure compliance with parking controls and education of the public. Legislation requires there is not a financial goal.

2.6.8 A further requirement is the flexibility of any Service Provider to increase CEO presence if a future need arises or to respond to a request for additional cover on a temporary basis. This is a key requirement for TRDC due to the number of regular large community events and the effects of football and other sports matches especially on Sundays. HBC has offered a bespoke option for out-of-hours enforcement, which has not yet been detailed.

2.7 ***Performance Monitoring through measures of performance***

2.7.1 TRDC currently receive weekly reports on aspects of the service such as the number of permits issued, the number of PCNs issued and P&D income, and monthly Key Performance Indicator monitoring. As recommended as good practice by the British Parking Association, TRDC uses Key Performance Indicators (KPIs). Based on the achievement of the existing KPIs, CEOs are awarded performance-related pay, which is at a cost of approximately £25,000 per annum. The KPIs are not based on any financial target but on aspects such as hours of deployment, amount of CEO errors.

2.7.2 The existing KPIs are:

1. Coverage of Patrol Requirements
2. Deployed CEOs
3. IT
4. Customer Services
5. PCNs cancelled due to CEO error
6. Pay and Display
7. Initial Training and Accreditation
8. Regular Assessments
9. Notice Processing – PCN Processing
10. Notice processing - Banking

2.7.3 It is recommended by our consultants that we continue to have a number of KPIs in order to monitor the parking enforcement service and these will be discussed with the Service Provider. The current KPIs proposed by HBC are detailed in Appendix B and are described as indicative.

2.7.4 TRDC want to allow assessment of the service provided rather than of individuals, which HBCs measures monitor. Suggested KPIs have been categorised as follows:

 **Effective parking enforcement** - achieved of the agreed deployment plan, availability and response of rapid response unit, P&D machine maintenance, sign and line maintenance.

 **Good quality, motivated and informed CEOs** – training of CEOs, complaint handling.

 **Issue of good quality PCNs** - number of cancelled PCNs.

2.8 ***Other Matters: Contract Period and Additional Fees for increased revenue***

2.8.1 The existing contract was negotiated for 10 years with a break clause after 5 years.

2.8.2 The specification proposed a 5 year contract plus 3 years. HBC have now confirmed that they are willing to enter into a 5 year service level agreement with an option to extend to 8 years. It is envisioned that a review clause would be included after 3 years to protect both authorities.

2.8.3 The HBC parking proposal includes a requirement that a percentage of any additional revenue generated above £360,000 is paid to HBC. The 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.

***Capability for rapid introduction of new technology***

2.8.4 The requirement to introduce relevant changes in technology that would assist in improving parking services going forward was set out in our specification.

2.8.5 It is clear that HBC has taken this into consideration; HBC Officers have indicated a commitment in this area and to continuously engage with new technology.

2.8.6 HBC have confirmed that they intend to procure new bespoke parking back office software that is currently used by neighbouring councils. Outline details of this software has been provided by HBC and procurement is dependent on the decision of TRDC as to whether they wish to progress with the proposals.

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.
	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”* (see Appendix A) and are of the opinion this success could be replicated at TRDC if given the opportunity.

3.3 Alternatively, Members could consider other options, each of which has their own risks.

1) Full procurement exercise to consider alternative service providers.

 Time is limited but the Procurement Manager has advised Officers it could be achieved with the timescales remaining. Going out to the market for a stand-alone service would provide an opportunity to understand the service levels and costs associated with running of a parking enforcement service in the current economic climate.

Officers expect that the small scale of the TRDC parking enforcement service indicates a risk (the probability of which is not known at this time) that there may be limited competitive interest in the service. It is possible however that a small contract of this nature may be of interest to companies successful in bids for neighbouring areas; or to smaller operators or new market entrants, though this is unlikely.

2) Watford Borough Council has commenced its procurement exercise for an external parking enforcement service. Their OJEU notice is published for the parking enforcement service (using a split service whereby IT is procured and provided separately) and a response is due by 21 August 2017. The IT software would be separately procured in due course. Advice from Watford Borough Council indicates that it is highly unlikely WBC would have any interest in a TRDC joint service at this stage in their process.

 Notwithstanding this, the Procurement Manager has advised that in accordance with the Contract Procedure Rules agreed contracts can be extended by 50% without a new procurement procedure subject to certain criteria. However, this would be subject to the agreement of both Watford Borough Council and their supplier.

3) Officers could seek an alternative Local Authority to jointly procure/provide a parking enforcement service with but no Authority has approached TRDC and timescales are short to initiate discussions afresh. Officers have contacted East Herts DC (previously discussed with Members) regarding potential of joining their consortium but they have retained their views that they are not interested in pursuing this route.

4) A hybrid option is available, to proceed both with continued discussions with HBC and with the procurement of an external service. This would provide protection in the event that clear agreement is not reached. It may incur the additional risk that this would deter either party due to the lack of clear commitment.

3.4 None of the above options are recommended due to both the time and costs involved and the uncertainty of the outcome.

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

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

5. **Financial and Legal Implications**

5.1 Any decision to enter into a contract with an external partner such as HBC or another service provider would be the subject of a separate report for a future decision. This report relates only to a decision to continue to explore the offer of service by HBC, following the recent submission of details of that service.

6. **Staffing and Customer Services Centre**

6.1 TRDC service requirements and the continuing discussions with HBC will determine the staffing implications. Depending on the options pursued, consideration will be paid to the role of the existing Written Representations Officer, the Traffic Engineer role and the potential transfer of existing staff. This may or may not include the existing CEOs. The legal implications for staffing would need to be explored further with the Council’s Solicitors and HR.

7. **Environmental, Community Safety, Public Health, Communications & Website.**

7.1None specific.

8. **Equal Opportunities Implications**

8.1 ***Relevance Test***

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

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

9.1 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.

9.2 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.

9.3 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. | IIID |  |

9.4 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 | IIID |  |

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

9.6 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 |  |  | 1 2 |  |  | III = Significant | C = 50% - 74% |
| E |  |  |  |  |  | II = Marginal | D = 25% - 49% |
| F |  |  |  |  |  | I = Negligible | E = 3% - 24% |
|  | I | II | III | IV | V |  | F = <2% |
| **Impact** |  |  |

9.7 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.

10. **Recommendations**

10.1 That the Committee agrees to progress the current option of working solely with Hertsmere BC which would deliver a Lead Authority Shared Service, for a contract period of 5 years.

**Appendices**

**App A TRDC Revised Parking Proposal - 3 August 2017 - Rec'd from HBC 100817**

**App B HBC Parking Overview - Rec'd from HBC 100817**

**App C HBC response key issues revised - Rec'd from HBC 100817**

**Non-Public: App D TRDC SDPT 160817 - TRDC Revised Parking Proposal Fees - 3 August 2017 – see Part ii item for P&R Committee 17 October 2017**

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 **Data Quality**

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