

READING BOROUGH COUNCIL

REPORT BY DIRECTOR OF ENVIRONMENT AND NEIGHBOURHOOD SERVICES

TO:	POLICY COMMITTEE		
DATE:	14 JANUARY 2019	AGENDA ITEM:	12
TITLE:	CIVIL ENFORCEMENT (PARKING) CONTRACT EXTENSION		
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1. EXECUTIVE SUMMARY

- 1.1 The purpose of the report is to seek approval from the Committee to extend the Civil Enforcement Contract awarded to NSL Ltd in 2014 by one year as per the terms of the original contract.
- 1.2 A single year extension is recommended to allow further consideration of our enforcement activities and, in particular, issuing fixed penalty notices for environmental offences.

2. RECOMMENDED ACTION

- 2.1 That Policy Committee agree a 1 year extension to the current contract with NSL until 31 October 2020.

3. POLICY CONTEXT

- 3.1 The Parking Enforcement contract was awarded to NSL Ltd in 2014 for an initial period of 5 years with an option to extend the term of this contract by a period or periods of not less than one year but such extension periods or periods totalling in aggregate not more than 5 years dependent upon performance, for a total maximum contract period of 10 years, in accordance with the Contract Procedure Rules.

3.2 The anniversary date of the contract is 1st November with a 9-month notice period to terminate or extend. As this is the final year of the initial 5 year period a decision is required on whether to terminate or extend. This report reflects on a recent review of the contract and makes a recommendation to extend for a period of 1 year to 31st October 2020.

4. BACKGROUND

4.1 The NSL contract is for the provision of services as set out below:

- On and off street civil enforcement
- Back office Administration and associated services together with Penalty Charge Notice (PCN) payment processing and reconciliation;
- In-Car camera services and associated back office administration;
- Bus Lane Enforcement (BLE) and associated back office services;
- Maintenance including supply and install of Pay and Display (P&D) machines and secure cash collection;
- On-line permits including associated IT provision and management of permit database;
- Pay by phone parking and cashless parking systems with associated IT provisions.
- With an option to provide, during the term of the contract, vehicle clamping, vehicle removal, vehicle pound operation and all associated services.

4.2 An OJEU Prior Information Notice (PIN) was issued and an open one stage procedure was followed where the Pre-Qualification Questionnaire (PQQ) and Invitation To Tender (ITT) are combined. There was not considered to be sufficient bidders to merit a separate 2 stage process.

4.3 The enforcement of contraventions in accordance with the Road Traffic Act and the Traffic Management Act 2004 is required as Reading Borough is designated as being a Civil Enforcement Authority (CEA).

4.4 The contract was awarded to NSL Ltd as a result of the procurement process as an initial 5-year service. The contract is extendable by a period or periods of not less than one year and totalling no more than 5 years dependent upon performance, for a total maximum contract period of 10 years. The contract commenced on 1st November 2014 with a 9-month termination or extension notice period. Therefore, any such notice shall be served to the contractor no later than 1st February 2019.

4.5 The Council has contracted out its civil enforcement operations for many years and as a part of this procurement exercise there was a cost saving to the Council on the previous contract. Within the contract period joint working initiatives with the in-house management team has been successful in establishing an effective civil enforcement arrangement whilst maintaining the cost savings.

5. CONTRACT REVIEW

- 5.1 As a part of a corporate review of contracts the NSL (parking) enforcement contract has been reviewed. This process commenced mid 2017 with external assistance initially from the Local Government Association (LGA) then V4 Services (V4S).
- 5.2 As part of this review, there has been an agreed extension of operating hours, resulting in net additional income to the Council from April 2018.
- 5.3 NSL is owned by Marston Holdings Ltd, who, as a part of the contract review, was keen to offer a longer term and more strategic relationship with the Council. Marston Holdings tabled a proposal setting out how NSL could work closer with the Council on a range of services. Some of the services offered are outside of the scope of the existing contract and consequently cannot be achieved without a separate procurement exercise.
- 5.4 NSL taking on more of the Council's civil enforcement responsibilities has also been explored. To carry out civil enforcement (parking and bus lanes) the authority is required to deal with the process of appeals itself rather than under contract. Therefore, we have a relatively modest in-house parking team that administers parking and bus lane appeals. This team also looks after the residents' parking permit scheme. As a part of the NSL contract review it was concluded that the Council's statutory responsibilities cannot be passed to a contractor to deal with civil enforcement appeals. Furthermore, there was no additional value to the Council in passing the residents' permit parking scheme to NSL to administer.
- 5.5 Other services offered could be achieved within the contract although at an extra cost to the Council. One specific service was an extension to the enforcement hours. With additional revenue created from resident permit charges this extension to enforcement hours was taken up. Since 1st April 2018 NSL have increased their enforcement hours enabling more Civil Enforcement Officer (CEO) time in resident permit parking areas. These extra hours are now showing a positive impact through better detection of contraventions within permitted areas.
- 5.6 Further services offered include specific operational aspects to improve the efficiency of the CEOs such as signing and lining maintenance and asset management. These are aspects that we either carry out in-house or are working towards improving through other initiatives.
- 5.7 The contract review work has now concluded and whilst there are still aspects that will continue to be considered the conclusion reached is that the NSL services offer good value.

5.8 Civil enforcement activities of any kind rarely generate positive stories. The in-house managers are contacted regularly about either too much or too little enforcement. CEO activities in particular are under constant critical scrutiny. Under the terms of the contract NSL provide monthly reports which are discussed at monthly meetings. These reports are designed to ensure all aspects of the contract are conducted properly including the performance of the CEOs. These reports ultimately inform the annual civil enforcement report which typically is published at the end of the calendar year. The current annual report is just about to be published and is expected at Traffic Management Sub-committee in January 2019.

6. **ADDITIONAL ENFORCEMENT ACTIVITIES**

6.1 During the initial contract review additional enforcement activities to be carried out by the NSL CEOs was considered. Parking enforcement is quite different from other Fixed Penalty Notice (FPN) type enforcement activities. The legal processes behind parking enforcement are clearly defined and particularly so in dealing with appeals. An independent tribunal service, the Traffic Penalty Tribunal (TPT), exists in resolving disputes over the issue of PCNs. There is also the Traffic Enforcement Centre (TEC) provided by the Ministry of Justice (MoJ). This offers further legal support that may allow more time to challenge a court order ('order of recovery') as the result of receiving a PCN. Other enforcement activities particularly environmental enforcement may result in action through differing legislative frameworks. Unlike parking enforcement the process of dealing with appeals is through the court process. This requires the Council to provide legal support and services that it may not currently have in-house.

6.2 Wider consideration of environmental enforcement in particular is already underway. A pilot scheme has been running since April 2017 to enforce mooring within the Borough. This has led to further consideration of a wider pilot to enforce environmental offences. This remains a consideration and any such pilot will inform a future decision on all enforcement activities whether outsourced or in-house.

7. **NSL CONTRACT EXTENSION**

7.1 NSL provide a wide range of services through the current contract including purchasing car parking equipment such as Pay & Display machines and additional support through cash collection. NSL have extended their cash collection service within our off-street car parks which returned to an in-house service in October 2018. Without these wider services provided by NSL achieving other savings targets such as increased on-street P&D would require additional procurement and legal support from elsewhere. This is likely to result in increased costs and scheme delivery times.

- 7.2 The NSL contract continues to perform well which is measured through monthly performance reports and contact management meetings. Key Performance Indicators (KPI) cover a vast range of operational activities such as actual deployed hours, street visits and response to enforcement requests. Other KPIs include equipment availability, back office processing issues and a number related to residents permit parking requests including time taken to dispatch permits. NSL have consistently performed well in all aspects of their KPIs.
- 7.2 In light of the NSL contract review work, their consistently good performance and the consideration of a wider environmental enforcement pilot as outlined in 6.0 above, it is recommended to extend the current NSL contact by one year. This will allow the Council to then be able to review the best option(s) available for all of its enforcement activities.

8. CONTRIBUTION TO STRATEGIC AIMS

- 8.1 The Council's Corporate Plan 'Shaping Reading's Future' 2018 -21 sets out the Council's key priorities including:
- Keeping Reading's environment clean, green and safe

9. COMMUNITY ENGAGEMENT AND INFORMATION

- 9.1 The contractor will be required to work with Reading Borough Council on the coordination of information to be provided to residents and businesses.

10. LEGAL IMPLICATIONS

- 10.1 It will be necessary to write to the Contractor by the 1st February 2019 confirming the one year extension. They have 14 days to either confirm or refuse the offer.

11. FINANCIAL IMPLICATIONS

- 11.1 The current value of the contract is £1.7m per annum and the total income was £6.1m.
- 11.2 The table below shows the financial information for Reading Borough Council for 2017/2018. A comparison can be made with last year's financial information.

	Total Expenditure 2017/2018	Total Income 2017/2018	Net Surplus (Cost) 2017/2018	Total Expenditure 2016/2017	Total Income 2016/2017	Net Surplus (Cost) 2016/2017
Parking Penalty Charge Notices	£1,260,172	£1,193,948	(£66,224)	£1,273,954	£1,223,176	(£50,778)
Bus Lane Penalty Charge Notices	£952,691	£2,851,054	£1,898,363	£1,037,531	£2,480,157	£1,442,626
Resident Parking Permit	£185,346	£611,261	£425,915	£139,082	£365,519	£226,437
Pay and Display	£121,002	£1,449,951	£1,328,949	£67,035	£704,706	£637,671

This table is taken from the Council's Parking Services Annual report, the latest report is published through January 2019 Traffic Management Sub-Committee.

11.3 The NSL contract continues to perform well and is expected to achieve slightly better results financially than the budget set for 2018/19. This is achieved where operational aspects are reviewed throughout the year as a part of the performance monitoring monthly reports and monthly contract management meetings.

11.4 There are additional savings to be delivered through parking schemes with the help of NSL totalling £94K within 2019/20.

12. BACKGROUND PAPERS

12.1 Policy Committee report 23rd June 2014.

12.2 Traffic Management Sub-Committee Parking Services annual report 10th January 2019