

## **Report to the Cabinet**

**Report reference: C-051-2014/15**



**Date of meeting: 15 December 2014**

**Portfolio: Safer, Greener and Transport**

**Subject: Service review of North Essex Parking Partnership (NEPP)**

**Responsible Officer: Qasim (Kim) Durrani (01992 564055).**

**Democratic Services: Gary Woodhall (01992 564470).**

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### **Recommendations/Decisions Required:**

- (1) To note the outcome of the outsourcing of the cash collection operations across the North Essex Parking Partnership (NEPP) and the associated one off redundancy payments;**
- (2) To agree a DDF bid of £31,202 for the 2015/16 budget for contribution to NEPP as the Council's share of the redundancy cost; and**
- (3) To note that a review will take place of the revenue contributions that the Council makes to NEPP.**

### **Executive Summary:**

The North Essex Partnership (NEPP) was formed in April 2011 when Essex County Council (ECC) granted it delegated authority in respect of on-street civil parking enforcement. NEPP has two components namely on and off street operations. The on street element is related to delegated responsibility from ECC and governed by a formal Agreement which the Council has signed up to. The off street element was an 'opt in' arrangement and the Council had a choice in joining. In order to benefit from the economies of scale offered by the joint operation of the on and off street parking enforcement the Council chose to opt into the off street Agreement in 2012.

This report relates to the cash collection in all Council car parks. The Council off street operations transferred to NEPP at the end of the Council's Vinci Parks' contract in October 2012. The relevant Vinci Parks staff were TUPE transferred to NEPP. This included the staff members engaged in collecting cash from the Pay and Display machines in Council car parks.

Officers at the Partnership have reviewed the cash collection arrangements and following a competitive exercise the cash collection service across the partnership area has been awarded to G4S Limited.

The new contract will result in a saving in the ongoing costs; however there is a one off payment for staffing redundancy of £164,219 and the Council's share on a pro-rata basis of that, is £31,202.

## **Reasons for Proposed Decision:**

To pay the Council's share of the total redundancy costs arising from outsourcing the cash collection operation.

## **Other Options for Action:**

The Council can refuse to pay its share of the redundancy costs but it will have to leave the Partnership and carry out a procurement exercise to appoint a private service provider or bring the service in-house. This is not recommended; due to the time required to procure and the risk of increased costs of an off-street only service.

Instead of a one off payment the Council can choose to pay NEPP over a three year period. This cannot be recommended as the amount payable will be £35,850 instead of £31,202.

## **Report:**

### On-street:

1. The responsibility for parking enforcement on the public highway is that of Essex County Council (ECC). This responsibility was delegated by ECC to the Council under a formal agreement. The Council chose to perform this function by means of an outsourced contract with Vinci Parks Limited. The synergies offered by the combined on and off street parking enforcement made it a logical choice to have both these functions performed by Vinci Parks. ECC took the delegated responsibility back from District and Borough Councils and decided to deliver the on street enforcement by means of the North and South Parking Partnerships.

2. At its inception in 2011 NEPP inherited a budget deficit of circa £500,000, although this Council was not one of those running a deficit operation. Essex County Council agreed to cover the deficit for the first two years of the Partnership operation after which any deficit was to be picked up by the member districts. It was therefore essential that the focus was firmly on reducing the deficit in the on-street operation and the Partnership has worked hard to reduce the on-street deficit to a small profit within the third year of operation.

### Off-street:

3. This operation consists of carrying out civil enforcement in all off-street car parks across the District as well as cash collection from and maintenance of all the associated pay and display machines. This is an entirely district related function and the Council has a choice to not have this delivered by NEPP. Before making the decision to join NEPP the Council carried out a soft market test, by seeking a single quotation from its contractor Vinci Parks, in respect of the off-street parking operations only. The NEPP cost was £156,325 per annum less than that quoted by Vinci. This is understandable given the economies of scale of a combined on and off street parking enforcement operation.

4. Before the formation of NEPP in April 2011 there existed an off-street parking partnership that consisted of Braintree, Colchester and Uttlesford District Councils. This partnership was created in 2009 and was subsequently subsumed into NEPP. There are recognisable synergies between the on and off street operations. For example a Civil Enforcement Officer (commonly known as traffic warden) can visit a high street to enforce on-street parking restriction and then visit the adjoining off-street car park. The alternative of having two separate CEOs to make separate visits is inherently inefficient, unless the scale of the off street operation is significantly large to offset the overheads and central costs.

## Service Review:

5. The main areas of activity of NEPP are: enforcement operations (issue of Penalty Charge Notices for contravention of parking regulations), back office (dealing with appeals against Notices), cash collection and maintenance of pay and display machines, technical activities (introduction of new and maintenance of existing parking restrictions).

6. On and off street service provision, are therefore intrinsically linked and these have been reviewed by NEPP, to identify efficiencies in order to stream line services. The focus, in the first instance and given the high level of deficit, has been on the on-street part of the Partnership. Changes in the on-street service have resulted in them operating sustainably. The second part of the review has now been to address the off-street service.

7. Prior to the restructuring the stand alone element of the off-street service consisted of 18 Full Time Equivalent (FTE) staff who were engaged in: cash collection, counting and banking and first line machine maintenance of pay and display machines. The conclusion of the review of the off-street service has resulted in outsourcing the cash collection arrangements to G4S and the creation of a larger more flexible technical team. The benefit of outsourcing is a reduction in the cost of cash collection service and the creation of a technical team that will result in more efficient delivery, for example: maintenance of pay and display machines, creation of new and maintenance of existing yellow lines and parking restrictions. This will also allow in dealing with peaks in workload, for example clearing backlog of signing and lining in dry weather.

8. It is pertinent to note that had the cash collection service not been outsourced the Partnership would have had to make significant investment in infrastructure and hardware to make cash collections safe and compliant with regulations and health and safety practices. For example the vehicles used for collecting cash were not fit for purpose and in some instance additional staff would have been required to avoid lone working. By outsourcing the cash collection operations the Partnership has saved this investment, estimated in 2013 to consist of £200,000 one off and £70,000 annual costs.

9. As a result of the review, a total of seven members of NEPP staff are being made redundant, either voluntary or compulsory. The total cost of redundancy and pension strain payment for all seven staff members who have taken voluntary redundancy or have been made compulsory redundant is £164,219. This is a one off cost and has to be paid in the first year. The share that each member of the Partnership has to pay is calculated by proportioning the collections to the individual district on the basis of number of cash collections. The contribution is as follows:

<b>District</b>	<b>% share</b>	<b>Contribution</b>
Colchester Borough Council	41	£67,330
Epping Forest	19	£31,202
Uttlesford	17	£27,917
Braintree	13	£21,348
Harlow	Not applicable as they have separate cash collection arrangement	
On-street	10	£16,422
<b>Total</b>		<b>£164,219</b>

The Council are bound by the Partnership arrangements which exist within NEPP. It has been the intention to achieve a break-even position for the Partnership, which has been achieved by reviewing the way the services are delivered.

The efficiency obtained by the review of cash collection, has resulted in redundancy costs. By outsourcing the service the Partnership has avoided the need for significant investment in the cash collection service. The Council could elect not to contribute to the redundancy costs, but this would result in having to leave the off-street part of NEPP and make alternative local arrangements. Previous market testing has shown that this is not cost effective.

10. The Council has concerns over the performance of NEPP and it needs to make sure it is getting value for money and a responsive service that meets the requirements of all residents of the District. To this end it wants a review of the NEPP and the revenue contributions it makes for the service it receives.

### **Resource Implications:**

A total of seven members of staff were made redundant, either voluntary or compulsory. The total cost of redundancy and pension strain payment for all seven staff members is £164,219. This is a one off cost and has to be paid in the first year. The share due from this Council in 2015/16 is £31,202.

If no changes were made to the technical team and the cash collection service was not externalised then NEPP would have needed significant investment (estimated in 2013 to be £200,000 one off and £70,000 on going every year) to upgrade and improve the way it collected cash. Applying the same ratio of 19% of the costs attributable to Epping Forest District would have been an additional capital cost of £38,000 and revenue cost of £13,300.

The Council has entered into a formal contract with The Partnership and if the Council wanted to terminate the agreement it can do so by giving twelve month notice but the notice must not coincide with the end of financial year. If the Council was minded to terminate the agreement then it would have to give the notice before 31 March 2015 and would exit the Partnership by 31 March 2016.

### **Safer, Cleaner and Greener Implications:**

If the pay and display machines are not kept in a good state of repair then the Council is at risk of loss of income. The maintenance, servicing and timely collection of cash from the machines contributes to the general state of car parks.

### **Consultation Undertaken:**

Joint Committee of NEPP has approved the service reviews and streamlining of operations. Lead officers of the districts and borough councils have reviewed the proposed changes.

### **Background Papers:**

Cabinet reports on joining NEPP and notes of Joint Committee meetings (available on the NEPP website and through the Safer Greener Cleaner Scrutiny Panel).

### **Risk Management:**

If the Council decides to not pay the redundancy payment then it will have to give a notice of termination and leave the Partnership by March 2016. In doing so the Council will have to make alternative provision for the enforcement and cash collection in the Council car parks. Whereas this is possible the previous cost comparison between Vinci Parks and NEPP in 2012 showed that the Council was better off by joining NEPP. It is likely that the other partners of the NEPP will expect the Council to honour the terms of the legal agreement and pay its proportion of the deficit even if it intends to leave NEPP.

# Due Regard Record

This page shows **which groups of people are affected** by the subject of this report. It sets out **how they are affected** and how any **unlawful discrimination** they experience can be eliminated. It also includes information about how **access to the service(s)** subject to this report can be improved for the different groups of people; and how they can be assisted to **understand each other better** as a result of the subject of this report.

S149 Equality Act 2010 requires that due regard must be paid to this information when considering the subject of this report.

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Appropriate provision is made for parking bays for people with disabilities in the Council's off-street car parks. Free parking is provided for vehicles displaying a disabled badge.