

	<p>Performance and Contract Management Committee</p> <p>11 June 2014</p>
<p style="text-align: right;">Title</p>	<p>NSL Contract Performance and other parking related issues</p>
<p style="text-align: right;">Report of</p>	<p>Housing and Environment Lead Commissioner</p>
<p style="text-align: right;">Wards</p>	<p>All</p>
<p style="text-align: right;">Status</p>	<p>Public</p>
<p style="text-align: right;">Enclosures</p>	<p>Appendix 1 - Schedule of KPIs Appendix 2 – Summary of KPI achievement Appendix 3 – Breakdown of Income Appendix 4 – Numbers of PCN’s Issued Appendix 5 – PATAS Appeal outcomes</p>
<p style="text-align: right;">Officer Contact Details</p>	<p>Paul Bragg - Infrastructure and Parking Manager, Street Scene 0208 359 7305 Paul.bragg@barnet.gov.uk</p>

<p>Summary</p>
<p>The Contract Monitoring Overview and Scrutiny Committee requested at their meeting of 17 March 2014 a report on the performance of the parking contract and specifically the performance of NSL and detail in relation to parking income and also to provide an update in relation to the maintenance of signs and lines.</p> <p>The following was specifically requested:</p> <ol style="list-style-type: none"> 1. Performance of the NSL contract to date against the agreed KPI’s 2. An update on the payment mechanism against the KPI’s 3. Income over the lifetime of the contract for Pay by Phone, permits, scratch cards, card only pay and display machines and PCN’s (both projected and received) 4. An update on the tender for the parking IT system 5. An update on signs and lines investment (has the programme of works been completed as per the deadline/when will it be completed, how has the programme performed against budget) 6. Information on the total number of tickets issued/appealed/successfully appealed

This report provides the information requested and as such provides an overview in relation to the performance of NSL, activity in relation to signs and lines maintenance and a detailed breakdown of the various elements which contribute towards the parking income.

Recommendations

1. That the Committee consider the information contained within this report and make appropriate comments and recommendations to the Housing and Environment Lead Commissioner

1. WHY THIS REPORT IS NEEDED

- 1.1 The Contract Management and Overview and Scrutiny Committee resolved at its meeting held on 17 March 2014 that this committee receive a report in relation to parking performance and specifically listed seven areas it required to be included in the report. These are as listed in the summary above and are dealt with individually below:

Performance of NSL to date against the Key Performance Indicators (KPI's)

The parking contract has 15 KPI's (Appendix 1) which are rolled out over the first 26 months of the contract and these are monitored and reported on a monthly basis.

The contract commenced in May 2012 and as such not all of the KPI's have been measured since contract commencement. The table below shows the arrangements over the first 26 month period.

Months	3-12	13-25	26 on
Target number of indicators to be met.	6	11	15
1.2 Appendix 1	<u>must include:</u> KPI 2 KPI 3 KPI 9 KPI 10 KPI 11 KPI 15	<u>must include:</u> Target KPIs for months 3 – 12 and KPI 1 KPI 4 KPI 5 KPI 6 KPI 7	<u>must include:</u> All 15 KPIs

shows a detailed table of each KPI and Appendix 2 provides a summary of performance and as such achievement or otherwise of each of the KPI's on a monthly basis.

In summary the performance of NSL has improved over time. There have been a number of issues arising including a slow start, which is generally expected during the transition of a new contract and there have been problems encountered with the existing parking IT system Civica CE, which has unfortunately been a contributory factor to some performance failures over the first two years.

The Payment Mechanism against the KPI's

The Payment Mechanism identifies the performance payments that are due to the contractor as and when performance meets the suite of KPI targets. Therefore the overall performance of NSL has financial implications (both in terms of increases and deductions) dependent on whether KPI's have been fully met. The payment mechanism is therefore designed as a remedy under the contract for poor performance but equally acts as a reward for good performance and as such it provides a good incentive for the contractor to perform well.

Appendix 1 provides the detail of each KPI and identifies the levels of tolerance within which NSL must operate for each KPI.

NSL must submit monthly reports of its performance against each of the KPI's. These reports are scrutinised by the Councils parking client team and the performance report is discussed and the performance position agreed at monthly performance review meetings.

The contract makes allowance for issues arising which may adversely impact on NSL's ability to provide services in accordance with the KPI's and where this can be demonstrated NSL is entitled to apply for relief against KPI failure in these circumstances. This has been necessary on a number of occasions due to problems encountered with the Civica CE parking system.

Appendix 2 provides a summary of KPI achievement and the impact this has had on the payments made to NSL since the commencement of the contract.

Income over the lifetime of the contract including Pay by Phone, permits, scratch cards, card only pay and display machines and PCN's (both projected and received)

Appendix 3 shows a breakdown of the income received during the financial years 2012/13 and 2013/14. It is broken down to show each element that makes up the totals in relation to the various payment methods for paid for parking on-street and off-street (car parks).

In summary it can be seen that the Special Parking Account (SPA) income generally has increased with the only area decreasing being the Permit

income. However, this was to be expected due to the lowering of the permit charges following the outcome of the Judicial Review. In real terms the income for permits in 2013/14 would be comparable with the income received in 2012/13.

The other area of underachievement when compared to the budget is related to off-street (car parks) paid for parking which returned a shortfall of around £226,000, however this is in line with the income achieved over the last 6 year period, which would indicate that the budget is set at a level which would require all spaces to be fully utilised.

An update on the parking IT system

The contract with NSL identified a requirement for NSL to commission a new specialist parking IT system at the point the existing contract between the council and Civica expired. The contract with Civica expired at the end of March 2014 and as such the new system commissioned by NSL replaced the Civica system from 1 April 2014. The new system is the Imperial Civil Enforcement System (ICES).

Due to the extent of the current and historical data held in the Civica system it was recognised that the transfer of this data would be a major exercise which would take time to complete. It was also recognised that there were some specific risks related to the data transfer, including the loss and/or corruption of the data. Due to this being a major exercise with risks attached it was set up as a specific project with a dedicated project manager assigned to manage and monitor the project on behalf of the Council. The service provider NSL and the new system provider ICES also put in place a dedicated project manager to interact with the council's project manager.

The parking system is divided into two main areas: Penalty Charge Notices (PCN's) and Permits. The data transfer of each element had been evaluated in terms of timescale and hence the number of days of system downtime required for each.

The project was complicated by the fact that despite the inevitable downtime the parking service still needed to function whilst the systems data transfer was taking place and therefore it was necessary to put in place some manual workarounds whilst the systems were unavailable.

The enforcement operation, in respect to the issuing of PCN's was impacted to a less extent than the permits as the permit element downtime was longer than that required for PCN's. This did lead to a number of challenges in terms of the efficiency of the manual workarounds and the backlog of permit applications building up.

It was complicated by the need for all parking service staff to be trained in the use of the new system and further complicated by the Customer and Service Group staff who deal with the permit application processing transferring from NLBP to Coventry, with all staff being newly recruited and as such needing to be trained on both the process and the new system.

Despite the challenges faced it is believed that the project was a success with the system downtime being within the original project programme and the number of complaints received being relatively low in comparison to the volume of activity conducted in that period. Where concerns were brought to the project team's attention swift action was taken to resolve the issues. Clearly backlogs built up during the downtime period and despite this having the potential to lead to processing falling outside of statutory timescales there were no problems encountered in this respect.

As at 23/5/14 the PCN processing backlog has been completely eliminated and the permit processing backlog has also been reduced significantly over the previous two week period such that it is almost back to numbers that could be considered as expected to be encountered in business as usual.

An update on signs and lines investment

At the commencement of the NSL contract in May 2012, NSL conducted a borough wide survey of CPZ locations in order to identify the condition of the signs and lines. This culminated in a schedule of signs and lines defects being created.

During the 2012/13 financial year an order was issued to the Councils Highway term maintenance contractor Volker Highways to complete a programme of works to rectify the schedule of lining defects identified by NSL. This work amounted to £98,545 worth of line marking work being undertaken by the contractor. The Highways Direct Labour Organisation (DLO) was commissioned to carry out the rectification of the sign defects. The value of this work cannot be specifically identified as it was recorded against all signing work completed throughout the year.

Also during the same financial year Volker Highways completed lining work to the value of £139,399, however a large proportion of this work would have been in connection with resurfacing schemes and safety schemes implemented.

A further detailed signs and lines survey was conducted by NSL in June 2013 and again a large schedule of signs and lines defects was provided.

Following receipt of this schedule a further order was issued to Volker Highways again to complete all of the lining defects. Unfortunately the contractor did not resource this programme as required and when resources were deployed they were not engaged on a permanent basis and progress was constantly disrupted by poor weather conditions. This culminated in only £72,000 worth of works being completed before the winter weather put a halt to the programme. Due to this default by the contractor only £22,000 was paid against the schedule of works completed.

At the point the weather improved the Volker contract was due to terminate and as such the remaining schedule of works was allocated to the new highway maintenance contractor F.M. Conway.

At the time of writing this report F.M. Conway have dedicated lining marking gangs working in the borough and this will continue (weather permitting) until the full schedule of works is completed. It is envisaged that the value of works to be completed by F.M. Conway will amount to around £100,000 and that this schedule of works will be completed by the end of July 2014.

There is an ongoing requirement that as the NSL Civil enforcement Officers (CEO's) go about their day to day duties that they will record all further defects and report these on a weekly basis to the parking client team. As these are received they are added to the current schedule of works. Once that schedule of works is completed the contractor will be instructed on a weekly basis with an expectation that they will have resources deployed to complete necessary repairs within a week.

Number of PCN's issued, appealed and the outcome of the appeals

Appendix 4 provides a schedule of the number of PCN's issued throughout the 2013/14 financial year.

In comparison with previous years this is the second highest number of PCN's issued in any financial year.

Appendix 5 provides details in relation to the number of PCN appeals dealt with by the Parking and Traffic Appeals Service (PATAS) and the outcome in relation to these throughout the 2013/14 financial year.

It is recognised that the outcome of appeals over this period of time is poor as more appeals are lost than won. This is therefore an area which will be prioritised in order that this position is improved. In order to achieve this additional resources are being recruited to allow a concentrated effort in this area with a view that it will reverse the current position whilst also driving down the cost of the appeals process.

2. REASONS FOR RECOMMENDATIONS

- 2.1 To allow scrutiny of the information requested and to allow some discussion and feedback from the committee on the position reported.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 Not applicable

4. POST DECISION IMPLEMENTATION

- 4.1 This will be dependent on the feedback received from the committee.

5. IMPLICATIONS OF DECISION

- 5.1 **Corporate Priorities and Performance**

5.1.1 Ensuring efficient parking service provision is complimentary to supporting the aims and objectives of the Corporate Plan 2013/16 and in particular the priority outcomes of:

- Promoting responsible growth, development and success across the borough
- Improve the satisfaction of residents and business with the London Borough of Barnet as a place to live, work and study

5.1.2 The parking service is essential to supporting the Council's priority to "maintain a well-designed, attractive and accessible place, with sustainable infrastructure across the borough" whilst at the same time supporting the statutory duties under the Network Management Duty of "improving traffic flow and reducing congestion"

5.1.3 The future success of the borough depends on effective transport networks and as such taking appropriate measures through effective parking design and enforcement will positively impact on improving traffic flow and reducing congestion, both of which enhances Barnet's reputation as a good place to work and live and as a result will have a positive contribution towards improving the satisfaction of residents.

5.2 **Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)**

5.2.1 As has been described above the sums payable to the parking service provider NSL will ultimately depend on the level of performance. The payment mechanism has been designed to incentivise good performance and where performance is poor there will be financial implications for the service provider such that in the worst case situation they would receive payment at a level which would be below their cost of operating the service. If this worst case scenario were to occur there are also other provisions within the contract which would enable further escalation, especially if the poor performance was to extend over a number of months.

5.2.2 The procurement of the new IT system had already been accommodated within the parking enforcement contract with NSL. The new system provides some enhancements over the previous system whilst also providing a decrease in on-going annual costs over the previous system.

5.2.3 The income in respect to permits has reduced following the outcome of the Judicial Review decision which was made during July 2013 and this has resulted in the expected budget shortfall in the 2013/14 financial year.

5.2.4 Following a borough wide Town Centre review a number of changes have been made in parking provision including reduced charges, the introduction of free parking in some locations and the introduction of card only pay and display machines. This has had a positive impact on increasing parking transactions and as a result means that more people are visiting the

boroughs various town centres and thus helping to support local traders and business. Despite the reduced charges and free parking the impact on income has been offset by the increase in transactions.

- 5.2.5 There remains a high level of parking non-compliance within the borough. It is the intention of the Council to improve this situation and as a result the enforcement activity has increased in an attempt to discourage poor driver behaviour with regard to parking non-compliantly. Therefore additional shifts have been introduced by NSL in agreement with the Council to ensure that the restrictions which exist within the borough are enforced throughout the times of the restrictions. This has therefore increased the costs of enforcement.
- 5.2.6 Since the commencement of the parking enforcement contract with NSL they have carried out two borough wide signs and lines surveys. The extent of signs and lines defects identified from these surveys has identified that there is a shortfall in the budget allocated for signs and lines maintenance. However, despite this it has been recognised that the maintenance work is necessary in order to ensure that the restrictions can be clearly understood by the public and as such the council have commissioned a contractor to carry out a large programme of signs and lines maintenance work in both 2012/13 and 2013/14 financial years which has exceeded the budget allocation.
- 5.2.7 It is recognised that the performance in relation to appeals outcomes is in need of considerable improvement and in order to address this issue arrangements are in place to extend the resources within the parking client team to allow more focussed attention on this issue. Although this will, in the short term, increase the costs it is anticipated that it will lead to an improvement in appeal outcomes and as such will reduce the costs the council currently incurs in the appeals process.

5.3 Legal and Constitutional References

- 5.3.1 The Council as Highway Authority has the necessary powers by virtue of section 46A of the Road Traffic Regulation Act (RTRA) to vary charges at, and regulation of, designated parking places. In doing so it must follow the procedure set down in Part V of the Local Authorities Traffic Orders (Procedure) (England and Wales) Regulations 1996 to amend the existing Traffic Management Orders accordingly.
- 5.3.2 The Traffic Management Act 2004 places an obligation on authorities to ensure the expeditious movement of traffic on their road network. Authorities are required to make arrangements as they consider appropriate for planning and carrying out the action to be taken in performing the duty.
- 5.3.3 Council's charging powers are regulated by the general duty on Authorities under section 122 of the RTRA to have so far as practicable having regard to the matters specified in subsection (2) to secure the expeditious, convenient and safe movement of vehicular and other traffic and the provision of suitable and adequate parking facilities on and off the highway.

- 5.3.4 The position taken by the Council needs to be compliant with its legal duties set out in "Statutory Guidance to Local Authorities on the Civil Enforcement of Parking Contraventions".
- 5.3.5 In accordance with that guidance Councils should develop a detailed parking policy which aims to increase compliance with parking restrictions through clear, well designed, legal and enforced parking controls. It should provide a means by which the authority can effectively deliver the wider transport strategies and objectives and not be focussed on a way of raising revenue.
- 5.3.6 Such a policy should be developed in consultation with the public ensuring that people understand and respect the need for parking restrictions and enforcement and develop an understanding of how they assist in keeping traffic moving and roads safe.

5.4 Risk Management

- 5.4.1 The implementation and enforcement of parking controls and appropriate tariff structures helps ensure the effective use of the borough's road network and compliance with statutory requirements.
- 5.4.2 Without investing in additional resources to tackle and improve the appeal outcomes there is a danger that the councils reputation will be damaged and costs will be incurred which should otherwise be avoided.
- 5.4.3 Effective enforcement requires appropriate resources to be deployed to enforce and hence encourage improved parking behaviours and hence compliance with restrictions. Failure to ensure that resources are effectively deployed may lead to increased non-compliance and a negative impact on the ability for the Council to comply with its statutory duties.
- 5.4.4 Following the outcome of the Judicial Review in relation to parking permits and visitor vouchers the Council accepted the outcome and has reduced the on-going charges accordingly and has made arrangements to refund those residents who have paid for permits and visitor vouchers at the higher rate.

5.5 Equalities and Diversity

- 5.5.1 Equality and diversity issues are a mandatory consideration in decision making in the Council pursuant to the Equality Act 2010. This means that the Council and NSL acting on behalf of the council in respect to parking enforcement must have due regard to the equality duties when exercising a public function. The broad purpose of this duty is to integrate considerations of equality and good relations into day to day business requiring equality considerations to reflect into the design of policies and delivery of services and for these to be kept under review.

5.5.2 The parking service is currently working on a new draft parking policy which will be widely consulted on in due course. This policy will contain Equality Impact Assessments.

5.5.3 The parking service carries out regular reviews of parking restrictions and is reactive to requests as they are received. It specifically reviews the effectiveness of existing Controlled Parking Zones (CPZ's), both proactively and in response to public comments and regularly conducts consultations on any proposed changes in relation to parking controls, in accordance with statutory requirements.

5.6 Consultation and Engagement

5.6.1 As described above in section 5.5 regular consultation takes place, much of which is required in order to comply with statutory requirements.

5.6.2 A number of stakeholder focus groups were carried out during 2013 with attendees representing all those who are impacted by the parking service to ensure that the feedback obtained was fully representative.

6. BACKGROUND PAPERS

6.1 Cabinet Resources Committee, 14 December 2011, Award of Contract – Parking Enforcement and Related Services – the Committee resolved to award a five year parking enforcement and related services contract, with an option to extend for a further two years, to NSL Ltd.

6.2 Contract Monitoring Overview and Scrutiny Committee 18 June 2013 considered a report titled Parking Service Performance.

6.3 Contract Monitoring Overview and Scrutiny Committee 17 March 2014 resolved that the Performance and Contract Management Committee receive a report on the NSL contract with specific areas agreed to be included in that report. This report is in response to that request.