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| Meeting | Contract Monitoring Overview and Scrutiny Committee |
| Date | 18 June 2013 |
| Subject | Parking Service Performance |
| Report of | Cabinet Member for Environment |
| Summary | NSL were awarded the contract to manage and operate the parking enforcement, appeals and representations service for LB Barnet from 1 st May 2012 for a 5 year period with a potential 2 year extension. |

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| Officer Contributors | Lynn Bishop, StreetScene Director Declan Hoare, Lead Commissioner Housing and Environment M J Mitchell, Head of Contract Management |
| Status (public or exempt) | Public |
| Wards Affected | All |
| Key Decision | No |
| Reason for urgency / exemption from call-in | N/A |
| Function of | Committee |
| Enclosures | Appendix 1 – Key Performance Indicators Appendix 2 – NSL Action Plan |
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1. RECOMMENDATIONS

- 1.1 That the Committee consider the KPI performance of NSL (Parking Contractor) in the 1st year of the contract and make appropriate comments and recommendations to the Cabinet Member for Environment and Lead Commissioner.**

2. RELEVANT PREVIOUS DECISIONS

- 2.1 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
- 2.2 Special Budget and Performance Overview and Scrutiny Committee, 19 September 2012, Decision Item 9 (Cabinet Forward Plan) – the committee requested that any items relating to the review of parking services on the Cabinet Forward Plan be added to the Committee’s work programme
- 2.3 Council, 18 April 2013, Constitution Review – Council agreed, as part of the Constitution Review, to establish a Contract Monitoring Overview and Scrutiny Committee which would have responsibility for scrutinising the performance of the NSL Parking Services contract. In accordance with the revised terms of reference of the Overview and Scrutiny Committees, the parking service performance report has been withdrawn from the Budget and Performance Overview and Scrutiny Committee and transferred to the Contract Monitoring Overview and Scrutiny Committee

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 The Overview and Scrutiny Committees must ensure that the work of Scrutiny is reflective of the Council’s priorities.
- 3.2 The three priority outcomes set out in the 2013/16 Corporate Plan are: –
- Promote responsible growth, development and success across the borough
 - Support families and individuals that need it – promoting independence, learning and wellbeing
 - Improve the satisfaction of residents and businesses with the London Borough of Barnet as a place to live, work and study
- 3.3 Parking Policy develops the need for parking restrictions and enforcement and an understanding of how they assist in keeping traffic moving and roads safe.
- 3.4 The consideration of payment mechanisms for parking on street and in the Council’s charged for car parks is consistent with contributing to the One Barnet Plan and to the Corporate Plan 2013-16 priority “To maintain a well-designed, attractive and accessible place, with sustainable infrastructure across the borough.” The future success of the borough depends on effective transport networks...and take measures to improve traffic flow and reduce

congestion which enhances Barnet's reputation as a good place to work and live.

4. RISK MANAGEMENT ISSUES

- 4.1 The implementation and enforcement of parking controls and appropriate tariff structures helps ensure the effective use of the borough's road network.

5. EQUALITIES AND DIVERSITY ISSUES

- 5.1 Equality and diversity issues are a mandatory consideration in decision making in the Council pursuant to the Equality Act 2010. This means the Council and all other organisations acting on its behalf 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 be reflected into the design of policies and the delivery of services and for these to be kept under review.
- 5.2 Under the Equality Act 2010, the Council must have due regard to the need to: a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; b) advance equality of opportunity between those with a protected characteristic and those without; c) promote good relations between those with a protected characteristic and those without. The 'protected characteristics' referred to are: age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; sexual orientation. It also covers marriage and civil partnership with regards to eliminate discrimination.
- 5.3 Parking service monitoring enables the Council to check that equality and diversity issues are being considered on an on-going basis in accordance with the Equality Act.

6. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance & Value for Money, Staffing, IT, Property, Sustainability)

- 6.1 The Parking Enforcement contract contains measures to improve value for money and performance over the life of the contract. Part of this improved value is to implement a new back office system which will be procured by NSL.
- 6.2 NSL contract budgeted costs vs actual for 2012/13

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|----------|-----------------------|
| Budget | £2,767,960.00 |
| Costs | £2,991,920.74 |
| Variance | £223,960.74 Overspend |

There are several reasons for this variance which are set out in the report, but include: overtime, appeals and Saracens CPZ.

- 6.3 NSL instigated overtime to ensure that the overall hours of enforcement were met and have been constantly recruiting and training new Civil Enforcement Officers (CEO's). It was agreed that additional overtime hours were deployed in order to ensure that enforcement occurred throughout the hours of the current parking restrictions particularly in CPZ's, resulting in additional cost to the authority. Penalty Charge Notices (PCN's) being cancelled following PATAS (Parking and Traffic Appeals Service) consideration cost the authority an estimated £44,000 (£46 per appeal) in 2012/13.
- 6.4 By continually monitoring the resources deployed along with the financial performance during this initial contract year and authorising NSL overtime to allow greater enforcement cover it enable the SPA to achieve a final outturn figure of £86k overachievement.
- 6.5 NSL has produced an Action Plan (Appendix 2) to address performance issues encountered in the first 11 months of the contract. The plan focuses on months 12 to 14 performance and the introduction of a new back office IT system from 1stOctober 2013. The new IT system is crucial to future improvements in performance. The Parking Team are working closely with NSL to ensure the overspend encountered in 2012/13 is not carried over into the 2013/14 financial year.

7. LEGAL ISSUES

- 7.1 The Council as Highway Authority has the necessary legal powers by virtue of Section 46A of the Road Traffic Regulation Act 1984 (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.
- 7.2 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.
- 7.3 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.
- 7.4 Policy positions taken by LB Barnet needs to be compliant with its legal duties set out in "Statutory Guidance to Local Authorities on the Civil Enforcement of Parking Contraventions".
- 7.5 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.
- 7.4 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.

8. CONSTITUTIONAL POWERS (Relevant section from the Constitution, Key/Non-Key Decision)

8.1 The rules and terms of reference of all scrutiny committees are contained within Part 2, Article 6 of the Constitution; and in the Overview and Scrutiny Procedure Rules (Part 4 of the Constitution). The Contract Monitoring Overview and Scrutiny Committee is responsible for scrutinising reports from the Commissioning Group detailing the performance against targets that are included within the Corporate Plan and otherwise relating to the services provided by the New Support & Customer Services Organisation, Development & Regulatory Services, The Barnet Group Ltd, Joint Legal Service and NSL (external delivery units).

9. BACKGROUND INFORMATION

9.1 NSL parking contract is managed by the StreetScene Directorate through Contract Management's Parking Team. The contract monitoring regime is clearly set out in the contract. The Parking Team monitors contract compliance, budget generation, quality control and customer feedback through contractually binding clauses under the terms of the contract.

9.2 Financial and performance information provided by NSL under the terms of the contract, is interrogated at;

- Weekly operational meetings with NSL;
- Monthly financial and contract performance management meetings;
- Quarterly development meetings (at which potential enhancements to service are discussed/proposed/costed etc.)

All contractual obligations are monitored at the above meetings with a monthly interrogation of the Key Performance Indicators (KPI's) that must be achieved.

9.3 The contract has 15 KPI's (Appendix 1) rolled out over the first 26 months of the contract; these are monitored in-line with the contract.

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

9.4 The overall performance of NSL has financial implications (both penalties and rewards) for NSL that impact on its' monthly valuations depending on how well

or poorly it performs. The contract has remedies under the contract for non-performance.

- 9.5 Initial performance in the first six months was adequate rather than good – this had to do with the fact that the initial first few months of the 1st year transition was not as smooth as was anticipated due to:-
 - 9.5.1 The introduction of reduced tariffs during 2012 included the town centres of North Finchley, Chipping Barnet and Edgware. Included in these changes were reductions in charges in car parks and the introduction of free parking bays in North Finchley.
 - 9.5.2 The implementation of the Saracens CPZ which created pressures not only on the back office IT system but also the resources needed to be deployed across the borough.
 - 9.5.3 Under the TUPE transfer, no Barnet back office staff transferred into the back office of NSL which created unexpected pressures in the initial period after transfer.
- 9.6 Performance payments are due to the contractor as and when performance meets a suite of KPI target performance. Up to 31st March 2013 only three performance payments out of a possible 10, have been agreed by the Parking Team due to a lack of back-up data being provided by NSL in support of their performance. This shortfall in data has been addressed in the NSL Barnet Action Plan (Appendix 2), to ensure a robust interrogation of the performance data is available. The level of performance has been increasing since last September and if this continues, it is expected that this will reach a level where performance payments could become due in the first three months of 2nd year of the contract.
- 9.7 The level of performance has improved systematically since January 2013 and can be demonstrated against their month 3-12 KPI monitoring. NSL issued 150,150 PCNs in the 2012/13 financial year, which compares favourably (150,000 PCN's) to the projected plan in their tender submission. 165,070 PCN's were issued by the in-house team in the 2011/12 financial year after special enforcement measures were introduced that year. This is around two PCN's per hour per CEO; significantly above other NSL contracts in London with PCN issue rates varying between 1.4 and 1.7 per hour.
- 9.8 The KPI's are phased across the first 26 months of the contract, with the next tranche of KPI's becoming measureable contractually from month 13 (June 2013). It is difficult to accurately predict the improving level of performance of NSL with only 11 months data available and as mentioned previously several issues outside of their direct control impacted on the performance during year 1 of the contract. Once the 2nd year's KPI's are being measured (it will take 3 months of data) the data can be used to measure the true performance of the contractor across the majority of the contract.
- 9.9 A new back office IT system is required to be procured by NSL by the end of September 2013 (under the terms of the contract), to replace the system currently provided by Civica. This existing system is several years old and has limitations that do impact on the parking service information available to NSL, Barnet and on the production of robust performance data.

9.10 NSL is one element of the Parking Enforcement system being employed by Barnet and a cohesive interface with all the other activities is vital if the overall performance is to improve. The management of parking and its reputation in Barnet is significantly dependent upon the different parts of the business working together, smoothly, to deal with the whole of the customer journey. The following description lays out the split of responsibilities across the different delivery units in the Council:

| Operation | Team (Delivery Unit) | Key Activities |
|---|--|--|
| Parking Enforcement | NSL Ltd | On-street enforcement Appeals and Representations |
| Parking Contract Management | Parking Client Team (Streetscene) | Parking contract management Statutory role in Appeals and Representations |
| Highways DSO and Sign Shop | Highways DSO and Sign Shop (Streetscene) | Production of new signage Repair and Installation of signage on street |
| Traffic Management | Traffic and Development (DRS) | Changes to existing and introduction of new parking bays Changes to existing and introduction of new parking restrictions Traffic Management Orders including temporary traffic orders Commissioning and organizing traffic data surveys and analysis to facilitate effective traffic management including parking Parking Management Strategies for new developments Reviews of Controlled Parking Zones Progression of major schemes including new Controlled Parking Zones and Controlled Parking Zone extensions |
| Permits, visitor vouchers and dispensations | Customer Services (NSCSO) | Parking call centre Issuing of: Permits Essential Service Vouchers Visitor Vouchers Dispensations Refunds |

9.11 The 2012/13 financial performance of the Special Parking Account (SPA) is set out below:

SPA End of Year Performance 01/04/12 – 31/03/13

| Income Type | Planned Income | Actual Income | Under/Over Recovery | % |
|----------------------------------|-----------------------|----------------------|----------------------------|----------|
| PCN | £6,546,010 | £5,793,747 | -£752,263.00 | -12.98% |
| Cashless On-Street | £3,080,000 | £2,950,678 | -£129,322.00 | -4.38% |
| CCTV | £675,000 | £821,474 | £146,474.00 | 17.83% |
| Permits & Suspensions | £2,180,000 | £2,190,331 | £10,331.00 | 0.47% |

Non-SPA Item

| Income Type | Planned Income | Actual Income | Under/Over Recovery | % |
|--------------------|-----------------------|----------------------|----------------------------|----------|
| Car Parks | £944,000 | £664,718 | -£279,282 | -42.02% |

9.12 The overall income picture for both CCTV and the Permit lines are favourable when compared with the projections for the entire year. NSL's enforcement contract commenced on 1st May 2012 (11 months of 2012/13).

9.13 Street Parking PCN performances appears to reflect higher levels of driver compliance with parking controls resulting in less PCNs being issued and reduced activity levels in certain 'paid-for' parking areas. This position is not unique to Barnet as these factors have also impacted the majority of Local Authorities within the Greater London area.

10. LIST OF BACKGROUND PAPERS

10.1 None

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| Cleared by Finance (Officer's initials) | AD/JH |
| Cleared by Legal (Officer's initials) | CH |