

<p>COUNCILLOR STUART WHITTINGHAM, CABINET MEMBER FOR HIGHWAYS & INFRASTRUCTURE</p>	<p>9 NOVEMBER 2016</p> <p>PARKING ENFORCEMENT CONTRACT EXTENSION</p>
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REPORT SUMMARY

This report recommends that the extension to the Parking Enforcement Services Contract be approved.

The Wirral Plan 2020 pledge relevant to this report, and to the parking service area, is Pledge Thirteen: Transport and Technology Infrastructure fit for the future, and the proposal supports the Transport Strategy priority to keep traffic moving safely and efficiently.

This matter affects all wards within the Borough

This is a Key Decision.

RECOMMENDATION/S

The Cabinet Member for Highways and Infrastructure is recommended to:

Approve the one year extension to the Parking Enforcement Services Contract.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 Extending the current contract rather than going out to tender again demonstrates value for money as detailed in the report.
- 1.2 The decision is being made in accordance with Part 3 Schedule 5 of the Constitution at Paragraph (iv) Approval of the extension of contracts within their Portfolio for a maximum of up to 2 years, where such an extension was an option in the original contract in consultation with the relevant Chief Officer, the Director of Resources (and/or section 151 Officer) and Monitoring Officer.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 The Parking Enforcement Service contract could be re-tendered however, a further and final one year extension is recommended as it continues to demonstrate value for money as contract costs will increase by going out to tender.

3.0 BACKGROUND INFORMATION

- 3.1 The Council originally entered into a contract with NSL Services Ltd in November 2003 (start of Decriminalised Parking Enforcement on Wirral) for the provision of parking enforcement. Following five years satisfactory performance the contract was extended for a further two years until November 2010.
- 3.2 Following re-tendering of the Parking Enforcement Services contract NSL Services Ltd won the tender and was again appointed for a further five years terminating in November 2015. There is an option in the current contract to extend for a further two years from November 2015 subject to satisfactory performance.
- 3.3 On the 28th October 2015 a one year extension to the Parking Enforcement Contract was endorsed and authorised.
- 3.4 There are no planning and community safety implications and there are no specific implications for voluntary, community and faith groups.
- 3.5 There are no specific carbon reduction and environmental implications; however, effective control of parking can have an impact in reducing the negative impacts of transport on the environment.

4.0 PERFORMANCE AND EFFICIENCIES

- 4.1 NSL Services Ltd will have provided this service for 13 years come November 2016. During this time period NSL have demonstrated satisfactory

performance, maintaining the issuing of PCNs and undertaking parking enforcement in accordance with the legal requirements. Key Performance Indicators (KPIs) have regularly been achieved and there have been no significant contractual issues.

- 4.2 **Appendix 1** below shows how PCN income has performed in recent years, and **Appendix 2** shows how the expenditure on the enforcement contract has been reducing year on year by making continuous efficiency savings.
- 4.3 Having a well-established contract with a good management structure has allowed for a '*shared client account manager*' with another local authority bringing a £20k per annum saving to the contract. This has continued to perform well in recent years.
- 4.4 The largest cost to the contract is salaries. The 2015/2016 contract value was £575k, of this staffing costs accounted for approx. £410k (the other £165k are fixed costs such as accommodation, equipment, vehicles etc.). The 2016/2017 contract value has been reduced to £568k.
- 4.5 **Appendix 3** shows the Civil Enforcement Officer salaries on Wirral (NSLs rates) compared with a selection of other Local Authority salaries. As can be seen the CEO salaries on Wirral's contract are below average.
- 4.6 Historically, the rate of pay for a Civil Enforcement Officer has always been positioned above the National Minimum Wage in recognition of the skill set required to fulfil this role and to ensure that a suitably high quality service can be delivered. The CEO rate was £6.92 per hour. From April 2016 the National Living Wage increased to £7.20 per hour. There is no provision within the current contract to increase CEO rates of pay in line with legislation changes. However, since April 2016 NSL have subsidised the increase in hourly rate to £7.20 per hour for basic rate CEOs, to comply with legislation. This is becoming increasingly less sustainable and therefore NSL seek agreement on the proposed pay increase (see 4.9 below) to enable them to move forward with the final year extension.
- 4.7 Since April 2016 (first 6 months of the financial year) there have been 5 NSL leavers on the contract, 4 of which have cited low pay as a reason for leaving. 3 of the leaving enforcement officers have had several years of valuable experience. In comparison there were 3 leavers in the previous financial year and 3 leavers in the year before that.
- 4.8 It is becoming increasingly difficult for NSL to recruit new officers and particularly new officers with the right skill set, particularly as other employers are offering Living Wage level pay. During training and the probation period Penalty Charge Notice issue rate drops and hence PCN income is adversely affected. If things are allowed to continue then PCN income budget may not be achieved.
- 4.9 NSL have agreed in principle with WMBC's offer to extend the current parking enforcement contract for a further 12 months from November 2016. This

agreement was on the basis that the payroll costs were addressed. NSL say that they can sustainably deliver the contract at a cost of £585k for 2016/17 and then £595k in 2017/18 due to the further increases in the minimum/living wage.

- 4.10 The cost of the Parking Enforcement Services contract will most likely increase as a result of the changes to the National Minimum / Living Wage increase and if an alternative supplier was appointed following a tender process then the savings from a '*shared client account manager*' would be lost. Contract costs could be approximately £625k per year by going out to tender now, based on an assessment of employee costs.
- 4.11 A further final one year extension, therefore, demonstrates value for money. It also allows for a full options appraisal for all enforcement activity including things like anti-social behaviour, licencing, littering, dog fouling, alley way dumping, fly posting etc., Parking Services will reconnect with procurement with the intention of going out to tender for a new Enforcement Services contract early in 2017.

5.0 FINANCIAL IMPLICATIONS

- 5.1 Contract costs will be met from the Traffic and Transportation (Parking Services) Revenue Budget including the slight increased costs from extending to address the Living Wage increase (approx. £17k in 2016/17 and £25k in 2017/18).

6.0 LEGAL IMPLICATIONS

- 6.1 The management of traffic is a statutory duty for the Council.
- 6.2 Corporate Procurement have advised that the proposal to increase the payment levels in the contract extension to address the Living Wage is permitted.

7.0 RESOURCE IMPLICATIONS: ICT, STAFFING AND ASSETS

- 7.1 Existing staff resources will be utilised in the implementation of the contract extension.

8.0 RELEVANT RISKS

- 8.1 There is a risk to business continuity for failure to extend. This could leave the Council without a contractor to undertake parking enforcement which in turn could lead to uncontrolled parking on the highway, congestion and road safety implications plus a failure to achieve the 2016/17 budgets for Pay & Display car parking and PCN income.
- 8.2 There is a significant risk that contract costs will increase by going out to tender at this stage, due to increased employment costs.

8.3 Failure to acknowledge the impact on minimum/ living wage on staff retention on the contract could see further experienced enforcement officers resigning and the Penalty Charge Notice income falling below budget expectations.

9.0 ENGAGEMENT/CONSULTATION

9.1 The incumbent contractor has indicated that they would be willing to continue supplying the service should an extension be granted and subject to Section 4.9 above.

10.0 EQUALITY IMPLICATIONS

10.1 Has the potential impact of your proposal(s) been reviewed with regard to equality?

(c) No because of another reason which is

This is a one year extension to an existing contract and equality implications have previously been considered.

REPORT AUTHOR: Steve Atkins
Parking Services Manager
telephone: (0151 606 2270)
email: steveatkins@wirral.gov.uk

APPENDICES

Appendix 1 – Cumulative Penalty Charge Notice income profile

Appendix 2 – Enforcement Contract Expenditure / PCN income

Appendix 3 – Civil Enforcement Officer Salary Comparisons

REFERENCE MATERIAL

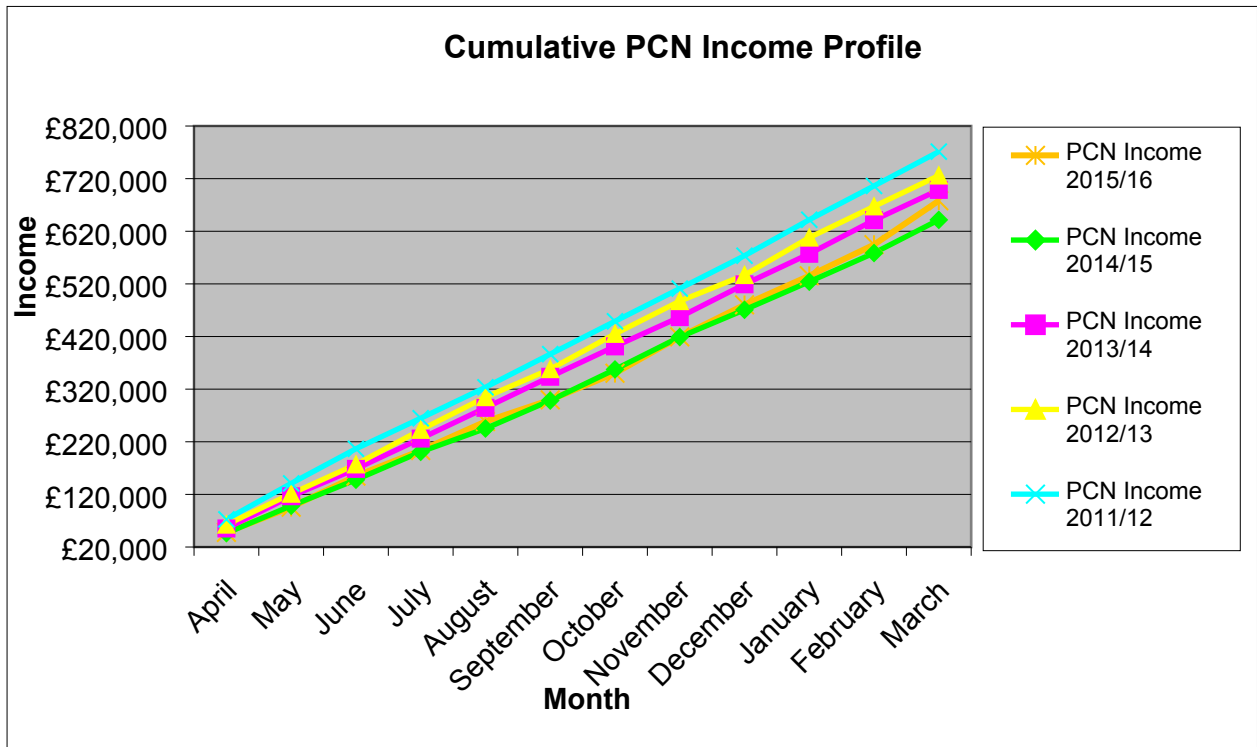
None

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
A one year extension to the Parking Enforcement Contract was endorsed and authorised.	28 October 2015

Appendix 1 – Cumulative PCN Income Profile

Year / PCN Income	2011/12	Cumulative	2012/13	Cumulative	2013/14	Cumulative	2014/15	Cumulative	2015/16	Cumulative
April	£72,529	£72,529	£62,481	£62,481	£55,275	£55,275	£46,351	£46,351	£47,851	£47,851
May	£68,315	£140,844	£58,709	£121,190	£61,221	£116,496	£51,993	£98,344	£47,851	£95,702
June	£65,841	£206,685	£55,745	£176,935	£52,015	£168,511	£49,469	£147,813	£59,133	£154,835
July	£58,001	£264,686	£65,655	£242,590	£57,532	£226,043	£52,976	£200,789	£48,587	£203,422
August	£58,839	£323,525	£62,138	£304,728	£58,442	£284,485	£44,372	£245,161	£54,985	£258,407
September	£62,981	£386,506	£53,226	£357,954	£59,055	£343,540	£53,191	£298,352	£41,301	£299,708
October	£62,422	£448,928	£67,043	£424,997	£57,727	£401,267	£59,101	£357,453	£50,500	£350,208
November	£62,156	£511,084	£62,243	£487,240	£55,632	£456,899	£61,555	£419,008	£69,168	£419,376
December	£62,458	£573,542	£49,474	£536,714	£62,358	£519,257	£51,757	£470,765	£60,885	£480,261
January	£68,398	£641,940	£71,234	£607,948	£57,947	£577,204	£53,366	£524,131	£55,168	£535,429
February	£64,253	£706,193	£59,285	£667,233	£63,917	£641,121	£54,536	£578,667	£59,160	£594,589
March	£65,152	£771,345	£58,685	£725,918	£57,524	£698,645	£63,001	£641,668	£83,446	£678,035



Appendix 2 – Enforcement Contract Expenditure / PCN Income

Financial year	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017
PCN Income	£771,345	£725,918	£698,645	£641,668	£678,035	(Budget) £681,000
Enforcement Contract Expenditure	£631,000	£610,000	£600,000	£580,000	£575,000	(Budget) £568,000

Appendix 3 – Civil Enforcement Officer Salary Comparisons

Local Authority	In house or Contracted	CEO	CEO Supervisor
Bath and North East Somerset Council	In-house	£16,804	£23,945
East Hertfordshire	Contracted	£17,003	£19,080
East Riding of Yorkshire Council	In House	£15,882	£16,998
Middlesbrough Borough Council	In House	£17,161	£19,126
Milton Keynes Council	Both	£17,000	£18,000
Northumberland County Council	In house	£21,519	£24,646
Stockport Metro Borough Council	In house	£16,998	£23,945
Stratford on Avon DC	In house	£20,400	£25,728
Wirral Metropolitan Borough Council	Contracted	£15,434	£16,806
York City Council	In house	£21,936	£24,287