

East Sussex County Council

Parking Services –Commissioning Review

1 Introduction

- 1.1 A review has been undertaken to ensure there is a clear understanding of ‘need’ for the parking enforcement service, before identifying the best method of meeting this need.
- 1.2 The review focused on the transport needs as defined by the Local Transport Plan and outline the statutory requirements for parking enforcement.
- 1.3 The review also consider the options for managing and enforcing parking controls in East Sussex. The effectiveness of the existing contract arrangements have been reviewed and consideration given to more or less of the parking enforcement service being undertaken in-house or through a contracted provider.

2 Background

- 2.1 East Sussex County Council (ESCC) has most recently engaged the current contractor to deliver the parking enforcement service from 2011 across the Boroughs of Eastbourne, Hastings and the District of Lewes and this contract expires in June 2018. It should be noted that ESCC in order to comply with current UK legislation has retained the duty of considering and determining all challenges / representations made against the issue of a Penalty Charge Notice (PCN).
- 2.2 The Parking Agency Agreement with Hastings Borough to deliver on-street parking enforcement operation was terminated in 2013 and now forms part of the current contract, it having been demonstrated that bringing the service back in house was the most cost effective option.
- 2.3 The County Council, as the highway authority, is responsible for all on-street parking enforcement in the areas covered by the Civil Parking Enforcement powers however the Boroughs have control of their off-street car parks.
- 2.4 Lewes District Council on the other hand doesn’t enforce its off-street car parks, this is carried out by ESCC via its enforcement contractor on their behalf and the District receives the income from the parking charges and parking fines. ESCC receives a management fee for the delivery of this service to the District Council.
- 2.5 The agreement with Lewes District Council eliminates any duplication of enforcement activities and results in financial savings for the District Council, as well as benefitting from a more effective enforcement regime.

3 What is the need for parking enforcement?

- 3.1 Parking enforcement is vital for the successful implementation of many of the local plan objectives
- 3.2 LTP 3 - Vision and objectives:

- 3.2.1 Over the remaining nine years of the life span of LTP 3, East Sussex County Council's aim is to continue developing an effective, well managed transport infrastructure with improved travel choices.
- 3.2.2 To make East Sussex a prosperous county by:
- helping businesses to thrive
 - delivering better access to jobs and services
 - creating safer, healthier, more sustainable and inclusive communities.
- 3.2.3 Transport contributes to a wide range of other policies and plans that include high-level objectives such as:
- improve economic competitiveness and growth
 - improve safety, health and security
 - tackle climate change
 - improve accessibility and enhance social inclusion
 - improve quality of life.
- 3.3 The delivery of Civil Parking Enforcement can play an instrumental role in assisting the achievement of the above objectives.
- 3.4 There are substantial benefits to the local authority and its whole community from the operation and delivery of Civil Parking Enforcement, including but not limited to the following:
- i. Indiscriminate on-street car parking can create unnecessary obstruction of the carriageway and footways. In respect to the highway network this can lead to unnecessary congestion and increased pollutants in the air.
 - ii. Congested roads are also extremely detrimental towards making town centres attractive to the general public and as a result can severely damage a town's commercial viability.
 - iii. The free flow of traffic can be managed more effectively with the strategic planning and implementation of waiting and loading restrictions for example, especially where the older towns have narrow carriageways.
 - iv. Local commercial businesses and retail outlets benefit from strategically placed loading / unloading bays placed on the public highway, but these need to be enforced to ensure that lorries are able to use them rather than double parking and as a result creating an obstruction as they deliver or collect goods.
 - v. Town centre Businesses and retail outlets benefit significantly from well managed and appropriately located off street car parking through a mixture of long term and short stay parking.
 - vi. On street car parking, where road widths and safety implications permit, allows for short term parking periods that allows shops and businesses to benefit from passing trade. The effective control and enforcement of these parking bays is essential to maximise the amount of passing trade, but the charging regime for on street parking should ideally be higher so those motorists wishing to stay for longer periods are encouraged to use the car parks that have lower charging rates.

- vii. The Traffic Management Act 2004 allows local authorities to enforce parking across dropped kerbs that do not have any waiting restrictions, in order to preserve the movement from and to footways by those in wheelchairs and prams as well as the less mobile pedestrian.
- viii. Traffic management measures that can be controlled by parking enforcement is a major contributory factor towards not only preserving the road safety records, but indeed can improve road safety. This is being used in many areas including outside school entrances for example.
- ix. Residents living in tourist areas, close to visitor attractions, town centres and or railway stations often suffer from extraneous car parking. Traffic management measures such as controlled parking zones and residents parking schemes can be introduced to protect the living conditions of the residents, but to make them work the need for effective enforcement is essential and the local authority will be best placed to achieve this.
- x. Permit schemes are vital for local tradesmen to deliver their services, hotels would severely suffer without any form of parking provision, as well as many other permit types. East Sussex County Council have been working closely with all parts of the community and as a result issue vast numbers of permits and examples can be found in the table below:

Type of Permit	Volume
Resident	154,000
Trade	25,000
Hotel	121,000
Healthcare	43,000

- xi. The presence of a uniformed Civil Enforcement Officer also brings a welcomed benefit to the community, because the public and businesses see them as a form of security presence that deters criminal activity which is not restricted to parked cars.

4 Statutory requirement for parking enforcement

4.1 The Traffic Management Act 2004

The principal legislation affecting parking enforcement is the Traffic Management Act 2004 (TMA 04) and Part 2 imposes a network-management duty on all local traffic authorities. This is aimed at ensuring the efficient management of the road network to reduce congestion and delays. It should be recognised that part of the network-management duty is to manage parking and other traffic regulations, to achieve the required aims.

4.2 “Parking Policy and Enforcement”. ⁽¹⁾

- 4.2.1 In June 2005 the House of Commons Transport Committee produced a report that opened with the following statement:

Failure to comply with parking restrictions disrupts traffic, increases road congestion, heightens levels of danger, results in injuries, and delays public transport schedules. Fifty million estimated illegal parking acts take place each year in London with a cost of £270 million a year in additional delays and accidents. The scale and cost of illegal parking throughout Britain is not known but is clearly significant. The police have failed to enforce parking regulations in Britain properly for decades as other policing priorities have taken precedence. The result is that illegal parking is widespread.

⁽¹⁾ Parking Policy and Enforcement **HC 748-I** Published on 22 June 2006 by authority of the House of Commons London: The Stationery Office Limited

- 4.3 There are some 300 local authorities in England and Wales undertaking parking enforcement through the powers of the TMA 04.
- 4.4 To date there are still approximately 24 local authority areas in England that have not applied to adopt the powers to carry out parking enforcement and this includes the East Sussex districts of Rother and Wealden.

5 Can a local authority relinquish its parking enforcement powers?

- 5.1 There is currently no legislative procedure that enables a local authority to apply to relinquish the powers to operate Civil Parking Enforcement that they have adopted.
- 5.2 It should be noted that Section 75 the Traffic Management Act 2004, actually gives Central Government the powers to compel each local authority to adopt the powers to carry out Civil Parking Enforcement. There is a precedent in that all London Borough Councils were compelled to adopt these powers in 1994.

6 Conclusion on the need for parking enforcement

- 6.1.1 It is not presently compulsory for a local authority in England and Wales to adopt the powers of the TMA 04. However, as East Sussex County Council adopted those powers many years ago there is a legal duty for them to continue to operate Civil Parking Enforcement as there is no legislative procedure that enables local authorities to relinquish them.
- 6.1.2 If East Sussex County Council hadn't taken on the responsibility for parking enforcement, other functions that the Council has a duty to deliver would have been severely impacted against and the local economy of the various towns throughout the County would have undoubtedly suffered.
- 6.1.3 Parking Enforcement is also playing a significant role in assisting the County Council to achieve many of its LTP 3 objectives and overall vision.
- 6.1.4 It is therefore considered that East Sussex County Council should not only continue to deliver parking enforcement, but it should be constantly looking as to how the service could not only be improved but how it could widen the current service offering.

7 Parking Services Review

- 7.1 In order to assess the overall effectiveness of the current operation, in terms of performance and the financial position a number of areas have been looked into, including:
- i. ESCC in house operational performance
 - ii. The current Service Provider's operational performance
 - iii. Staff retention
 - iv. Finance
- 7.2 Consideration has also been given to the existing parking market, because it is extremely limited in the number of companies that deliver parking enforcement services.
- 7.3 The Borough and District Councils were consulted as part of the review in order to obtain their views:
- i. **Lewes District Council** has stated it is very satisfied with the level of service they receive from both ESCC and the current contractor. In terms of the contract they do not see any need to alter anything, however the District Council stated that the level of car park occupancy in both Lewes and Seaford is almost at full capacity and additional car parking would be beneficial, but do recognise that the potential for land becoming available is highly improbable.
 - ii. **Eastbourne Borough Council** elected not to participate in the original CPE contract following the County's decision to introduce on-street parking charges to Eastbourne. As such EBC has continued to carry out their own enforcement of their off-street car parks.

Eastbourne BC report that their off-street compliance levels are high and as a result they only need to operate approximately a half of one FTE. As a consequence it is unlikely that the EBC will participate in the CPE scheme, but there may be scope for closer working between the County Council and EBC.
 - iii. **Hastings Borough Council** also retains its own off-street enforcement of its car parks and those of the Foreshore Trust that operates the seafront car parks. Officers at HBC report they are satisfied with the support they received from the current contractor especially with representation on matters such as multi-agency Safety Advisory Group meetings.

They are also satisfied with the working relationship it has with the County's Parking Team.

Hasting's Borough employ between 1 to 2 FTEs to enforce their car parks and therefore it is unlikely that the Borough will look to participate in any future joint CPE scheme.

8 Parking Services Performance

- 8.1 The general performance of ESSC's parking services is seen to be good and this is demonstrated by comparing it against other local authorities. (Appendix 1)
- 8.2 Benchmarking data has been obtained from various Councils together with information obtained from Annual Parking Reports that have been published on line. It should be stated that all data and information obtained from the various councils should be treated with some caution, because it is not possible to be certain as what methodology was used and how each council measured the different aspects of their service.
- 8.3 The Penalty Charge income recovery rate is currently at 78.20% which is considered to be very good, however there are a few councils that do claim to achieve slightly higher recovery rates.
- 8.4 While the average number of PCNs issued per year per CEO in East Sussex is relatively low compared with other operations, the income per PCN (£33.50) appears to be much higher than many, including that of Brighton City Council (£30.57 per PCN).
- 8.5 The level of PCN cancellation is extremely low and this would add further credence that ESSC Parking Services are actively delivering a quality service.
- 8.6 It may well be down to the parking policy that has been adopted, together with the PCN issue guidelines that has seen more warning notices being issued that has resulted in achieving such good results. This is surely assisting in providing a better and fairer service that benefits the whole community.
- 8.7 The above would suggest that the enforcement scheme in East Sussex is fair and the quality of the PCNs being issued is very good.
- 8.8 There are two areas that are not currently covered by the TMA 04, which are the district councils of Rother and Wealden. Work is underway with both RDC and WDC to determine the costs of Civil Parking Enforcement for these two districts.
- 8.9 It should be recognised that close working between the County and its Boroughs and Districts is key to achieving the objectives of the TMA 04 in terms of the effective management of the highway network.

9 Service Providers Performance (Appendices 2)

- 9.1 The performance of a contract / operation is usually measured against a set of performance indicators.
- 9.2 Reviewing the KPI reports and interviewing various members from both ESSC and the current contractor, it would suggest that:
 - i. The level of performance, in terms of meeting the current Key Performance Indicators (KPIs) is satisfactory, but due to the number of advisory comments appearing in the KPI reports, there does appear to be room for improvement.
 - ii. There is little evidence that the current contractor is actively promoting new / innovative operational systems and procedures for the benefit of this contract.
 - iii. More needs to be tried to improve the staff retention levels.
- 9.3 The monthly KPIs results do not indicate the need for real concern about the contractor's performance.
- 9.4 Consideration should be given to future KPI reports to report on the contractor performance

- 9.5 The current contract has the contractor being responsible for the provision of a suitable Parking Enforcement IT system. This appears to have worked quite well, but consideration should be given to greater ESCC interaction with the IT supplier to fully understand what developments are being proposed and what other Councils are experiencing.
- 9.6 It is noted that the current IT supplier has recently been acquired resulting in a different working relationship.
- 9.7 Communication between the contractor and ESCC will be an important consideration in selection of a new contractor.
- 9.8 The level of communication is not presently specifically measured by the current KPIs and careful consideration should be given to creating a specific KPI associated with communication for any future contract.

10 Staff Retention Levels

- 10.1 Staff retention is a factor that will always impact on the performance of an operation and it would appear that currently the contractor is experiencing difficulties in retaining staff. The main issue being raised by the contractor is the salaries being offered to the CEOs.

11 Finance

- 11.1 The current Parking Services contract was won by the current contractor on an open competitive tendering procurement exercise.
- 11.2 Three factors that influence the decision when considering whether to outsource a service, and these are:
 - 1. Improve the quality of the service,
 - 2. To secure financial savings, and
 - 3. Which organisation is best placed to manage the associated risk in delivering such a complex service.
- 11.3 To enable the implementation of an efficient and effective on-street parking scheme in East Sussex, a consistent approach to the deployment and administration of parking enforcement and services must be provided throughout. A single management structure is instrumental in providing this. The business case prepared to support the withdrawal of the Agency Agreement with HBC concluded the most efficient and cost effective way to manage the on-street parking enforcement in East Sussex was as one operation rather than having a number of agency operations.
- 11.4 Previous market testing has demonstrated there are both financial and operational advantages in running a single commercial contract for the County's parking schemes. A contractor would be expected to have the ability to introduce a number of new key skills and technologies as may be required under legislation. This would increase the effectiveness of on-street parking enforcement throughout the life of a contract
- 11.5 Whilst it is possible that a more streamline management structure to deliver the service could be put in place if the service was to be brought back in house there are a number of risks associated with this.

- 11.6 The major risk for ESCC is that over the period of time that the current contractor has been delivering the parking enforcement contract the County has very limited in house experience of operating front line enforcement. ESCC core skills lie in managing the contract, but this doesn't provide the team with the full day to day operational experience.
- 11.7 To avoid the risk of losing income due to an inexperienced in-house team that may wipe out any savings it is wiser to consider what other parking related services could be outsourced in addition to the main enforcement contract that could deliver significant savings without the risk.
- 11.8 One such example for consideration is that the current contractor is charging ESCC an annual fee for the provision of the Parking Enforcement IT system, when similar systems are available for lower cost.
- 11.9 Whilst the contractor charges ESCC in accordance with tendered rates, it is questioned whether ESCC could have gained better value if some of the activities were procured and delivered directly.

12 Parking Enforcement Suppliers Market (Appendix 3)

- 12.1 Local authorities have little choice in the parking enforcement as the market has reduced to just two major companies, together with a 3rd smaller player.
- 12.2 This limited choice severely restricts the options open to local authorities and questions whether the lack of competition affects the drive to achieve continuous improvement.

13 Conclusion on the Review of the Existing Parking Service Arrangements

- 13.1 ESCC, together with the current contractor are delivering a good quality and effective parking service, but there is always room for improvement.
- 13.2 To demonstrate continuous improvement it is suggested that future KPIs should not be restricted to the outsourced area of the service, it is just as important to measure the performance of the in house team.
- 13.3 The current KPIs do not provide any indication as to how the contract is performing and that they are not necessarily concentrating on the critical success areas and therefore careful consideration as to what the KPIs are measuring and why is required for any future contract.
- 13.4 While the current contractor is delivering a good enforcement service at an operational level, it is not clear as to whether the contractor is providing new / additional skills that are expected from outsourcing a service.
- 13.5 There has been criticism that the very limited choice of companies providing parking enforcement services hasn't been good for the industry. This review certainly hasn't found anything to suggest that the contractor, apart from deploying CEOs, has really brought anything else to the contract that ESCC couldn't manage.
- 13.6 The current contractor's staff retention has been a recent concern, but it is suggested that close monitoring of this matter is carried out before any other measures are considered.

14 Commissioning Options

14.1 The two main options are 1) to operate the Parking Enforcement service in-house or 2) to outsource the service. There is no evidence, or indeed industry trends to suggest why some local authorities decide to outsource this service, and others don't. Some local authorities consider it wise to acquire the expertise of a private contractor at a known contract price, and this approach clearly separates the enforcement role from the back-office function to determine the challenges being made against the issue of the parking fine.

14.2 It should be recognised that under current legislation the local authority cannot relinquish its duty to deal with and determine the outcome of formal representations and Appeals received against the issue of Penalty Charge Notice.

14.3 There are however a number of permutations in respect to the type of supplementary services that could be added to an enforcement contract that is to be outsourced, for example the appointed Service Provider procures and manages the Parking Enforcement IT system.

14.4 Option 1 – To bring the Enforcement operation back in house

- i. ESCC staff would need further knowledge and expertise to run a successful and effective enforcement operation and therefore to bring the service back in house at this time may be a little premature, and the risks may outweigh the benefits.
- ii. There is no industry trend to suggest whether contracts that are currently outsourced being taken back in house. It very much appears to be to keep the same and avoid the unknown / risk. Each Authority will reach their own decision based on a host of reasons and balance of risks.
- iii. In terms of potential financial savings for ESCC that may exist if the current contract was to be brought in house, this has to be weighed against the risk of an in-house team that is lacking some knowledge and experience.
- iv. **There are a number of risks running a fully in-house operation**
 - Having sufficient in-house skills and knowledge and if not, the ability to recruit appropriate members of staff.
 - Financial operating costs and this will include support services such as HR, Legal, IT and procurement.
 - Inheriting, staff under TUPE from the current Service Provider and the change of organisational culture from the private to public sector

14.5 Option 2 – To outsource the enforcement operation

- i. The current parking services operation is performing well and therefore the option to retain and outsourced parking enforcement service should be given serious consideration.
- ii. There could be improvements in respect to the capability and quality of the Service Provider's Contract Management and this would need to be addressed in a future contract specification as well as on going monitoring once a new contract has commenced
- iii. Improved KPIs are essential for any future contract and at least one would need to focus on the performance of the Service Provider's contract management.

iv. A future outsourced contract would need to consider whether the provision of Parking Shops is still necessary, because of the cost of operating the parking shops and that the footfall is very low.

v. **The risks to outsource the Parking Enforcement service include:**

- The primary risk associated with outsourcing a service is related to how the contract is managed and the level of appointed personnel's capabilities:
- The Service Provider's contract management team may not be capable of operating the contract satisfactorily and this could result in a lot of additional time and effort being required from the County Council in order to support the Service Provider.
- Experience shows that many outsourced contracts can suffer through a lack of innovation and review of operating practices that will take a service forward, should the Service Provider appoint inexperienced staff.
- There are now only two or three companies that deliver parking enforcement services which may be reflected in tendered rates.

14.6 **Option 2 A – To outsource the enforcement together with the Pre-NtO correspondence**

- i. A number of local authorities include pre-Notice to Owner correspondence within their enforcement contracts.
- ii. Somerset County Council had outsourced all notice processing to their contractor, but in their latest tender the authority has decided to bring this function back in house.
- iii. It should be recognised that ESCC's in-house team are performing extremely well with this function and have achieved a very low number of Penalty Charge Notices that need to be cancelled due to their continuous striving to improve the service.

iv. **The risks to outsource this function include:**

- The public may perceive the Service Provider as being the judge and jury with regard to the Penalty Charge Notices it issues and that could damage the County Council reputation and that of the enforcement regime.
- The ability of a service provider to ensure good quality, clear and coherent letters with good grammar is key to avoid the risk of damaging the County Council's reputation.

14.7 **Option 2 B – To include the provision of the Parking Enforcement IT system in the outsourced contract.**

- i. One of the risks facing ESCC at this time is developing an effective IT system to benefit the service.
- ii. Some local authorities see the outsourcing of the IT system results in a financial saving, because it eliminates the need to undertake an expensive procurement exercise. This is not necessarily the case due to the number of Frameworks that can be accessed. The most appropriate one for Parking is ESPO Framework 509, which is to be found on this link. (<https://www.espo.org/Frameworks/ICT-office-machines/Pay-Display-Solutions-and-Parking-Management-Infor>).
- iii. Looking at the cost that the current contractor is currently charging ESCC for the delivery of the Parking Enforcement IT System, it is evident that there may be savings if ESCC procured the system themselves.

iv. **The risks of outsourcing the IT system include:**

- Paying a much higher price because the Service Provider will demand a margin
- Not having direct control over how the IT system is to be developed and operated for the benefit of taking the service forward
- Does ESCC have the right level of IT support to assist the Parking Services team should it be required?

14.8 Option 3 – A minimal in-house operation

- The option to outsource as much as possible has to be considered, however it should be recognised that in respect to Civil Parking Enforcement the Secretary of State's Statutory Guidance states:

Formal representations

Many enforcement authorities contract out on-street and car park enforcement and the consideration of informal representations. Enforcement authorities should not contract out the consideration of formal representations. Enforcement authorities remain responsible for the whole process, whether they contract out part of it or not, and should ensure that a sufficient number of suitably trained and authorised officers are available to decide representations on their merits in a timely and professional manner.

- In order to preserve the quality of the service and to be compliant with the Secretary of State's Statutory Guidance, ESCC should therefore not consider outsourcing this aspect of the parking operation.*
- Due to the administration of the Notice Processing function having to remain in house, this requires a smallish team of knowledgeable and experienced staff and therefore they will be able to deal with some other functions for the overall benefit of the service.*

- The risks of outsourcing all functions**

The risk of not being compliant with the Secretary of State's Statutory Guidance is one the County Council should not entertain.

14.9 Recommendations

14.10 It is recommended that ESCC:-

1. Continue to outsource the parking enforcement service at this time,
2. It is further recommended that outsourcing as much of the parking service as possible is not appropriate to allow ESCC and its community to maximise the benefits that derive from the Parking Services Team having more control over the delivery of this important operational service.
3. To have the in-house team procure and manage some of the parking related services will result in the team gaining more experience together with the County achieving some financial savings, for example the Parking Enforcement IT system and the Cashless Parking service.
4. To mitigate against poor management from a private contract service provider, any future contract specification must be specific in terms of what ESCC will expect in the level of management capabilities and experience of operating a successful parking services operation.
5. New and appropriate SMART performance indicators must be introduced that will demonstrate the level of performance and that improvements are continuously being achieved.

6. It is also recommended that regular contract meetings (possibly twice a year) must include senior personnel from the Service Provider's corporate team.
7. Procurement should be requested to investigate whether the entry criteria could be reviewed in order to attract more car parking companies that have not yet operated on street parking enforcement contracts. This is to create more competition and to increase the level of innovation.
8. It is recommended that the function associated with determining challenges, representations and appeals against the issue of Penalty Charge Notices must remain with ESCC in-house team.

A handwritten signature in dark ink, appearing to read 'Jack Creeber', with a large, stylized loop at the end.

Jack Creeber MBA MIHIE MCMi

Parking Consultant

Appendix 1

Benchmarking

	ESCC	Dover	Chichester	Mid Sussex	Adur & Worthing	Fareham	New Forest	Test Valley	Brighton
Number of PCNs issued	40,875	12,132	9,657	12,331	21,688	8,403	6,942	10,006	123,556
Number of Representations									
Number of PCNs cancelled	2,622	300	914	1,279	1,797	838	922	1,765	18,447
Number of Appeals	60	4	42		172	7	20	20	465
Allowed	26	2	8		30	2	1	6	161
Refused	28	1	20		82	4	19	9	288
Non Contested	6	1	14		60	1	0	5	127
Percentage of PCNs paid	78%			83.61%	80%	79.47%	77.70%		72%
PCN Income	£1,369,312	£66,390	£326,499	£409,686		£245,072	£191,000	£280,358	£3,777,375
On street Income				£122,781					£9,693,532
Off Street Income		£1,286,989		£1,805,990				£2,049,848	
Permit Income		£30,812		£39,226					
Income per PCN	£33.50	£5.47	£33.81	£33.22	£0.00	£29.16	£27.51	£28.02	£30.57

APPENDIX 2

Key Performance Indicators

1 Introduction

- 1.1 Key performance indicators (KPIs) are important to a business because they help it focus on common goals and ensure those goals stay aligned within the organisation's objectives. It is important however that the operational objectives and strategies are regularly reviewed and to make necessary adjustments on the key performance indicators when appropriate.
- 1.2 It is a common failure that too many KPIs are introduced, without careful consideration as to what their intended purpose is and therefore it is not always easy to determine where improvements may be required and what progress is actually being made.
- 1.3 It must be recognised however that management information is vital to the successful running of a contract and for continuous improvement to be achieved, but this information should not necessarily be used to assess the Service Provider's performance.
- 1.4 With the above in mind many local authorities do not apply KPIs to their in-house operations, but this is as important as to monitoring the service providers performance.
- 1.5 It may be useful to break down the three components before considering what the most important KPIs are.

Key

- 1.6 What aspects of the parking services are key? The indicators should deal only with the aspects of the business that help it succeed.
- 1.7 For example, the amount of turnover in a department is something you can measure, but it does not make or break the company's success. On the other hand, year-over-year income for on and off street parking may indicate whether its business is growing or shrinking.

Performance

- 1.8 The objective for the "performance" portion of KPI is to find actions and events that the business can clearly identify, measure and quantify, and that the company itself or its employees can influence.

Indicators

- 1.9 An "indicator" should be a metric that helps predict future results. Too many metrics are looked at and kept for historical purposes. For example, your aging report might give a good indication of how long it takes you to collect on PCN debts, but it has no bearing on how well the company can do in the future. For instance, if £X.XX has always achieved in the month of November, the objective of a KPI might be to determine what level you want to be at based on historical results.

2 What could be relevant Parking Services KPIs

- 2.1 The main question is what are the main areas that are pivotal for the parking services to be successful?
 1. staffing resource required for the contract / in house operations
 2. properly trained and experience staff

3. visit frequencies for on street restrictions and car parks
4. quality of the PCNs being issued
5. prompt and accurate responses to all correspondence
6. quality designed and implemented traffic regulation orders / schemes
7. maximising income potential

2.2 Therefore the KPIs that could be considered may include the following:

Area of Operational Excellence	Purpose
Level of attendance	It is vital for the operation to be properly resourced
Frequency of CEO patrols, especially where contraventions are high;	Having the desired presence should improve compliance and present a safe environment to the public
Level of training CEOs and office staff receive and pass	It is essential for staff to receive regular adequate and appropriate training
Quality of the PCN issue	To protect the reputation of the parking regime
Percentage of PCNs successfully challenged, but this needs to be identified between a. Council Policy b. Poor Traffic Regulation Orders c. Service Provider error	Understanding why a PCN has been cancelled is essential in order to identify how and where improvements can be made. It should be recognised that not all cancellations will be down to the workmanship of the Service Provider
Percentage of representations and other correspondence properly answered within a specified time.	It is necessary to set clear expectations of what is required The public expect prompt responses, but they also expect all issues and points raised to be properly considered and answered. Good grammar is also important
Level of complaints	All complaints received whether they have been upheld or not must be reviewed in order to assess whether changes to procedures and / or training may be required

2.3 In addition to the above suggestions that need to be given careful consideration to are

Production of performance / management information reports	Without the production of the reports it is not easy to assess the overall performance of the contract
Communication of issues / incidents	Non communication could be detrimental to the reputation of the contract as well as the effective operation and potential loss of income

3 KPI Targets

- 3.1 Knowing how the contractor is performing is valuable information in its own right, but a good measurement system will also help identify the triggers for any changes in performance. These days performance measurement is often linked to service failure deductions in order to exact some form of recompense for below standard performance, or act as the baseline for mechanisms to reward over performance.
- 3.2 The main reasons for measuring performance are to:
- Learn and improve
 - Report internally and externally
 - Demonstrate compliance
 - Provide information to help managers make better informed decisions
 - Comply with external reporting regulations and information requests
- 3.3 What cannot be determined from the current KPI reports is whether the targets currently being used by ESCC are aligned with benchmarked services with other local authorities and if not, this will not allow ESCC to ascertain whether their services are comparable with an industry standard.
- 3.4 One of the objectives of a performance indicator is to assess how well a contract is performing and to identify areas that may require improvement. It is therefore suggested that having 100% as a target from day one is not going to be beneficial in achieving this objective.
- 3.5 It may be better to have a sliding scale year on year throughout the life of the contract and this will then also assist in being able to demonstrate continuous improvement.
- 3.6 Another option would be to have 100% for one part of the KPI but to have other sub-targets e.g. respond to correspondence within 10 days (100%), with the following sub-targets 1) quality in addressing all the points raised (90%) and 2) grammar used (90%). This would allow elements of the KPI targets to be raised in future years and this will focus on the improvement of the quality of the responses.
- 3.7 To focus purely on the volume of responses being achieved can have an adverse impact on achieving the appropriate level of quality required for the responses.
- 3.8 If there are limited and / or no clearly defined standards to measure against, targets can be established in many ways by using:
- 3.9 **Best In Class**
Benchmarks using available data from other local authorities recognised as being leading edge
- 3.10 **External Benchmark**
Obtained from readily available data and / or information from within the Parking Industry
- 3.11 **Internal Benchmark**
Comparing, where possible, similar services with other ESCC departments
- 3.12 **Experience**
Where industry benchmarking data is not available, then targets could be based upon the experience and knowledge from within the service area itself. It is essential when using this method that the targets are robust but achievable and that in the early days the targets are periodically reviewed and adjusted if and when appropriate to do so.

3.13 Industry Standards

There are some industry standards that are openly available that could be used for benchmarking purposes, e.g. Traffic Penalty Tribunal annual reports and the annual reports from other local authorities.

4 The Current Contractor's comments on KPIs

- 4.1 The following are the contractor's thoughts on KPIs and what should be considered going forward.
- 4.2 To ensure ongoing high quality, performance and value for money, the service provider's charges should be linked to meeting KPIs. The KPIs should be weighted with the most critical ones chosen so the incentive to achieve them is meaningful. Too many KPIs will water down the penalty for non-achievement. For example, ensuring that the agreed deployment plan CEO hours are met, that the PCNs issued are valid and customer complaints responded to within a given time-scale.
- 4.3 KPIs that are functions of other KPIs should be avoided, for example, good quality digital photographs are a function of whether a PCN is ultimately valid or not and can be measured as a non-critical KPI and reported, assessed and improved through ongoing management review.
- 4.4 KPIs must not be 'aspirational'. They must be set at a level that signify a good level of performance and bearing in mind it is likely that the workforce will transfer, must be benchmarked against existing performance.
- 4.5 If the KPIs ratchet up year on year to unachievable levels, this will merely encourage bidders to insert a high risk premium within their charges to off-set the risk and thus, the service will cost the Council more.
- 4.6 Historically Local Authorities asked bidders to tender a % of their monthly charges against the achievement of KPIs (essentially a profit mark-up that is at risk), the contractor suggests that the Council specify the % at risk against performance with 10% being the optimal figure.
- 4.7 Or as in the current ESCC contract the Authority offers a bonus for achievement of the KPIs, it is then up to the contractor how much of this bonus they offset against any mark-up.

APPENDIX 3

Parking Enforcement Market

1 Introduction

- 1.1 The parking enforcement market is extremely small and due to local government procurement rules, it is virtually impossible for new entrants.
- 1.2 There are three main companies
 - 1. NSL
 - 2. APCOA
 - 3. Indigo (formally Vinci Park)
- 1.3 The big three companies are all owned by Private Equity companies
 - 1. NSL – Marstons
 - 2. APCOA – Centrebridge
 - 3. Indigo - Ardian
- 1.4 NSL is the market leader with regard to on street contracts that it operates (60 plus), with APCOA in second and due to an inconsistent on street strategy over many years Indigo comes a very poor 3rd.
- 1.5 Indigo has tended to favour the off street market, concentrating on Design, build and operate large multi-storey car parks for the NHS hospital sites. Their recent change of name and “break” from Vinci Park has seen another venture back into competing for on street contracts but without any success as yet.
- 1.6 In 2013 Serco acquired the West London Alliance contract, serving the London Boroughs of Brent and Hounslow. Ealing had the option to join but decided against it. It should be noted that Serco have not added any further contracts and it is rumoured that Serco will be pulling out of the parking enforcement market.

2 Potential Strengths of the parking market

- 2.1 These three companies operating a large number of contracts should make them very knowledgeable, especially as one would expect the companies to develop a wealth of expertise from sharing of best practice amongst their various contracts.
- 2.2 Local authorities would expect them to be constantly promoting new solutions, more effective working and introducing innovation.

3 Potential Weaknesses

- 3.1 It is highly probable that local authorities will not receive the focus and attention that is required to keep driving the service improvements forward. This is possibly due to the limited number of service providers and the almost impossible opportunity for new entrants which results in no competition.
- 3.2 Because all the main players are owned by Private Equity companies they usually have a 5 to 8 year business plan prior to selling the company on for a profit.
- 3.3 Tenders are usually priced to show relatively low operational margins but to increase their actual margin the Companies will inflate certain rates, which it is suggested has been the case with the current contract together with adding many extra over costs on the quoted rates.