

**Report to:** Joint Committee, Parking Partnership

**Date:** 4 October 2012

**Subject:** CCTV Options Appraisal

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## **1 Introduction**

- 1.1 Officers were asked, at the meetings of this year's AGM and subsequent Sub-Committee Meeting, to investigate all options for the possible funding of a CCTV car. This report updates the Committee on those findings.
- 1.2 The Committee has at previous meetings received: an introduction to the CCTV car, a demonstration and presentation from one of the private suppliers of a "lease back" scheme.
- 1.3 Alternatives to be investigated include a desktop-assessment of the suppliers in the market, and the possible viability of a self-funded scheme.

## **2 Assessment**

- 2.1 A number of suppliers has been found to offer similar services; there are still very few companies which offer the "unattended mode" automatic CCTV car system which the operation requires.
- 2.2 If the service is to progress, a full procurement exercise will be undertaken.

## **3 Financial Appraisal**

### **3.1 Partnership joint lease**

Equita, a bailiff company, have proposed an option to supply and operate a CCTV car within the North Essex Parking Partnership on a 'Pay per PCN' basis.

Ultimately the full capital cost of the vehicle, customisation, approvals and licences would rest with Equita, along with the cost to supply the review station and operational driver.

The NEPP would be responsible for the patrol areas that the CCTV car undertakes and therefore can maximise the cover for schools and difficult areas in each district across the partnership.

An agreed set of routes would be established.

All reviews would be undertaken by NEPP staff and our policies and discretion would be applied in line with all Penalty Charge Notices issued across the partnership.

We would be invoiced monthly by Equita for £17.50 per PCN issued after review.

There would be a minimum 1 year Agreement.

### **3.2 Purchase & lease back**

This has been investigated and the high financial cost (in percentage terms) of leasing far outweighs the benefit of the system. *This option has been discounted.*

### **3.3 Outright Capital Purchase**

Similar to option 2 above, but to build the outright purchase into the business model, capitalising the purchase. The cost of borrowing is extremely low in percentage terms presently.

The vehicle and software plus review station has a value of about £63,000

### **3.4 Comparable CEO Enforcement**

The very high cost of this option meant that this was discounted at the time of the last report.

### **3.5 “Do nothing”**

The option “to continue as we are” is included for consideration. Enforcement would continue without using a CCTV car and the resources would be deployed as best as NEPP is able. The two existing CEOs per area would still patrol each area.

## **4 Appraisal Results and risks**

4.1 Taking into account the funding and budgets from known projects and claimed returns from similar operations – plus the details presented by Equita – the following short table is given to compare three financial possibilities, based on a rate payable.

4.2 The options are based on a like-for-like comparison with the proposed outsourcing solution, where the risk is carried by the contractor. The contractor would retain half of each £35 issued PC, regardless of its follow-up success.

4.3 Whilst the contracted-out service is based only upon “good PCNs issued”, statistics suggest an 80% payment rate, meaning that the risk of cancellation would be borne by the Partnership, the contractor taking the income regardless. This would skew the “payback” of any such scheme.

4.4 From available data and statistics, it is estimated that the purchase cost of a vehicle is around £44k. Any income over this would be returned to the

funds if the operation was kept in-house. The share would keep increasing in the case of a contracted-out solution.

4.5 In the three examples below, as the statistics suggest, it has been assumed that £10.50 per PCN would be retained by the council, with “half the value of every issued PCN” being diverted to funding the vehicle.

- The first example has been worked to show a break-even income to the Partnership, to show how many PCNs would be required simply in order to service the operation.
- The second option illustrates what the income would be if the South Essex operating conditions were reflected here.
- The third example shows the “break-over” level, where the operating costs would be covered out of the share of the income. If the level of PCNs increased beyond this level (i.e. towards the levels in the South area) then it would appear to be of more benefit to purchase the vehicle outright.

No. PCNs		Income Surplus	Payable to fund purchase	Retained Income
1,575	Break Even	£0	£27,562.50	£16,537.50
3,171	South Essex Assumption	£44,698	£55,498.75	£33,299.25
2,520	In house surplus = outsourced	£26,460	£44,100.00	£26,460.00

## 5 Decision

5.1 The recommendation would be that, to assist and enhance the effective enforcement of difficult patrols across the NEPP that a CCTV car be procured, and funded by means of one or other option set out in section 3.1 or 3.3 of the above report, depending upon a discussion of the risks outlined above.

**5.2 Members are asked to review the options outlined both in part 3, and the risks and options in part 4 above and consider if this is a viable option to the partnership.**

**5.3 Members are asked to decide which of the options to progress.**