

Cabinet 24 June 2020	 TOWER HAMLETS
Report of: Ann Sutcliffe, Corporate Director Place	Classification: Unrestricted
Contract variation for diesel surcharge on paid for parking	

Lead Member	Councillor Dan Tomlinson, Cabinet Member for Public Realm Portfolio
Originating Officer(s)	Eamonn Cullinan, Parking Development Investigation Manager
Wards affected	All Wards
Key Decision?	Yes
Forward Plan Notice Published	13 May 2020
Reason for Key Decision	Financial Threshold
Strategic Plan Priority / Outcome	1. A borough that our residents are proud of and love to live in; 2. A dynamic outcomes-based Council using digital innovation and partnership working to respond to the changing needs of our borough.

Executive Summary

As part of the Council's commitment to improving air quality in the borough a surcharge on paid for parking has been approved to be applied to all diesel vehicles.

Paid for parking is controlled by a contract with a pay by phone system supplier. This report seeks a formal decision for a variation to the contract to be issued for the additional costs that will be incurred.

Recommendations:

The Mayor in Cabinet is recommended to:

1. Approve a variation to the existing paid for parking contract to accommodate for the application of the diesel surcharge; and
2. Note the specific equalities considerations as set out in Paragraph 4.

1 REASONS FOR THE DECISIONS

- 1.1 Where the total value of a contract variation is in excess of £180,000, for the duration of the contract, the Council's Procurement Procedures and Policies require that a Mayoral decision is necessary.

2 ALTERNATIVE OPTIONS

- 2.1 The additional service to introduce a diesel surcharge is applied to the existing paid for parking charges. The existing contract for paid for parking still has just under three and a half years to run. As this cannot be procured separately the alternative option would be not to go ahead with the diesel surcharge at present but to consider it when the contract comes up for retendering.

3 DETAILS OF THE REPORT

- 3.1 Over the past few years there has been a growing awareness of the risks to health and wellbeing caused by emissions from diesel engine vehicles. The Council's priorities as set out in the Local Implementation Plan are to promote sustainable transport choices, to reduce the impact of transport on the environment and wellbeing and to encourage smarter travel behaviour. In order to combat the effects of diesel exhaust emissions, a number of local authorities in London have introduced diesel surcharges on either parking permits, pay by phone charges or both. Also, the Tower Hamlets Transport Strategy 2019-2041 includes a priority to improve air quality in the borough, i.e. Outcome 5: Air quality is improved and our surroundings are quieter and more appealing.
- 3.2 Pollution in Tower Hamlets is at unacceptable levels with concentrations of harmful nitrogen dioxide (NO₂) and particulate matter (PM₁₀) exceeding the UK air quality standards. Diesel vehicles can emit up to four times more nitrogen oxides and 20 times more particulate matter than petrol vehicles and these pollutants have been linked to heart and lung diseases, which are major causes of long term illness and even death.
- 3.3 There is growing evidence of the harmful effects diesel fumes can have on health and life expectancy. Poor air quality is believed to result in around 9,000 premature deaths in London each year. Poor air quality has also been linked to cancer, heart and lung damage, as well as a range of other health issues, including asthma. In view of this, diesel has been classified as carcinogenic (known to cause cancer) by the World Health Organisation.
- 3.4 For this reason, the council charges extra for diesel vehicles to park in the borough to address the impact of diesel fuel on poor air quality and health and to encourage a move away from polluting vehicles. In January 2019 the Council agreed a surcharge to be applied to all parking permits for diesel vehicles. Since April 2019 an annual surcharge of £25 per permit has been

applied to all permits issued to diesel vehicles and for 2020/21 this has been raised to £50.

- 3.5 As part of the Mayors' Parking Policy Review Group it has been agreed to introduce a diesel surcharge of 50% for 'paid for parking'. This includes all the Council's on street pay by phone parking areas and car parks. In order to achieve this, the current pay by phone system used by the Council will need to link with the Driver and Vehicle Licensing Agency to determine the fuel type of the vehicle being parked.
- 3.6 All paid for parking is now operated under contract with the Pay by Phone provider and there is just under three and a half years remaining on the contract. An annual license fee for DVLA look ups has been agreed with the contractor which is £69,455. This is based on the number of transactions they carried out in 2018/19 (which was only 90% of all transactions as Pay and Display machines were still in operation). Including a set up cost of £11,000, to allow the diesel surcharge to be applied, the total cost to the council for the remainder of the contract is £248,300. Under the Council's Procurement Procedures and Policy, as this is above the threshold to proceed with a Record of Corporate Director Action a Mayoral decision is therefore required.
- 3.7 Paid for parking generates approximately £490,000 per month. Figures have shown that 60% of this is from diesel vehicles (£294,000) then a 50% surcharge would generate an extra £147,000 per month. Allowing for some variance the estimated additional revenue per year is estimated to be approximately £1.5m.

4 EQUALITIES IMPLICATIONS

- 4.1 Equality implications for a diesel surcharge on paid for parking have been considered in the Fees and Charges 2020/21 report to Cabinet in January 2020, however it is noted that the proposals will impact on users of diesel vehicles. The council permit holders are currently allowed to park in other parking zones up to 3 hours and it is unlikely that they use our paid for parking provision in the borough. It is believed that most paid for parking users are visitors to Tower Hamlets. We do not collect equalities data of diesel vehicle users who used the paid for parking service.
- 4.2 The majority (96% of residents phone survey; 89% of business phone survey) of respondents to the Transport Strategy consultation carried out in 2019 supported its Outcome 5: Air quality is improved and our surroundings are quieter and more appealing. Through policies and practices to achieve Outcome 5, including this proposal, all residents and visitors will benefit from better air quality and better health outcomes, especially older and young people, those with underlying health issues and expectant mothers.
- 4.3 Increases to paid for parking charges will not impact on Blue Badge holders, as they are still entitled to park in short-stay bays free of charge all day. Those

vehicles that are used by community groups to transport groups of people with disabilities (where they do not have existing Organisational Blue Badges) will not attract any charge if they display a Blue Badge belonging to any of those being transported when parked.

5 OTHER STATUTORY IMPLICATIONS

5.1 This section of the report is used to highlight further specific statutory implications that are either not covered in the main body of the report or are required to be highlighted to ensure decision makers give them proper consideration. Examples of other implications may be:

- Best Value Implications,
- Consultations,
- Environmental (including air quality),
- Risk Management,
- Crime Reduction,
- Safeguarding.
- Data Protection / Privacy Impact Assessment.

5.2 The benefits of improved air quality have already been included in this report. Along with this the Council is responsible for the management of the Public Highway in Tower Hamlets and has a duty under section 122 of the Road Traffic Regulation Act 1984 to consider the expeditious, convenient and safe movement of traffic (including pedestrians) and the provision of suitable and adequate parking facilities on and off the highway. This has particular regard to avoiding danger to persons and other traffic using the road and for preserving or improving the amenities of the area through which the road runs.

6 COMMENTS OF THE CHIEF FINANCE OFFICER

6.1 As part of the Council's commitment to improving air quality within the Borough it is introducing a surcharge of an additional 50% on all paid parking to be applied to all diesel vehicles.

6.2 Paid for parking is currently administered through a contract with a pay phone system supplier. The introduction of the diesel surcharge will require a variation to this contract to acquire a license fee from the DVLA to identify diesel vehicles. There will also be set up costs. In total it is estimated that this will cost £80k in the current financial year. Specific budget provision has been made for these costs within the revenue budget.

6.3 Additional costs for the remainder of the contract are estimated at £248,300. It is proposed that these costs will be offset against the income received from the scheme.

- 6.4 It is estimated that the introduction of diesel surcharges on paid parking will generate an additional £1.5m per annum in parking income. This amount has been included within the casual parking income budget for 2020/21.
- 6.5 Any surpluses resulting from this scheme within the parking control account will be administered in line with s55 of the road traffic act, 1984.

7 COMMENTS OF LEGAL SERVICES

- 7.1 This variation amounts to a new award of a contract under European Law due to its value when compared with the amount the Council pays under the unvaried contract. However, the Council is allowed to make a new award without subjecting the expenditure to competition provided that competition is absent due to technical reasons under Regulation 32 of the Public Contracts Regulations 2015
- 7.2 It is clear that the new module must match and integrate with the existing parking payment system. It would be impractical and unrealistic to expect people who wish to pay parking charges to be subject to two separate systems. Also, there needs to be technical integration of both systems to allow for the proper management of the contract and monitoring of revenue streams by the Council. The existing provider is the holder of all intellectual property rights and technical information to allow for any such integration and therefore the only provider of the diesel surcharge system can be Ringo demonstrating that competition would be absent had the Council approached the market
- 7.3 However, at the end of the existing (and varied) contract it should be possible to subject the procurement of a replacement system including the Diesel Surcharging module to an effective competition.
- 7.4 The Council is still subject to its legal Best Value duty and will therefore need to ensure that the costs represented in this report are representative of the market place generally and ensure through contract monitoring that the resultant module is economic efficient and effective
- 7.5 There are no direct Equality Act 2010 legal implications arising from this report.

Linked Reports, Appendices and Background Documents

Linked Report

- None

Appendices

- None

Background Documents – Local Authorities (Executive Arrangements)(Access to Information)(England) Regulations 2012

- None

Officer contact details for documents:
N/A