



<b>Report for:</b> <b>ACTION/INFORMATION</b>
<b>Item Number:</b> <b>17</b>

<b>Contains Confidential or Exempt Information</b>	YES – part Appendix 1 – Tender Report is not for publication by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 (see also paragraph 10 of the Access to Information Procedure Rules)
<b>Title</b>	Parking Services Procurement – Contract Award
<b>Responsible Officer(s)</b>	Keith Townsend – Executive Director Environment and Customer Services
<b>Author(s)</b>	Gina Cole – Assistant Director Parking Services
<b>Portfolio(s)</b>	Cllr Mik Sabiers – Environment & Customer Services
<b>For Consideration By</b>	Cabinet
<b>Date to be Considered</b>	16 <sup>th</sup> October 2018
<b>Implementation Date if Not Called In</b>	29 <sup>th</sup> October 2018
<b>Affected Wards</b>	All
<b>Keywords/Index</b>	Parking, Enforcement, Procurement

**Purpose of Report:**

The purpose of this report is to inform Cabinet of the outcome of the Parking Services re-procurement exercise and seek approval for the award of contracts for relevant lots to those bidders who have been selected.

The report also highlights the financial implications arising from the procurement exercise.

**1. Recommendations**

It is recommended that Cabinet authorises the following contract awards for Lots 1, 2 and 5 on the basis of the most economically advantageous tenders:

- 1.1 Lot 1- Enforcement and Related Services contract to Serco for a term of 5 years with an option to extend for up to another 5 years for a value of approximately £2.7m per annum, funded from the parking account (total contract value circa £13.5m);

- 1.2 Lot 2 - Cashless Parking Services contract to Pay-by-Phone for a term of 5 years with an option to extend for up to another 5 years on a cost neutral basis to the Council;
- 1.3 Lot 5 - Enforcement Agents (Bailiffs) Services contracts to Marston Limited & Newlyn Plc for a term of 5 years with an option to extend for up to another 5 years;
- 1.4 Cabinet authorises that no contract is awarded for Lot 4 - Printing and Scanning Services and that these services are brought in house at an estimated cost of up to £500k per annum (£2.5m over 5 years).
- 1.5 Cabinet delegates authority to the Executive Director of Environment and Customer Services to negotiate and authorise grant of the following leases/subleases co-terminous with the relevant services contract to Serco in respect of the office areas at Herbert Road Car Park for a period of up to 10 years at a peppercorn rent following consultation with the Director of Legal & Democratic Services. These areas are shown on the attached plans at Appendix 2.
- 1.6 In respect of Springbridge Road Car Park Cabinet authorises that the Council enters into a memorandum with Serco granting access to the offices for a period co-terminous with the relevant services contract to Serco in respect of the office areas at Springbridge Road Car Park for a period of up to 10 years at a peppercorn rate.

## **2. Reason for Decision and Options Considered**

- 2.1 In the Transport Strategy 2018, Ealing Council prioritises making the borough a safer, cleaner and more environmentally friendly place. The way in which the provision of parking is managed plays a role in helping to make this happen. This is an important job, the borough is one of the most populated districts in the UK, home to over 342,000 people and has around 470 million miles of accumulated through vehicle journey's each year.
- 2.2 In their document 'The Control of Parking by Local Authorities', the RAC acknowledge the importance of proper parking management: "*Proper management of parking on public roads is essential to ensure the smooth flow of traffic and to allow drivers to park near their destinations. It is right that parking restrictions and charges should be imposed and that penalty charges should be imposed on those who do not comply*".
- 2.3 The job of keeping traffic moving falls to the Council, with the management of parking playing a significant role in improving road safety, congestion, air quality, the environment and making life easier for all road users, whether in a vehicle or on foot. The responsibilities of an authority are defined in the Traffic Management

Act 2004, the Road Traffic Regulation Act 1984 and associated guidance published by the Department for Transport. The Council uses contractors to undertake the majority of work relating to the provision of parking services.

2.4 The current contractual arrangements for Parking services are split between a number of different suppliers, as shown in Table 1, below:

Current Services	Current contractor	Subcontracted to
<b>Enforcement and Equipment maintenance:</b>		
• Provision of Civil Enforcement Officers (CEOs)	NSL	
• Provision of qualified CEOs for CCTV control room	NSL	
• Pay and Display Machine maintenance – service and repair	NSL	
• Physical suspension of parking bays	NSL	
• Cash collection from pay and display machines	NSL	Jade Security
<b>Other Parking services:</b>		
• Respond to Pre-notice to owner (NtO) representations/challenges	Serco	
• Cashless P&D system	Serco	Cobalt (Ringo)
• Provision of Parking IT software	Serco	Conduent (formerly Xerox)
• Printing of Statutory documents	Serco	Liberty Printers
• Printing of Enforcement Agent related statutory documents	In-house	
• Bailiffs	Newlyn, Collect, JBW	

2.5 Some contracts were extended to end on March 31<sup>st</sup> 2019 to allow the Council to repackage the service into different lots and present them all to the market at the same time. Permission was obtained to proceed to the marketplace with a EU compliant procurement using the Competitive Procedure with Negotiations

2.6 To facilitate an orderly procurement the services bundle was split into logical LOTS where natural operational or procurement synergies existed:

- a. LOT 1 – Enforcement and related services
- b. LOT 2 – Cashless Parking Services
- c. LOT 3 – Parking Management IT
- d. LOT 4 – Printing and Scanning of mail
- e. LOT 5 - Enforcement Agents (Bailiffs)

2.7 The process commenced in January 2018 with the publication of the procurement notice (OJEU Notice) on the London Tender Portal and had a 50:50 Price / Quality split. The requirement for **LOT 3 Parking IT provider** was withdrawn in May 2018 and a call off was made from a framework because the IT system (Conduent) at that time did not confirm they would continue to provide the system beyond 1<sup>st</sup> July 2018. A replacement system was procured through the ESPO framework under Chief Officer Delegated Powers and was successfully implemented in July 2018.

2.8 The overall scores achieved by each bidder are shown in the table below. The highest score for each Lot is indicated in bold:

<b>Bidder</b>	<b>Lot 1</b>	<b>Lot 2</b>	<b>Lot 4</b>	<b>Lot 5</b>
NSL	68.29			
Serco	<b>81.09</b>	30.48	<b>72.15</b>	
Pay by Phone		<b>69.83</b>		
Cobalt Technologies		35.77		
Collect Services				77.19
Equita				73.28
Marstons				<b>81.20</b>
Newlyns				<b>87.36</b>

2.9 **LOT 1 Enforcement and related services** is currently split across two suppliers, NSL and Serco. This procurement brought that service mix into a single LOT which both incumbent suppliers bid for. The bid from Serco scored highest in both in terms of quality and price with combined score of 81.09%. It is recommended that this lot is awarded to Serco.

2.10 **LOT 2 Cashless Parking** is used by hundreds of people per day as an alternative to traditional Pay & Display. The bid from Pay-by-Phone scored highest with a combined score of 69.83%. It is recommended that this lot is awarded to Pay-by-Phone.

2.11 It is recommended that no award is made for **LOT 4 - In & Out bound mail** as the in-house option provided the lowest cost option.

2.12 **LOT 5 Enforcement Agents (Bailiffs)** was a strongly contested LOT that attracted substantial interest from the marketplace including the current four service providers. The published intention was to award to just two companies rather than the current four in order to encourage long-term partnerships and better performance. Marston Limited & Newlyn Plc were the two highest scoring bids,

scoring 81.20% & 87.36%, and it is recommended that they are awarded Lot 5. There is no payment made to enforcement agents by the Council because the fees which enforcement agents may collect when collecting debt on behalf of a local authority are set out in statutory guidance – the local authority may not amend this.

2.13 The award of these contracts is for a period of five years as a minimum, with the option to extend up to ten years.

2.14 The preferred suppliers in each LOT are well established companies in the marketplace which offers a degree of reassurance when mobilising such a wide range of services.

2.15 The provision of the offices at Ealing’s two multi-storey car parks enables the LOT 1 provider to offer a more efficient and targeted service. Use of the sites is offered at zero cost because there was little value in charging the contractor for their use, only to see the contractor charge the Council, in return.

2.16 Springbridge Road Car Park is leased to the Council by Network Rail. 50% of any income generated by the Council from leases must be paid to Network Rail – however the LOT 1 provider will make use of this space on the basis of a zero-value memorandum.

### 3. Key Implications

3.1 There are no key implications related to the decision to award this contract. It is expected that a seamless service will be provided and that members of the public will not notice moment of transition from one contract to the next. Over time the service expects many service improvements, some which will be tangible to the public, others which will only be realised by Council officers.

3.2 There would be implications if a decision were reached not to award this contract as the Council would be unable to provide many of the services which residents have come to expect, including enforcement of motorists who park illegally and management of parking in the borough’s more congested roads, where controlled parking zones have been introduced.

### 4. Financial Implications

4.1 The new parking contracts will offer up savings against existing budgets:

Lot	2018-19 Budget	2019-20 Budget incorporating	Saving
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		<b>new contractual arrangements</b>	
1	£3.302m	£2.699m	£0.603m
2	£0.200m	£0.000m	£0.200m
4	£0.500m	£0.500m*	£0.000m
5	£0.000m	£0.000m	£0.000m
<b>TOTAL</b>	<b>£4.002m</b>	<b>£3.199m</b>	<b>£0.803m</b>

\*Costs are currently being finalised for Lot 4 whilst demand forecasts are being calculated – the total cost will be contained within the figure of £500k.

#### 4.2 A one-off budget will be required for the following:

- Potential TUPE Liabilities £0.1m in 2019-20;
- Transition Costs (Suppliers) £0.066m – this will be required across 2018-19 and 2019-20;
- Transition and project management costs (in house) - £0.035m – this will be required across 2018-19 and 2019-20;

4.3 In addition to these savings, suppliers have committed to performance guarantees to ensure effective enforcement and debt recovery. This could lead to a financial benefit in the region of £0.735m p.a. (full year effect after a three-month bedding in period).

## 5. Legal

5.1 The procurement was conducted in compliance with the competitive procedure with negotiation under the Public Contracts Regulation 2015 (as amended).

5.2 The Council may decide not to award any contract on the completion of a competitive tender. The tender documents stated that the Council reserves the right not to award a contract.

5.3 The Council may dispose of property under section 123 of the Local Government Act 1972 and is obliged to obtain the best price reasonably obtainable on the disposal unless the consent of the Secretary of State is obtained.

## 6. Value for Money

6.1 The tenders and recommendation for award have all been on the basis of the most economically advantageous tender, which ensures that both price and quality have been taken into account.

6.2 In addition, all bidders offered (and were scored on) substantial added value within their tenders. These include:

- Freeing up of space within Greenford Depot, which will allow the Council to seek further lets on a commercial basis;
- Ongoing financial commitment to invest in parking related innovations;
- Access to a number of hours of free consultation/project management resources to improve the customer experience and service efficiency;
- A refresh of the stairwells within Springbridge Road car park;

## **7. Sustainability**

7.1 The provision of a parking service is essential for the management of parking spaces and traffic flows across the borough. It is also integral to the recently approved transport strategy and through the introduction of emissions-based parking encourages the move away from more polluting vehicles to those emitting less Co2 emissions

## **8. Risk Management**

8.1 A detailed implementation and handover plan is a requirement of the current contract. This should ensure that there is a seamless transition period, which minimises risk of service delivery failures. The mobilisation period will be between January and April 2019 and project board consisting of key council and contractor staff will be formed to ensure robust oversight of mobilisation.

8.2 The LOT1 contract has a history of industrial relations. Serco are aware of this and, whilst entering the contract in the expectation of forming strong and positive working relationships with existing staff, will undertake contingency measures to protect the Council from loss of service in the event of industrial action.

8.3 The Council has undertaken extensive due diligence of the contractors' proposals to ensure they are viable and, as far as the Council is aware, they are of good financial standing.

## **9. Community Safety**

9.1 An effective parking service plays an important role in ensuring that school keep clear regulations are observed for the safe movement of school children and pavements are cleared of parked vehicles to allow unimpeded access by as members of the community as possible including those with mobility impairments.

## **10. Links to Strategic Objectives**

10.1 **A Healthy and Great Place** – parking restrictions allow the movement of traffic across the borough and with the introduction of emissions-based charging will aid in reducing congestion. In addition, parking helps to make roads safer for pedestrians and cyclists.

## **11. Equalities, Human Rights and Community Cohesion**

11.1 Standards have been incorporated within the contract specification to ensure that the service provider complies with the Council's policies for equalities.

11.2 An initial equalities impact assessment screening has been completed. It is considered that there will be no adverse impact or discrimination against different groups in the community.

## **12. Staffing/Workforce and Accommodation implications:**

12.1 TUPE will apply between the out-going and in-coming contractors. The contract requires that the contractors pay the London Living Wage.

12.2 For Civil Enforcement, the Contractor's staff will continue to be provided with the use of Council premises, equipment and furniture for CCTV enforcement only. Greenford Depot will be vacated by the LOT1 provider, which will enable the Council to consider alternative uses for the space that will be vacated.

## **13. Property and Assets**

13.1 Greenford Depot will be vacated by the LOT1 provider, which will enable the Council to consider alternative uses for the space that will be vacated.

13.2 Regarding the use of car park sites, please see paragraph 2.15, above.

## **14. Any other implications:**

14.1 None

## **15. Consultation**

15.1 None required

## **16. Appendices**

16.1 Confidential Appendix 1: Tender Report

16.2 Appendix 2: Car park offices to be used by the LOT 1 provider

## **17. Background Information**

17.1 Further information can be found in the Cabinet Report of May 2017 where permission to go to tender was sought from Cabinet.

## Consultation

<b>Name of consultee</b>	<b>Post held</b>	<b>Date sent to consultee</b>	<b>Date response received</b>	<b>Comments appear in paragraph:</b>
Cllr. Julian Bell	Leader of the Council	16/09/18	02/10/18	N/A
Keith Townsend	Executive Director	16/09/18	04/10/18	N/A
Gillian Marston	Director of Environment	Various versions sent throughout drafting process	04/10/18	Throughout document
Chuhr Nijjar	Senior Contracts Lawyer	Various versions sent throughout drafting process	02/10/18	Legal (5)
Russell Smith	Finance Business Partner - E&CS	Various versions sent throughout drafting process	01/10/18	Throughout document but especially Financial (4)
Rakhee Vyas	Commercial and Procurement Partner	Various versions sent throughout drafting process	02/10/18	Throughout document
Tim Smith	Head of Procurement	12/09/18	12/09/18	

## Report History

<b>Decision type:</b>	<b>Urgency item?</b>
EITHER: Key decision	Yes / No
Report no.:	
Report author and contact for queries: Gina Cole – Assistant Director Parking Services	