

**LONDON BOROUGH OF BRENT**

**EXECUTIVE – 12<sup>th</sup> July, 2004**

FROM THE DIRECTOR OF ENVIRONMENT

FOR DECISION

NAME OF WARD: ALL

**REPORT TITLE : RETENDERING OF THE PARKING CONTRACTS**

FP REF ES-03/04-225

**1.0 SUMMARY**

- 1.1 This report concerns the provision of parking enforcement, notice processing and I.T. system support services. The report requests approval from the Executive for the Director of Environment to commence the tendering process leading to the award of new contract(s) commencing on 4<sup>th</sup> July, 2005.
- 1.2 The services are currently provided under contract with Vinci Park UK (Parking Enforcement), and Vertex (Notice Processing and I.T. System Support). Both contracts expire on 3<sup>rd</sup> July, 2005.

**2.0 RECOMMENDATIONS**

- 2.1 That the Executive gives approval to the pre-tender considerations and the criteria to be used to evaluate tenders as set out in section 8 of this Report.
- 2.2 That the Executive gives approval to officers to invite tenders and evaluate them in accordance with the approved evaluation criteria referred to in section 8 of this Report.

**3.0 FINANCIAL IMPLICATIONS**

- 3.1 The costs of these services in 2003/04 were £3,331,195, broken down as £2,625,970 for Parking Enforcement and £705,225 for Notice Processing and I.T. System Support.
- 3.2 The outcome of the tendering process recommended in this Report will clarify the cost of these services from 4<sup>th</sup> July, 2005. Officers are aware that recent tender awards for a variety of environmental service contracts have shown appreciably higher tender prices, and provision will be sought through future budget setting to address this.
- 3.3 The Council's Contract Standing Orders state that contracts for supplies and services exceeding £500k shall be referred to the Executive for approval to invite tenders and in respect of other matters identified in Standing Order 90.
- 3.4 The estimated value of this services contract is £28m over the maximum proposed contract period of seven years. This estimate assumes a 20% increase on re-tendering, reflecting current trends in tender prices.
- 3.5 Contract values upon re-tendering are difficult to estimate, though it is thought likely that some costs might increase significantly, notably those concerned with the employment of on and off street enforcement staff.

#### **4.0 STAFFING IMPLICATIONS**

- 4.1 External contractors currently provide these services, and it is not proposed to bring any of these services 'in-house'. In this event, there are no implications for Council staff arising from retendering the contracts.
- 4.2 Some changes may be made at the margins to the specified work, but these will not be significant enough to affect employees currently working for Brent.

#### **5.0 ENVIRONMENTAL IMPLICATIONS**

- 5.1 The retendering of these Contracts will put in place an effective and robust regime for the enforcement of the Borough's parking regulations, including the provision of parking shops.
- 5.2 Parking Shops provide a range of services to customers, such as sales of household permits, visitor permits, and short-term parking "scratchcards". They also provide general advice and take payments for penalty charge notices.
- 5.3 An effective parking enforcement service will help achieve free traffic flow around the Borough and contribute to air quality issues, as standing vehicles emit more fumes. An effective service will also avoid problems of traffic congestion caused by illegally parked vehicles. Effective enforcement of bus lanes will improve bus service and encourage more people to use the service effectively reducing use of the car particularly at peak times.
- 5.4 A new parking contract(s) will allow the Council to embed its environmental policy requirements into the contract(s), including an environmental commitment as exemplified by ISO14001, or similar environmental management system.

#### **6.0 DIVERSITY IMPLICATIONS**

- 6.1 The proposals in this report have been subject to screening by officers.
- 6.2 Tenderers will be required to satisfy the Council regarding arrangements for responding promptly to motorists' concerns in certain circumstances, such as the removal of a vehicle belonging to a person with a disability, where it will be important to take account of individual circumstances. The Council will, in its tender documentation, need to alert tenderers of a number of situations where the Council may require a more considered response than 'the norm'.

#### **7.0 LEGAL IMPLICATIONS**

- 7.1 These contracts are High Value services contract (over £500,000 over the life of the contract) as such, in accordance with the Council's Contract Standing Orders, the Executive is required to agree the pre tender considerations set out in Standing Order 90 and that officers may invite expressions of interest, shortlist and subsequently invite tenders for these contracts.

- 7.2 The services to be provided under these contracts are both Part A and Part B services. Part A services are subject to the full application of the EC Public Procurement Regulations whereas Part B services are subject to only partial application of the Regulations namely non discrimination in the technical specification and publication of an award notice. However, as officers recommend that tenderers be able to tender for one or both contracts, both contracts will need to follow the same procurement route. Accordingly, both contracts should be tendered in accordance with the requirements for Part A services.
- 7.3 Once the tendering process is undertaken, Officers will report back to the Executive in accordance with Contract Standing Orders, explaining the process undertaken in tendering the contracts and recommending award.

## **8.0 DETAILS AND PRE-TENDER CONSIDERATIONS**

- 8.1 The two existing parking contracts were let on the basis of one contractor (Vinci Park, formerly Sureway Parking Services) being responsible for parking enforcement (both on-street and in off-street car parks), issuing parking permits and the provision of two parking shops; whilst the second contract (with Vertex) covers the processing of Penalty Charge Notices (PCNs), the handling of enquiries at the initial stage of the process, and the provision of I.T. Support. The second contract was originally awarded to Cap Gemini and subsequently sub-contracted to Vertex.
- 8.2 The Contracts were last tendered in 1998 for a period of five years plus an option on the Council's part to extend for a further two years. In November 2002, the Executive approved the two year extension for both contracts, and they now expire on 3<sup>rd</sup> July, 2005.
- 8.3 The handling of appeals and representations is carried out by the in-house Parking Control Team, which also manages the contracted services as client.
- 8.4 Prior to commencing the tendering process, a review has been undertaken in order to assess how these contracts should be best packaged for the retendering exercise. This review has included consideration of the recommendations from the Transportation & Parking Best Value Review and consulting our existing service providers.
- 8.5 The Transportation and Best Value Review 2003 delivered a number of recommendations concerning the following:
- Closer working with other Council services
  - Improving parking shop provision, including greater use of the One Stop Shops
  - Improved training
  - Improved telephone answering
  - Improved contract monitoring
  - Improving payment collection rates
  - Improved bailiff and debt collection arrangements
- 8.6 The current Parking Shops (at Pyramid House, Wembley and Chamberlayne Road, Kensal Rise) have been criticised for their limited facilities. Expansion of these as stand-alone premises would be costly, and officers believe that a combination of dedicated Parking Shops and extended use of the Council's One Stop Shop facilities for parking issues will represent an important improvement for the Borough.

- 8.7 Given the high profile of parking service provision in the Borough, priority will be given to ensuring that the new contract specification requires a more robust system for ensuring that telephone enquiries are dealt with promptly and efficiently. This could, for example, lead to a mini call centre for parking services in the Borough.
- 8.8 A new post of Parking Monitoring Officer is currently being recruited to, and this post will enable the Council to monitor the parking service more closely, under the direction of the Deputy Parking Manager. This monitoring is intended to address any deficiencies through missing signs and lines, inadequate deployment of parking attendants, machines not working, etc.
- 8.9 Issues raised during the consultation with the existing contractors were:
- Proposed length of new contract(s);
  - The opportunity to tender for all or just part of the services was preferred by one party;
  - The opportunity to include bailiff activity in the contract packages, rather than a stand-alone arrangement;
  - Future arrangements regarding the provision of office premises;
  - A view on whether the Council intends to internalise services currently packaged within outsourced contracts;
  - Clarity was requested on the future plans for CPZ expansion or other material changes in the Borough's enforcement regime.

8.10 A summary of the response given by Officers is as follows:

8.10.1 Proposed length of new contract(s)

Both existing providers prefer a contract length of not more than seven years, principally to allow them to offset capital expenditure over a period that would avoid the need for significant re-investment during the contract term. The proposed term of 5 years plus an option to extend for a further two year period is preferred and Officers agree with the rationale behind this.

8.10.2 The opportunity to tender for all or just part of the services was preferred by one party

Officers believe that the existing packaging of work into two externalised contracts has been generally successful. One benefit is that there is a degree of mutual monitoring that can supplement the Council's own formal contract monitoring processes.

It should also be considered that there are companies who currently specialise in only one of the two different proposed packages, and a smaller number of companies who would be capable of providing both. Officers believe that the tendering process should allow tenderers to bid for one or both of the separate packages, thereby keeping the Council's options open and allowing the opportunity to look at all possible permutations before recommending a contract award. This should promote as much competition as possible.

8.10.3 Future arrangements regarding the provision of office premises

The Council currently provides premises at Pyramid House, Wembley from which the Enforcement Contractor (Vinci Park) operate. The major costs are borne by the Council.

The building lease has recently been renewed for three years and will expire during the proposed term of contract. Officers feel that it is important that the Council continues to retain the facility at Pyramid House for office accommodation and car pound space.

There are likely cost benefits from continuing the current arrangements for providing premises, however, officers cannot take it for granted that the Landlord will be prepared to extend the lease or enter into a new arrangement in 3 years time as the procurement of alternative office and car pound space could be expensive on a relatively short term contract, with the costs of this feeding into tender prices.

8.10.4 A view on whether the Council intends to internalise services currently packaged within outsourced contracts

Officers do not propose bringing any of the currently externalised services in-house. This is broadly based on the fact that there are a number of private sector organisations who have a wealth of experience and expertise in the provision of these services and that there are no real advantages in re-drawing the boundaries between those components of the total service provided internally and externally.

8.10.5 Clarity was requested on the future plans for CPZ expansion or other material changes in the Borough's enforcement regime

Officers have advised that the future programme of CPZ expansion is modest in comparison with the growth in recent years. However, tenderers will be expected to provide an initial infrastructure that is capable of being built upon should there be a greater than expected increase in the number of CPZs, or through other changes to the enforcement regime, or through any knock on effects for the Borough if the Central London Congestion Zone is extended.

The new contract will also reflect other changes such as the enforcement of other moving traffic offences (e.g. waiting in a box junction, no right turn offences, driving in the wrong direction in a one way street), which are currently being piloted in four other London Boroughs.

8.11 As stated, the proposals below are intended to keep the Council's options open and would not preclude one single contract being procured if a prospective tenderer bid for the whole package. Neither would it preclude a continuation of the existing 'two contracts' arrangement which has enabled the Council to tap into both parking enforcement and customer management expertises, where one single supplier might not have the complete range of skills necessary.

8.12 Although the formal process will not start until Autumn 2004, Officers are requesting Executive approval at this time to allow sufficient time for the pre-tender process.

8.13 In accordance with Contract Standing Orders 89 and 90, pre-tender considerations have been set out below for the approval of the Executive.

<b>Ref.</b>	<b>Requirement</b>	<b>Response</b>
(i)	The nature of the services.	The provision of parking enforcement, notice processing and I.T. system support services.
(ii)	The estimated value.	Estimated £28m over the potential full life of the contract(s). This is comprised £23.5m (Enforcement, Permits & Parking Shops) and £4.5m (Notice Processing & I.T. Support).
(iii)	The contract term.	Five years, with an option on the Council's part only to extend for up to a further two years.

(iv)	The tender procedure to be adopted.	EC Procurement (Restricted Procedure)	
(v)	The procurement timetable.	<ul style="list-style-type: none"> <li>▪ OJEU Notice</li> <li>▪ Expressions of interest returned</li> <li>▪ Shortlist drawn up in accordance with the Council's approved criteria</li> <li>▪ Invite to tender</li> <li>▪ Deadline for tender submissions</li> <li>▪ Report recommending award circulated internally for comment</li> <li>▪ Executive approval</li> <li>▪ Contract start date</li> </ul>	<ul style="list-style-type: none"> <li>▪ 8<sup>th</sup> Oct 04</li> <li>▪ 3<sup>rd</sup> Dec 04</li> <li>▪ 5<sup>th</sup> Jan 05</li> <li>▪ 6<sup>th</sup> Jan 05</li> <li>▪ 18<sup>th</sup> Feb 05</li> <li>▪ 9<sup>th</sup> Mar 05</li> <li>▪ 12<sup>th</sup> Apr 05</li> <li>▪ 4<sup>th</sup> Jul 05</li> </ul>
(vi)	The evaluation criteria and process.	<p>The shortlist will be drawn up in accordance with the Council's Contract Management and Procurement Guidelines namely the prequalification questionnaire and thereby meeting the Council's financial standing requirements, health and safety standards and technical expertise. The panel will evaluate the tenders against the Most Economic Advantageous Offer based upon:</p> <ul style="list-style-type: none"> <li>❖ experience in the services tendered</li> <li>❖ the appropriateness and effectiveness of the Tenderer's proposed systems and working methods as set out in its method statements and tender submission generally</li> <li>❖ ability to achieve continuous improvement</li> <li>❖ quality of service proposals</li> <li>❖ price</li> </ul>	
(vii)	Any business risks associated with entering into the contract.	<p>If the contractor performs poorly this could cause various difficulties including, increased Council costs, loss of income, traffic congestion and adverse publicity. These risks will be reduced by employing a carefully managed and full procurement process, as set out in this Report, and robust contract monitoring arrangements.</p>	
(viii)	The Council's Best Value duties.	<p>This proposed retendering follows a Best Value Review on Transportation and Parking during 2003.</p> <p>The revised specification will address action points described in the Best Value Report, notably those referred to in paragraph 8.7 above.</p>	

(ix)	Any staffing implications, including TUPE and pensions.	See section 4 of this Report.
(x)	The relevant financial, legal and other considerations.	See sections 3, 5, 6 and 7 of this Report.

## **9.0 BACKGROUND INFORMATION**

### **9.1 Details of Documents**

- (i) Report to the Executive 18<sup>th</sup> November, 2002 titled 'Parking Contract – On Street Enforcement'.
- (ii) Report to the Executive 18<sup>th</sup> November, 2002 titled 'Parking Contract – Notice Processing and I.T. Support'.

9.2 Any person wishing to inspect the above papers should contact Keith Balmer, StreetCare, Brent House, 347-359 High Road, Wembley, Middlesex, HA9 6BZ. Telephone: 020 8937 5066.

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