



Executive
18 July 2011

**Report from the Director of
Environment and Neighbourhood
Services**

Wards Affected:
[ALL]

**Authority to Invite Tenders for the Parking Enforcement
and Notice Processing Contracts**

1.0 Summary

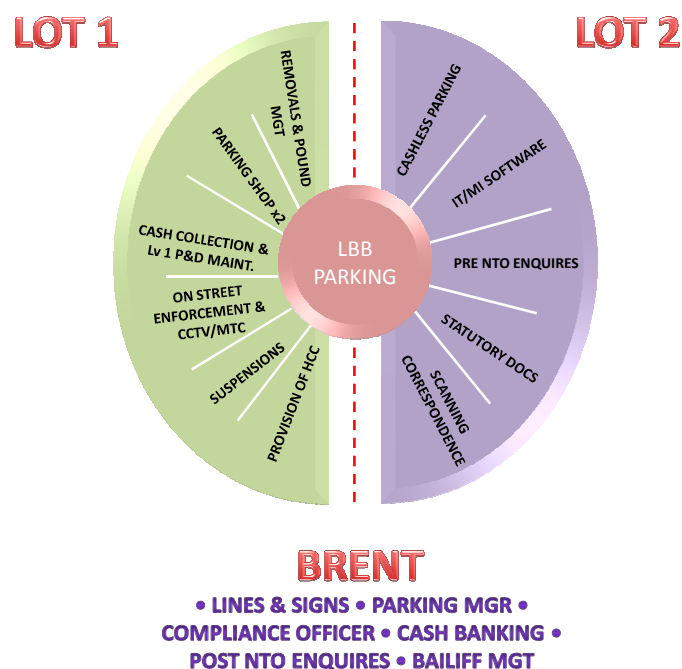
- 1.1 This report seeks authority to invite tenders for the Parking Enforcement and Notice Processing contracts to commence 4th July 2012, as required by Contract Standing Orders 88 and 89.

2.0 Recommendations

- 2.1 The Executive to give approval to the pre - tender considerations and the criteria to be used to evaluate tenders as set out in paragraph 4.1 of this report.
- 2.2 The Executive to give approval to officers to invite expressions of interest, agree shortlists, invite tenders for the Parking Enforcement and Notice Processing contracts and evaluate them in accordance with the approved evaluation criteria referred to in 2.1 above.

3.0 Detail

- 3.1 The current parking service is let via two contracts as per the below diagram.



Lot One covers the main aspects of parking enforcement with the supply of Civil Enforcement Officers (CEO) for on street operations, CCTV and Moving Traffic. Lot One also covers permit administration, running of the Parking Shops and the Suspensions Office as well as Pay and Display Level One Maintenance and cash collection.

Lot Two predominantly covers back office processing of Penalty Charge Notices (PCNs) and the handling of enquiries at the initial stage of the process and the supply of the Management Information System that supports the entire operation. Although tendered as separate Lots, both contracts are let to the same company, APCOA Parking Services who acquired the successful tenderer shortly after the award of the contract.

- 3.2 The handling of appeals and representations is carried out by the in-house Parking Control Team, which also manages the contracted services as client. There is at present no intention to outsource any further element of the Parking Operation, the statutory guidance for the Traffic Management Act 2004 states "Enforcement authorities should not contract out the consideration of formal representations" and whilst this is guidance rather than law, Authorities must have due regard for its contents.
- 3.3 There is also currently a separate contract with Cobalt Telephone Technologies (RingGo) to run a Borough wide pilot to assess the success of pay by phone parking. The pilot is due to expire at the same time as the existing parking contracts and it is the intention to incorporate this service provision within Lot 2 of the current arrangements for the duration of the new contracts.
- 3.4 Since the existing contracts were let in 2005, there have been significant advances in technology associated with parking enforcement. Officers carried

out soft market testing with lead suppliers in the industry, and in addition, had discussions with three of our neighbouring Boroughs (Ealing, Camden and Hillingdon). The findings of this research, and, based on their own knowledge of the parking industry, Officers found that the following advances had been made, which will result in a different approach to the look and feel of the new contract, and will have an effect on our residents. The initial investment in equipment and systems required by the eventual contractor may be higher but back office processes will be reduced as will on-street deployed persons resulting in the overall cost of service delivery declining with the expectation of increase in revenue.

- 3.5 The pay by phone pilot mentioned at Para. 3.3 above could allow Brent to operate a cashless and paperless parking system, thereby reducing the costs associated with cash collection and the maintenance of the pay and display machines. Currently, the scheme allows the choice of paying by phone or paying with cash via the pay and display machine. In addition, technology exists whereby the need for paper permits has been removed. Once the application for a permit has been approved, the registration mark of the vehicle is uploaded into the system, and enforcement of the resident bays would be carried out by Automatic Number Plate Recognition (ANPR) via enforcement vehicles or via the hand-held computers used by the CEOs on street.
- 3.6 Enforcement of bus lanes by means of CCTV cameras was introduced in 2003, and the enforcement of moving traffic contraventions by CCTV was introduced in January, 2011. The current means of operating the system is that an officer will capture the contravention, and another officer is then used to check and validate the contravention before it is entered onto the IT system, and a Penalty Charge Notice (PCN) issued. Technology has recently been introduced whereby the initial capture is carried out by remote cameras. This system would reduce the human element to solely checking and validating the contravention prior to issue of the PCN.
- 3.7 Brent currently provides the premises from which the enforcement contractor operates, together with the adjacent car pound. The enforcement of the Wembley Stadium Protective Parking Scheme means that Brent will continue to operate a removal service. However, the lease on the premises and car pound expire in Spring 2013, and is unlikely to be renewed, which means that any future contractor will be required to provide their own premises and car pound. This may well result in the car pound being located outside the Borough boundaries but could potentially lead to cost reduction if it is possible to share facilities.
- 3.8 The current contractor provides two Parking Shops, one in Wembley and one in Willesden primarily processing permit applications, answering general telephone enquiries and processing suspension requests. Discussions with neighbouring Boroughs reveal that they no longer provide Parking Shops at all. With the ability to divert future services via the internet, including permit and suspension applications as well as the payment of Penalty Charges, it would be reasonable to expect the services currently offered by the Parking

Shops be diverted predominantly via internet with phone enquiries relating to Penalty Charges to a dedicated call centre provided by the contractor.

- 3.9 Current proposals for the two Customer Service Centres, planned for 2013 are such that no cash handling will be undertaken so it will be an important aspect of the contract to support on line applications and payments in relation to the whole parking service, possibly with some form of kiosk machines to take cash and/or prepaid cards within the two new Customer Service Centres. The specialised knowledge required to deal with enquiries relating to enforcement challenges would require a certain depth of knowledge of the Traffic Management Act 2004 that a non-specialised call centre operative would not be able to resolve and the outsourced nature of the service means that such an enquiry could not be escalated to other council staff.

The Process - Important Additional Information

- 3.10 As mentioned above, opinions were sought from neighbouring Boroughs and three of the four market leaders in the industry accepted invitations to soft market testing to gauge views on certain issues that will form part of the pre-tender considerations, these are listed below:-

- Preferred contract length

Generally a four or five year contract term, possibly six for the initial contract term were suggested in order to allow for the significant Capital Expenditure on the part of the contract, that would be required for vehicles, hand held Computers etc. In addition, any subsequent extension period should reflect a similar length term to allow for re-investment prior to the extension. Officers believe that a four year initial term will allow capital investment to be recovered and the options of a one, two, three or four year extension will allow maximum flexibility for future collaborative tendering with the West London Alliance or other partners.

- Packaging of work

The current set up deployed by Brent was favoured by all of the suppliers. Generally it was suggested that a single Lot, rather than two would allow for greater economies of scale and reduce risk of conflict if two suppliers were appointed to the two separate Lots. The suggestion of creating a third Lot to cover the provision of P&D services including cashless parking, maintenance of machines and cash collection as well as permit administration was generally not well received. Officers believe that two lots remain appropriate.

- Adoption of technology in new Brent Parking Contract

All the suppliers were very keen to promote the developments in technology as key in the delivery of a new, leaner service with increases in recovery rates and overall efficiency. A range of services were promoted which were referred to earlier in the report.

- Adjustment to the level of services currently outsourced by Brent

Generally Brent outsourced a larger share of the parking service with other Authorities retaining an in-house service for the processing of suspensions in all three instances and for Permit Administration in two. Retaining in-house processing of suspension requests allowed for easier reconciliation whilst the increased use of internet applications meant that the services could be conducted in-house without requiring separate facilities of a Parking Shop.

- Impact on Brent not being able to provide a base for operations or pound facility

None of the suppliers felt that Brent not being able to offer or provide depot facilities would be an issue or restrict their opportunity to bid so long as at least three months was permitted between contract award and start of the contract. It was also deemed unlikely to add significant cost to the service with council staff being accommodated within the Civic Centre and the savings from the current location which costs £130,000 per annum in rent and rates.

- 3.11 Based on market testing together and consultation with other London Boroughs, together with Officer's prior knowledge of the Parking Industry, Officers would recommend a contract be tendered in accordance with the pre-tender consideration set out in paragraph 4.1 below.

4.0 Pre-Tender Considerations

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

Ref.	Requirement	Response
(i)	The nature of the service.	Two separate contracts to be tendered with bidders permitted to submit proposals for either or both contracts.
(ii)	The estimated value.	Estimated contract value of £4.5 million per annum with approximately £3.0 million for the parking enforcement contract and £1.5 million for the notice processing contract would equate to a value of £18 million over the four year initial term and £36 million over the maximum proposed eight year term of the contracts.
(iii)	The contract term.	The initial contract term will be four (4) years with options to extend for a further one (1), two (2), three (3) or four (4) years.
(iv)	The tender procedure to be	A two stage Restricted tender process in accordance with the Council's Standing Orders and EU

Ref.	Requirement	Response	
	adopted.	Procurement Regulations.	
(v)	The procurement timetable.	Indicative dates are: OJEU Advert placed Expressions of interest returned Shortlist drawn up in accordance with the Council's approved criteria Invite to tender Deadline for tender submissions Panel evaluation/Interviews Contract decision Report recommending Contract award circulated internally for comment Executive approval Mandatory minimum 10 calendar day standstill period – notification issued to all tenderers and additional debriefing of unsuccessful tenderers (contracts covered by the full EU Regulations only) Contract start date	Early August 2011 Mid September 2011 October 2011 Early November 2011 Mid December 2011 January 2012 Start of February 2012 6 February 2012 12 March 2012 End of March 2012 4 July 2012
(vi)	The evaluation criteria and process.	Shortlists are to be drawn up in accordance with the Council's Contract Procurement and Management Guidelines namely the pre qualification questionnaire and thereby meeting the Council's financial standing	

Ref.	Requirement	Response
		<p>requirements, health, safety and environmental standards, technical capacity and technical expertise. Although concessions may need to be made on the application of the usual financial ratios and assessments as the high value of the contract means that even the biggest providers in the market cannot meet the equivalent turnover requirements, see Financial Implications below.</p> <p>The panel will evaluate the tenders to establish the Most Economic Advantageous Offer based upon the following criteria:</p> <ul style="list-style-type: none"> ❖ The appropriateness and effectiveness of the Tenderer's proposed systems and working methods as set out in its method statements and tender submission generally in order that the requirements of the specification are met (Quality)– 40% ❖ Overall capacity to meet the requirements of the specification. ❖ Contract Management proposals to include Account Management and Operations Management. ❖ Approach to service delivery and approach to ensuring standards are achieved. ❖ Proposed systems and working methods including the deployment of the latest technology on the contract and the promotion of internet based solutions to increase on line activities and overall efficiency of the contract over its life. ❖ Price – 60%
(vii)	Any business risks associated with entering the contract.	The technological advancements in the industry mean that the specification must allow for variations of requirements with the adoption of technology. These risks will be reduced by employing a carefully managed and full procurement process, as set out in this Report and close consultation with Brent's Legal Team.
(viii)	The Council's Best Value duties.	The Council has a duty under Best Value to secure cost-effective and efficient services that meet the needs of the Borough's customers.
(ix)	Any staffing implications, including TUPE	There are approximately 120 staff currently deployed by the incumbent who may be subject to TUPE. See section 9 of this report

Ref.	Requirement	Response
	and pensions.	
(x)	The relevant financial, legal and other considerations.	See sections 5, 6, and 7 of this report.

- 4.2 The Executive is asked to give its approval to these proposals as set out in the recommendations and in accordance with Standing Order 89.

5.0 Financial Implications

- 5.1 The Council's Contract Standing Orders state that contracts for supplies and services exceeding £500k or works contracts exceeding £1million shall be referred to the Executive for approval to invite tenders and in respect of other matters identified in Standing Order 90.
- 5.2 The estimated value of this services contract is a maximum of £36 million, this figure is based upon the current annual cost of £4.5 million in direct payments to the contractor, however it is envisaged that the new contracts, with the adaptation of technology, will increase efficiency and drive down the total cost of the service to give the council better value.
- 5.3 It is anticipated that the cost of this contract will be funded from existing resources, further the parking account provides an excess of funds which is ring fenced for works within the Borough.

6.0 Legal Implications

- 6.1 The proposed contracts are High Value services contract (over £500,000 over the life of the contract) and 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 89 and that officers may invite expressions of interest, shortlist and subsequently invite tenders for the services contracts.
- 6.2 The services to be provided under the proposed parking enforcement and IT notice processing contracts are both Part A and Part B services. Part A services are subject to the full application of the Public Contract Regulations 2006 (as amended) ("the EU Regulations"), whereas Part B services are subject to partial application of the Regulations namely, service requirement must be sufficiently advertised, non-discrimination in the technical specification and publication of an award notice. However, as Officers recommend that tenderers are able to tender for one or both contracts, it is preferable that both contracts follow the same procurement route. Accordingly, both contracts should be tendered in accordance with the requirements for Part A services and an advert placed in the OJEU.

- 6.3 In accordance with EU Regulations selection and award criteria must be notified to all bidders when invited to submit an interest and/or tender. Any sub-criteria and weightings the council proposes for the tender must be contained in the invitation to tender documentation so as to allow tenderers to be in full receipt of the information the council will use to evaluate their submissions.
- 6.4 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.
- 6.5 Under the Equality Act 2010 ("the 2010 Act") the council is required to have due regard to its Public Sector Equality Duty, these new duties arise at the time decisions are made. An analysis is being undertaken to see whether the proposed changes in parking enforcement practice comply with the new duties under the 2010 Act.

7.0 Diversity Implications

- 7.1 An impact assessment in accordance with the Equalities Act 2010 is being undertaken in the light of the changes in practice proposed and discussed in section 3.4 (advances in technology, introduction of cashless parking, possible relocation of the car pound)

8.0 Staffing/Accommodation Implications

- 8.1 The parking services under these two contracts are currently provided to the Council by APCOA Parking Services. If following re-tender of the services an alternative provider is successful and awarded the contract(s), this may result in the incumbent's staff deployed for the provision of the services to transfer under the Transfer of Undertakings (Protection of Employment) Regulations 2006 from the current contractor to the new contractor(s).
- 8.2 Brent lease the premises currently used by the enforcement contractor. No charge is made to the contractor for the use of those premises. As mentioned at Para. 3.8 above, the lease on those premises, including the car pound, expire in Spring, 2013 and it is unlikely that the lease will be renewed. As a result, any potential enforcement contractor will be required to provide premises from which to operate, together with car pound facilities.
- 8.3 A subsequent report to the Executive seeking authority to award the contracts will advise further on potential staffing and accommodation implications in the future.

9.0 Background Papers

None

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