



**Decision for Cabinet Member for  
Environment, Infrastructure &  
Climate Action**

**Report from the Director  
Environment & Leisure**

**APPROVAL TO PERMIT A VARIATION TO EXTEND THE CONTRACT  
FOR PARKING AND TRAFFIC CIVIL ENFORCEMENT SERVICES WITH  
SERCO**

<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	Key
<b>No. of Appendices:</b>	N/A
<b>Background Papers:</b>	None
<b>Contact Officer(s): (Name, Title, Contact Details)</b>	Chris Whyte Operational Director Environmental Services chris.whyte@brent.gov.uk 0208 937 5342  Sandor Fazekas Head of Healthy Streets and parking Sandor.fazekas@brent.gov.uk 0208 937 5113

**1.0 Purpose of the Report**

- 1.1. The purpose of this report is to seek Cabinet member approval to permit a variation to extend the existing contract in respect of the provision of parking and traffic civil enforcement services with Serco Limited.

**2.0 Recommendation(s)**

That the Cabinet Member for Environment having consulted with the Leader:

- 2.1 Approves the variation to extend the Contract in respect of the provision of parking and traffic civil enforcement services with Serco Limited for a period of up to three months from 1<sup>st</sup> April 2023 until 3<sup>rd</sup> July 2023 as further set out in Section 3 of this report in accordance with paragraph 13 of Part 3 of the Constitution.

### **3.0 Detail**

- 3.1 The Council entered into a contract for provision of traffic and parking enforcement services with Serco Limited on 17<sup>th</sup> June 2013 (the “Contract”). The Contract includes: Civil Enforcement and CCTV enforcement / IT / Permits / Cashless Parking services.
- 3.2 The Contract permitted one extension period of 5 years until 3<sup>rd</sup> July 2023. The Council exercised the option to extend the Contract and entered into a Deed of Variation with Serco Limited on 13<sup>th</sup> July 2018; the duration of that particular extension was until 31<sup>st</sup> March 2023. This change was made so that there is a contractual requirement to pay London Living Wage as a minimum, and so the Contract had a common end date with other Environmental Services contracts in order to ensure that the Council retained maximum flexibility in its re-procurement of such contracts. Having made the decision to re-procure traffic and parking enforcement services (less Cashless Parking Services) independently of the other Environmental Services contracts, Officers now recommend the wording of the Contract clause relating to extension be varied to permit a further period of extension until 3<sup>rd</sup> July 2023, the original expiry date permitted in the Contract. The contract extension, which would be implemented by way of a Deed of Variation will include all of the services currently provided by Serco Limited.
- 3.3 As detailed in the 2021/2022 Annual parking Report, the income from the current contract for the parking services provided by Serco Limited is circa £20.2m per annum, operational costs including council staff are £8.58m and this generated a surplus of £11.6m. The use of any surplus in the parking account is governed by Section 55 of the Road Traffic Regulation Act 1984 and this was allocated to assist in meeting the cost of concessionary fares: The London ‘Freedom Pass’ which cost £13.8m.
- 3.4 The report to Cabinet on 7th February 2022 titled: Authority to Tender Contracts for Parking and Traffic Civil Enforcement Services provided information aims and objectives of the department’s Redefining Local Services programme and set out the approach to the procurement of two new parking services contracts:
- i) the Parking and Traffic Civil Enforcement Services Contract (5+1+1+1+1+1 years); and
  - ii) the Cashless Parking Contract which includes permits (5+1+1+1+1+1 years).
- 3.5 To provide best value to the Council, bidders were provided with the opportunity to submit tenders outlining their solutions and the panel evaluated these against the following criteria;
- 30% Price
  - 60% Quality
  - 10% Social Value
- 3.6 The intention was to make a recommendation to Cabinet for the award of these contracts in September, however, there have been delays to the procurement

process and the Report recommending the award of these contracts was considered by Cabinet at the meeting on 12<sup>th</sup> December 2022. These delays have been due to:

- The complexity of these contracts resulting in a number of clarifications and requests for extensions by bidders.
- The need to clarify the impact, if any, on the commercial submissions following the increase in the London Living Wage announced on 22<sup>nd</sup> September 2022

3.7 On 12<sup>th</sup> December 2022, Cabinet approved the report titled: Authority to Award Contracts for Parking and Traffic Enforcement and Cashless Parking Services with the following recommendations:

i) Approves the award a contract for the provision of Parking and Traffic Civil Enforcement Services to Marston Holdings Limited for an initial contract period of five (5) years, with an option to extend for up to a further five (5) years on an annual basis and notes that the value of the contract is estimated to be circa £4.47m per year, or circa £44.54m over the 10 year duration of the contract (excluding CPI indexation and LLW increases).

ii) Approves the award a contract for the provision of Cashless Parking (including permits) Services to Pay by Phone Limited for an initial contract period of five (5) years, with an option to at extend for further five (5) years and notes that the value of the contract is estimated to be circa £36,439 per year, or circa £364,390 over the 10 year duration of the contract (excluding indexation increases).

3.8 With the delay in the procurement process, this would reduce the time available for mobilisation. It is therefore advantageous to the Council to extend the existing Contract to allow adequate time for mobilisation to minimise the risk of any disruption to services.

3.9 Following discussions with Serco Limited, they have advised that they are amenable to extending the existing contract arrangements by up to 3 months. The 3-month contract extension with Serco Limited will be on the same terms and conditions as the existing contract, barring a few minor variations (please refer to paragraphs 4.2, 4.3 and 7.2 for further details).

#### **4.0 Financial Implications**

4.1 The contract generates approximately £20m per annum of income to the Council. The value of the Contract is currently £6.35m per annum, with monthly costs dependent on volumes. Based on monthly estimated volumes, and anticipated inflationary and premises cost increases, it is envisaged that the value of a 3 month contract extension and variation would be in the region of £1.8m for the period.

- 4.2 In accordance with the agreed contract mechanism, the contractor can apply for annual inflationary price increase linked to the London Living Wage and a Consumer Price Index (CPI). An inflationary increase would be applied from 1st April 2023 and is projected to be circa £63k per month.
- 4.3 Serco have also advised that they would need to negotiate an extension in the lease of their premises. They have indicated that this may be in the region of £55k for 3 months, including additional legal costs. An increase in printing and posting costs, based on current quantities, has resulted in a further cost increase of circa £3.5k per month.
- 4.4 The cost of this extension and variation of the contract will be funded from existing revenue budgets.

## **5.0 Legal Implications**

- 5.1 In accordance with paragraph 13 of Part 3 of Brent's Constitution, the Leader has delegated certain functions to Cabinet members to be exercised within their portfolio area in consultation with the Leader. This delegation includes the authority to agree variations where these are excluded from Officer delegated powers. The services Officers are proposing to procure are valued at around £1.5M over the 3 month extension term and this exceeds the value of the variation permitted by Officers.
- 5.2 In reaching any decision to approve the proposed variation the Cabinet Member in consultation with the Leader should have regard to the reasons Officers have set out in Section 3 of the report.
- 5.3 The value of the original contract is such that it is subject to full application of the Public Contract Regulation 2015 (PCR 2015). Recommendation 2.1 is to agree a variation to extend the Contract for the reasons detailed in Section 3. Given the variation is to extend the Contract to the original expiry date permitted in the Contract and given the limited consequential variations to the contract outlined in paragraphs [insert], it is considered that such variation is permitted in accordance with Regulation 72 of the PCR 2015.

## **6.0 Equality Implications**

- 6.1 The Council must, in the exercise of its functions, have due regard to the need to:
- (a) eliminate discrimination, harassment and victimisation
  - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
  - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it,

pursuant to s149 Equality Act 2010. This is known as the Public Sector Equality Duty.

- 6.2 Under the Public Sector Equality Duty, having due regard involves the need to enquire into whether and how a proposed decision disproportionately affects people with a protected characteristic and the need to consider taking steps to meet the needs of persons who share a protected characteristic that are different from the needs of persons who do not share it. This includes removing or minimising disadvantages suffered by persons who share a protected characteristic that are connected to that characteristic.
- 6.3 The Public Sector Equality Duty covers the following nine protected characteristics: age, disability, marriage and civil partnership, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
- 6.4 The proposals in this report have been subject to screening and officers believe that there are no adverse equality implications.

## **7.0 Consultation with Ward Members and Stakeholders**

- 7.1 The proposals regarding the proposed variation have been discussed with Councillor Krupa Sheth, Cabinet Member for Environment.
- 7.2 Serco Limited have agreed to the variation and contract extension of 3 months in principle, on the basis that the Council will cover any additional costs arising, including from extending the lease for their Whitby Avenue premises.

## **8.0 Human Resources/Property Implications (if appropriate)**

- 8.1 This service is a continuation of the existing Service delivered by Serco and there are no implications for Council staff arising from the variation and contract extension.

**Report sign off:**

*Chris Whyte*  
Director Environment & Leisure