

Decision Maker: Environment Portfolio Holder

For Pre-Decision Scrutiny by the Environment PDS Committee on:

Date: 1st July 2014

Decision Type: Non-Urgent Executive Non-Key

Title: **SHARED PARKING SERVICES CONTRACT:
Commencement of Procurement Gateway Review**

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Chief Officer: Nigel Davies, Executive Director of Environment and Community Services

Ward: Borough-wide

1. Reason for report

1.1 Bromley's current parking operations and enforcement contract with Vinci Park Services expires in September 2016, coinciding with the planned end date for LB Bexley's parking contract with NSL. This report proposes that a Procurement Gateway Review be undertaken of the options for a single shared parking contract for both boroughs from October 2016. This will assess options for the future delivery of these services and the packaging of the shared contract. The review will take into account:

- the current state of the market for enforcement services
- developments in parking management and enforcement nationally
- consideration of options for inclusion in the new contract

2. **RECOMMENDATION(S)**

That the Environment Portfolio Holder agrees:

- 2.1 **That a Procurement Gateway review of options for the shared parking services contract be undertaken, and a further report brought to Members in March 2015.**
- 2.2 **That specific consideration is given to options for the Key Performance Indicators to be used for managing the contract; and**
- 2.3 **That the length of the contract be for a 10 year period with a potential break clause after 5 years.**

Corporate Policy

1. Policy Status: Existing Policy:
 2. BBB Priority: Excellent Council; Quality Environment; Vibrant, Thriving Town Centres
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Financial

1. Cost of proposal: Not Applicable: Report concerns a Procurement Gateway review.
 2. Ongoing costs: Not Applicable
 3. Budget head/performance centre: LB Bromley current Parking contract
 4. Total current budget for this head: £2.3m L.B. Bromley
 5. Source of funding: Existing revenue budget 2014/15
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Staff

1. Number of staff (current and additional): 23 LB Bromley employees
 2. If from existing staff resources, number of staff hours: 22.8 fte LBB
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Legal

1. Legal Requirement: Non-Statutory - Government Guidance:
 2. Call-in: Applicable:
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): All motorists residing in or visiting Bromley and Bexley
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments:

3. COMMENTARY

- 3.1 Approval for the creation of a shared parking service between LB Bromley and LB Bexley was given by the two boroughs in November 2012 (LB Bromley's Executive met on 28th November 2012). LB Bromley was agreed to be the host borough. The formal Collaboration Agreement between the two boroughs was approved in February 2013 (Bromley's Executive met on 6th February 2013). The shared service's principal objectives are to develop best service practice and to realise a saving in management costs and other overheads without detriment to the delivery of the front-line service.
- 3.2 A key element of the business case for establishing the shared parking service was the opportunity to realise further savings and efficiencies by bringing the boroughs together in a single shared parking contract when their existing contracts expire. Harmonisation of the boroughs' approaches to parking enforcement is already underway, and joint procurement of a single shared service contract for October 2016 can now commence.
- 3.3 Bromley introduced decriminalised parking enforcement in October 1993 and Bexley in 1994, both under the terms of the Road Traffic Act 1991. Currently around 70,000 Penalty Charge Notices (PCNs) are issued each year by Vinci Park Services in Bromley for traffic and parking infringements, and 50,000 by NSL in Bexley. The number of contraventions can vary from year to year depending on the level of compliance and changes in the pattern of demand for parking spaces.
- 3.4 The contract will include the enforcement of all on and off-street parking regulations within the London Boroughs of Bromley and Bexley in accordance with the 2004 Traffic Management Act, together with all relevant Traffic Management and Parking Orders, bylaws, and policies, guide lines and procedures laid down by both councils. The contract will also include the management of the councils' surface and multi-storey car parks, and on-street bays, including staffing, security, collection of and accounting for fees, cleaning, non-structural maintenance, maintenance of pay and display machines, pay on foot equipment and barriers, together with access control and fee collection systems. It is considered that there are substantial opportunities to realise economies of scale across two boroughs by including these elements of the service as the core of the new contract.
- 3.4 Bromley's current contract with Vinci Park Services commenced in October 2006 and ends in September 2016. The contract includes the following services –
- Patrolling and enforcing on-street parking restrictions through the issue of PCNs.
 - Patrolling and enforcing all council-owned car parks through the issue of PCNs.
 - Car park management and maintenance.
 - Equipment maintenance and management.
 - Collecting cash from pay and display machines, and pay stations in multi-storey car parks.
 - School crossing patrols, funded by TfL and individual schools
- 3.5 Bexley's current contract with NSL commenced in April 2010 and is now also due to end in September 2016, following agreement on a 12 month extension to align the contract end date with LB Bromley. The contract includes the following services:
- Patrolling and enforcing on-street parking restrictions through the issue of PCNs;.
 - Patrolling and enforcing car parks through the issue of PCNs;
 - CCTV mobile units

3.6 Since the commencement of the current parking contract for Bromley in 2006 (Bexley's contract commenced in 2010) there have been a number of changes in Government guidance; in particular revised Statutory Guidance was issued in 2008. There have also been changes across the country in local authorities' enforcement practice, equipment and policy. In particular, greater emphasis has been placed on improved transparency, including;

- publication of annual reports
- more transparent financial information
- adoption and publication of parking strategies
- Use of Body Worn Video
- GPS tracking of enforcement , showing where PCNs have been issued
- Real time data transfer to the back office.
- Greater emphasis on customer service, including:
 - Sharing of evidence recorded online including photographs and recordings
 - Ability to challenge PCNs online.
 - Sharing of policies and practices with customers via the web.

3.7 Appendix C sets out the various elements which need to be considered in a Procurement Gateway review of a major contract. Specific issues pertinent to this contract which will be assessed include:

- Ensuring that both boroughs' service needs are met by a single shared service contract
- Clear decisions as to whether the contract will include specific elements of the service, which are currently carried out in-house (e.g. management of appeals & representations; and CCTV enforcement)
- Packaging options around a range of ancillary services (e.g. the mobile phone parking payment system, ICT support, debt recovery services and school crossing patrols)

3.8 Composition of the Gateway Review Team

The Review Team will consist of:

- AD Parking and Customer Services Bromley (Chairman)
- Deputy Director Bexley
- Head of Parking Services (shared service)
- Parking Contracts & Operations Manager (shared service)
- Head of Finance for E&CS, Bromley
- Procurement (Bromley)
- Legal (Bromley)

Other officers will be consulted on specific issues, for example the Head of Traffic and Road Safety (and the corresponding officer in Bexley) in respect of school crossing patrol issues. The Bexley Deputy Director will co-ordinate input from LB Bexley officers.

3.9 There is clear evidence both within London and nationally that there are sufficient active and experienced contractors within the sector to ensure a competitive process.

- 3.10 The Review will consider the advantages and disadvantages of including certain services in the contract. The service elements are detailed in Appendix A; some could be included or excluded from the contract. In particular:
- Item 3 – Currently Bromley’s contractor maintains pay & display machines and automatic pay stations in MSCPs, including daily checks of the equipment through their own service engineers or through a maintenance agreement with the company providing the machines. The purchase and installation of new pay and display machines is currently a client function. This element could be contracted out provided the client specifies the machine type and model required.
 - Item 4 - Currently the contractor reports missing signs and lines to the Council. If signs and lines are not replaced quickly enforcement cannot take place. This element could be contracted out to facilitate faster replacement of signs and lines and avoiding delays in ordering work via the Council. This will be specifically reviewed.
 - Items 10 and 11 –Options for the provision of lighting maintenance in car parks will be specifically reviewed
 - Item 12 – Bromley’s contractor currently removes fly-tipping from within (car parks), It is proposed that the options for the removal of fly-tipping from both boroughs’ car parks be specifically reviewed
 - Item 13 – management of LB Bromley’s School Crossing Patrol service is currently included within the contract. This service is funded by TfL and individual schools and therefore cannot be guaranteed for the duration of the contract. This arrangement could continue; crossing patrols could be packaged as a separate element of the parking contract; or the service could be procured via an entirely separate process.
 - Items 14-16 - CCTV enforcement will be reviewed in the light of any relevant legislative changes which may be forthcoming.
 - Item 19 – options for the provision of equipment such as hand-held devices and body-worn video will be considered
- 3.11 With regard to Items 6, 9 and 14-16, the Gateway Review will specifically consider in-house and outsourced options for appeals & representations, PCN processing, debt recovery, and CCTV enforcement.

Contract Term

- 3.12 Longer-term contracts of up to 10 years are now common for parking services. Longer contract periods encourage investment by the contractor, for example in car park improvements and refurbishment, resulting in added value to the contract. It is unlikely that a contractor would be prepared to make substantial investments unless the contract period is expected to be of at least 7 years duration. There are clear advantages in securing a 10-year contract, albeit with a potential break clause at the mid-point to protect the interest of both authorities. A review of the service would be undertaken in sufficient time for the two authorities to consider in advance whether to exercise the break clause after 5 years and to make alternative arrangements.

Performance

- 3.13 The current contracts provide both for performance rewards and penalties, depending on whether service levels are maintained satisfactorily. This aspect of the contract will be specifically reviewed taking account of legislative requirements and Statutory Guidance.
- 3.14 Within the contract performance should be judged according to how far desired transport objectives are achieved. Performance indicators might include statistics on compliance and/or non-compliance, staff qualifications and deployment, numbers of appeals, quality of customer service, and the measurable impact enforcement has on road safety and/or congestion. Over the past five years the British Parking Association (BPA) has attempted to address these issues through a model contract, and this option will be considered in the Gateway Review.. However, it should be noted that the BPA model contract has been introduced by only a minority of local authorities in the UK.
- 3.15 As part of the Review an assessment will therefore be undertaken of the options for using various key performance indicators in order to address both authorities' transport policies, client monitoring and budgetary requirements.
- 3.16 A tendering timetable based on a start date of 1st October 2016 is shown at Appendix B.

Future Trends

- 3.17 Since 2006, management of parking by local authorities has continued to evolve; there have been changes to statutory guidance, practice, equipment and policies. The contract will need to be flexible enough to accommodate future changes.
- 3.18 There has been continued publicity over enforcement policies and actions, and the use of KPIs to manage contractor performance. The need to change public perceptions of enforcement is currently driving many of the new developments. The major issues being addressed at present include –
- The recent review of parking enforcement conducted by the House of Commons Transport Select Committee.
 - Government consultation on restricting local authorities' enforcement powers, in particular on whether to end CCTV enforcement of parking restrictions
 - The changes to Statutory Guidance made in 2008, and the potential for further changes to legislation or guidance in the future.
- 3.19 There will need to be a continued emphasis on delivering quality operations over the next few years. Future contracts will need to incorporate the flexibility to deal with change over the entire life of the contract. It is important that the boroughs achieve successful partnership working with the contractor/s they select.
- 3.20 It should also be noted that central Government consultation on local authorities' parking enforcement powers may significantly affect the structure and content of this contract.

Consultancy Performance Appraisal

- 3.21 Earlier this year, and following a competitive process, the London Boroughs of Bromley & Bexley (LBB) commissioned Alpha Parking to carry out a review of their PCN processing performance in order to assess options to increase efficiencies, quality of customer service and cost savings. The review was funded corporately by LB Bromley through the Commissioning Board process. Alpha Parking concluded:

“LBB are one of the major shared services and, in our opinion, should be complimented on being an efficient and well managed operation. This opinion is based not only on the core operation but also on their willingness and success in utilising innovative approaches such as embracing technology, an extensive home working program and addressing the need for both speed and quality.”

- 3.22 In respect of PCN fine collection rates, the consultants concluded:

“In general a rate of around 72/73% is considered typical and some recent examples ...gave figures ranging from 67-76%. The LBB PCN collection rates have been taken from the latest Annual Report and show that 78.1% of PCNs are paid... the collection rate calculation is carried out without any manipulation to improve the figure...As such the LBB collection rate appears very good.”

- 3.23 In respect of performance at the London-wide Parking and Traffic Appeals Advisory Service (PATAS), the consultants concluded:

“...the latest annual report from PATAS is for the year Apr 2012 to Mar 2013. This ...pre-dates the amalgamation of Bromley and Bexley back office operations ... (For) Cases refused by the adjudicator (ie where the Council persuades the adjudicator that their case and evidence are stronger than the motorist’s)...Bromley achieved a percentage of 61% of cases completed, which is 9% points higher than the average and ranks 12th out of 35.”

- 3.24 The review also looked at the staffing structure of the shared service team, following its bedding-in over the previous year. A number of operational-level recommendations were made by the consultants, which have been assessed and a Management Action Plan agreed. All of the proposals can be implemented within the current balance of in-house and outsourced functions. It is therefore proposed that any further consideration of additional outsourcing should be undertaken within the Gateway Review process.

4. POLICY IMPLICATIONS

- 4.1 This Gateway review will further the aim of the draft Environment Portfolio Plan 2014/17 to “Provide fair and effective parking services”, as well as the Plan’s commitment to “Maintain control of our contracts at both Member and operational level, including reviewing our approach to services whenever contracts are renewed”.
- 4.2 The Review will need to take account of any relevant social and sustainability issues which may arise from the procurement options being considered.
- 4.3 Should any service changes be recommended under the proposed new contract, some public consultation may be required.

5. FINANCIAL IMPLICATIONS

5.1 The current parking contract is split into two elements; a fixed basic service and a variable fixed rate service. The variable service includes ad hoc repairs to equipment, the cost of tariff changes, re-wiring/replacing plates, tow away service and any other miscellaneous services that are required.

5.2 LB Bromley's 2014/15 budget for the parking contract is detailed in the table below:

Parking contract budget 2014/15	Fixed Element	Variable Element	Total Budget
	£'000	£'000	£'000
Car Park operations and maintenance	676.0	59.8	735.8
Equipment repair and maintenance	330.0	31.3	361.3
Enforcement	1,223.3	6.5	1,229.8
Total Parking Contract Budget	2,229.3	97.6	2,326.9
School Crossing Patrols	178.1	0.0	178.1
Funded by: - schools	(112.1)	0.0	(112.1)
Funded by: - TfL	(66.0)	0.0	(66.0)
Total Net Budget for School Crossing Patrols	0.0	0.0	0.0

5.3 The overall budget available for the future parking contract will be reviewed once it is known what additional services, if any, are included in the proposed specification for the new shared contract.

6. LEGAL IMPLICATIONS

6.1 It is anticipated that EU Regulations are likely to change prior to 2016. Account will need to be taken of the impact of any such changes on the procurement process for this contract.

6.2 The primary purpose of penalty charges is to encourage compliance with parking restrictions. The statutory guidance to local authorities under the 2004 Traffic Management Act says "For good governance, enforcement authorities need to forecast revenue in advance. But raising revenue should not be an objective of CPE, nor should authorities set targets for revenue... "

Non-Applicable Sections:	Personnel Implications
Background Documents: (Access via Contact Officer)	Parking Shared Service Report November 2012 Collaboration Agreement Report Collaboration Agreement 2013 Paper for Parking Working Group on Outsourcing – October 2013

APPENDIX A

Item	Service	Elements involved	Currently in Parking contract?	Proposed
1	Enforcement –foot patrols and PCN issue.	Employment and training of Civil Enforcement Officers, management of patrols, issuing PCNs. Parking suspensions	Yes.	To be contracted out
2	Clamping and/or removals	Provision of car pound and related services for removals, vehicles, operatives, clamping/ lifting of vehicles.	No	To be reviewed
3	Machine provision, installation and maintenance	Purchase and installation of pay & display machines and maintenance, including daily checks.	Provision – No Maintenance- Yes (Bromley) No (Bexley)	To be reviewed
4	Line & sign maintenance	Reporting of problems and rectification, perhaps to include a programme of regular checks.	No	To be reviewed
5	Cash collection	Collection from pay and display machines and delivery to cashiers	Yes	To be contracted out; packaging to be reviewed
6	Appeals and Representations	Dealing with appeals and representations	No	To be reviewed.
7	Permit issue	Permits, dispensations, suspensions, special arrangements	No	To be reviewed.
8	ICT provision	System software and/or hardware including hand- held devices for issuing PCNs.	Separate contract	To be contracted out; packaging to be considered
9	Penalty Charge Notice processing	Dealing with scanning, correspondence, representations and appeals, payments, printing and despatching recovery documentation.	No	To be reviewed
10	Multi-Storey Car Park maintenance and cleaning	Security, internal decorating, lighting, heating, ventilation, drainage, gutter clearance, fire-fighting equipment, compliance with fire regulations, signage, associated gardening and grass cutting, snow clearance from ramps and entries/exits, height, width and safety barriers, railings internal and external	Yes (Bromley) No – part of street cleaning contract (Bexley)	To be contracted out. Packaging to be reviewed

APPENDIX A (continued)

Item	Service	Elements involved	Currently in Parking Contract?	Proposed
11	Surface car park maintenance and cleaning	Cleansing, surface markings, signage, lighting, repairs to minor pot holes, height, width and safety barriers, railings, horticultural maintenance and grass cutting, gritting and snow clearance	Yes (Bromley) No (Bexley)	To be contracted out Packaging of lighting to be reviewed
12	Fly-tipping in car parks	The removal of fly-tipping	Yes (Bromley) No (Bexley)	To be reviewed
13	School Crossing Patrols	To escort unaccompanied children across the road at authorised crossing places.	Yes (Bromley) No (Bexley)	To be contracted out; packaging to be considered
14	CCTV Bus Lane enforcement (Bromley)	The monitoring and enforcement of bus lanes through the use of Close Circuit Television	No	To be reviewed.
15	CCTV parking and waiting restriction enforcement (Bromley)	The monitoring and enforcement of parking and waiting restrictions through the use of Close Circuit Television	No	To be reviewed in the light of the outcome of Central Government consultation.
16	Mobile CCTV enforcement (Bromley and Bexley)	The monitoring and enforcement of parking and waiting restrictions through the use of mobile Close Circuit Television	No (Bromley) Recording of contraventions only (Bexley)	To be reviewed as above.
17	Debt Recovery Services	Enforcement Agents, post debt registration	Yes	To be contracted out – packaging to be considered
18	Mobile Phone Parking Services	Bromley currently use Ringo and Bexley use Benrose Booth	Stand-alone contracts	To be contracted out – packaging to be considered
19	Provision of hardware	Hand Held devices, Body Worn Video and PCs	No - Bromley Yes - Bexley	To be considered

APPENDIX B

Indicative Timescale

OBJECTIVES	DATE
Commencement of Procurement Gateway Review	July 2014
Complete Review and report to Members	Environment PDS Committee - March 2015, then to the Executive for decision
Publication of advertisement, despatch of OJEU notice	Apr/May 15
Return of pre-qualification questionnaire	Jul/Aug15
Short list prepared, tender evaluation process agreed	Aug/Sep 15
Specification signed off	Sep/Oct 15
Despatch of invitation to tender and specification	Oct/Nov 15
Pre-tender clarification meetings and dealing with tenderers' questions	Dec 15/Jan 16
Return of tenders	Jan/Feb 16
Tenderers' presentations and evaluation	March 16
Selection and contract award report to Executive	March 16
Transition phase begins	June 16
Contract commencement date	1 st October 2016

APPENDIX C

PROCUREMENT GATEWAY REVIEWS (Excerpt)

Gate Review - Procurement strategy

This gate confirms the preferred procurement option and method to be used (open, restricted, Competitive Dialogue or negotiated etc.).

Purposes of the review

- *Confirm the outline business case now the project is fully defined.*
- *Ensure that the procurement strategy is robust and appropriate.*
- *Ensure that the project's plan through to completion is appropriately detailed and realistic.*
- *Ensure that the project controls and organisation are defined, financial controls are in place and the resources are available.*
- *Confirm funding availability for the whole project.*
- *Confirm that the development and delivery approach and mechanisms are still appropriate and manageable.*
- *Check that the supplier market capability and track record is fully understood (or existing supplier's capability and performance).*
- *Confirm that the procurement (or acquisition approach) will facilitate good client/supplier relationships in accordance with government initiatives such as Achieving Excellence in Construction Procurement.*
- *Confirm that appropriate project performance measures and tools are being used.*

1. Potential for success

- 1.1 *Do stakeholders support the project? Is the organisation fully committed?*
- 1.2 *Are the business needs clearly understood by the client organisation and likely to be understood by suppliers?*
- 1.3 *Should the project be broken down into a series of small steps?*
- 1.4 *Is there a clear definition of the total business change?*
- 1.5 *Are the issues relating to business change understood? Is there an initial plan to address these issues?*
- 1.6 *Are the benefits to be delivered by the project understood and agreed with stakeholders? Is there an initial plan for realising benefits?*
- 1.7 *Have options for sources of supply been evaluated?*
- 1.8 *Has the proposed procurement route been evaluated?*
- 1.9 *Is the selected procurement strategy defined and endorsed?*
- 1.10 *Have the factors that influence the procurement strategy been addressed?*
- 1.11 *Will the procurement strategy facilitate communication and cooperation between potential suppliers and client?*
- 1.12 *Is there adequate knowledge of existing and potential suppliers? Who are the suppliers most likely to succeed?*
- 1.13 *Has the project team complied with EC procurement rules in drafting the OJEC notice?*
- 1.14 *Does the project have access to resources with the appropriate skills and experience?*

2. Business case

- 2.1 *Strategic fit: Does the business case continue to demonstrate business need and contribution to the business strategy?*
- 2.2 *Options explored: Is the preferred way forward still appropriate?*
- 2.3 *Value for money: Is the proposed commercial arrangement likely to achieve value for money?*
- 2.4 *Affordability: Are the costs within current budgets? Is the project's whole funding affordable and supported by the key stakeholders?*
- 2.5 *Achievability: Is the organisation still realistic about its ability to achieve a successful outcome?*
- 2.6 *Will the project be attractive to the private sector?*
- 2.7 *Is the evaluation strategy (including how to demonstrate value for money) accepted by stakeholders and compliant with EC procurement rules?*

3. Risk management

- 3.1 *Are the major risks identified, understood, financially evaluated and considered in determining the procurement strategy? Are there risk management plans? Have all the issues raised in previous gateways been satisfactorily resolved?*
- 3.2 *Are the external issues being addressed? These include:*
 - *The statutory process*
 - *Communications*
 - *Public relations*
 - *Social, economic and environmental issues*

4 Readiness for next phase – investment decision

- 4.1 *Are the project outputs/outcomes accurately reflected in the requirement specification?*
- 4.2 *Is the project plan for the remaining phases realistic?*
- 4.3 *Are the project's timescales reasonable?*
- 4.4 *What are the arrangements for the next stage of the procurement process? Have its activities been defined and resourced?*
- 4.5 *Have suitable stakeholders, business and user representatives been involved and have they approved the tender evaluation criteria?*