

AGENDA ITEM: 12 Page nos. 95 - 139

Meeting	Cabinet Resources Committee
Date	14 December 2011
Subject	Award of Contract – Parking Enforcement and Related Services
Report of	Cabinet Member for Environment
Summary	This report seeks approval to award a five year parking enforcement and related services contract, with an option to extend for a further two years to NSL Ltd.

Officer Contributors	<p>Pam Wharfe – Interim Director of Environment, Planning and Regeneration</p> <p>Declan Hoare – Assistant Director (Highways and Transport) Environment, Planning and Regeneration</p> <p>John McArdle – Parking Manager, Environment, Planning and Regeneration</p> <p>Martyn Carter – Procurement Manager, Commercial Services</p> <p>Tahir Mahmood – Project Manager, Commercial Services</p>
Status	Public (with separate exempt report)
Wards affected	All
Enclosures	None
For decision by	Cabinet Resources Committee
Function of	Executive
Reason for urgency / exemption from call-in (if appropriate)	Not applicable

Contacts for further information: John McArdle, 0208 359 7576, Martyn Carter, 020 8359 7267.

1. RECOMMENDATIONS

- 1.1 That the contract for the provision of Parking Enforcement and Related Services be awarded to NSL Ltd for a period of five years with an option to extend for a further two years.**

2. RELEVANT PREVIOUS DECISIONS

- 2.1 Cabinet, 6 May 2008 (Decision item 5) – approved the establishment of the Future Shape of the Organisation.
- 2.2 Cabinet, 3 December 2008 (Decision item 5) – approved the programme structure for the next phase of the Future Shape programme and that a detailed assessment of the overall model for public service commissioning, design and delivery should be undertaken.
- 2.3 Cabinet, 6 July 2009 (Decision item 5) – approved that three principles would be adopted as the strategic basis for making future decisions (a new relationship with citizens, a one public sector approach and a relentless drive for efficiency) and that a phased approach to delivering the Future Shape Programme and immediate consolidation of activity in the areas of property, support and transact.
- 2.4 Cabinet, 21 October 2009 (Decision item 8) – approved plans to implement the Future Shape programme.
- 2.5 Overview and Scrutiny Panel, 21 September 2010 (Decision item 9) – approved a template for Equalities Impact Assessment for use in the project management process to assess the impact of service transformation on current staff.
- 2.6 Cabinet, 29 November 2010 (Decision item 10) – authorised the Director of Commercial Services to commence a procurement process to identify a strategic partner for the delivery of parking; and that the procurement process for a Parking Service be commenced as soon as practicable and covering the end-to-end process of the service.
- 2.7 Business Management Overview and Scrutiny Sub-Committee, 16 December 2010 (Item 6) – the Sub-Committee referred the decision on the Future of the Parking Service back to Cabinet for the reason “that the procurement should be delayed due to a lack of robust evidence of financial information and for a full options appraisal to be carried out, including the in-house option.”
- 2.8 Cabinet, 10 January 2011 (Decision item 10) – resolved that decision item 10 (Future of the Parking Service) taken by Cabinet on 29 November 2010 be reaffirmed.

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

3.1 The three priority outcomes set out in the 2010/13 Corporate Plan are:

- Better services with less money
- Sharing opportunities, sharing responsibilities
- A successful London suburb

The transformation programme delivering these priorities has an overarching aim:

- To become a citizen centred organisation

The transformation programme is being delivered through the adoption of three key principles:

- A new relationship with citizens
- A one public sector approach
- A relentless drive for efficiency

3.2 The outsourcing of parking services will help to achieve the above priority outcomes, particularly in respect of value and efficiency. Suppliers of these services operate nationally and benefit from economies of scale and access to capital. They also have considerable administration and service back-up capabilities.

4. RISK MANAGEMENT ISSUES

4.1 The pre-qualification stage of the procurement process involved evaluations of the applicant organisations' experience, capability and financial viability. Environmental, Human Resources, Equalities and Health & Safety aspects were also evaluated.

4.2 In accordance with the Council's Contract Procedure Rules, companies that were invited to tender verified that they would be able to provide a Parent Company Guarantee or a Performance Bond. In the event that the provider fails to deliver the required service, the bond will be called down and used to provide a replacement contractor at no additional expense to the Council.

5. EQUALITIES AND DIVERSITY ISSUES

5.1 An Employee Equalities Impact Assessment has been conducted for the proposal which is set for the full in-scope workforce to transfer to service provider. At the final tender stage, it is envisaged that there may be an adverse equalities impact on female staff due to a change in location of the back office as females tend to carry out more of the family caring responsibilities. This issue will continue to be monitored and the impact on staff will be assessed by the new employer by holding one-to-one meetings with affected staff. The service provider has informed us in their tender that they will work with employees to ensure that support is given to offer continued employment. The completed Equalities Impact Assessment is detailed at Appendix 1.

5.2 The proposal to appoint an external partner to assist in the delivery of the end to end parking service has the potential to impact the users of the service. To assess this impact an Equalities Impact Assessment for this group was also carried out. As the proposal is to maintain the existing service, albeit at a lower cost, it is not anticipated that the change will have any significant impact on the way the service affects these service users. The completed Equalities Impact Assessment for service users is detailed at Appendix 2.

6. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance & Value for Money, Staffing, IT, Property, Sustainability)

6.1 Procurement – The procurement of parking services was undertaken in accordance with EU and domestic Procurement Regulations following the Restricted Procedure including an initial pre-qualification selection process. This was followed by an Invitation to Tender award stage. A project team was set up involving officers from Commercial, Legal, Finance, Human Resources and Parking Services. The duration of the contract is to be five years, starting on 1 April 2012, with an option to extend for a further two years. The tender process including the evaluation of pre tender selection and tender award stages are detailed in Section 9 of this Report.

6.2 Finance

Full details are given in the attached business case but the baseline cost of providing the aspects of the service in scope is £3.88m based on the current in house service. This figure reflects savings already made as part of the parking recovery plan.

The cost of the service based on the recommended tender will be £3.246m which includes a contribution of £166,000 towards the pension deficit. This will be submitted to the Medium Term Financial Strategy (MTFS) for 2012/13.

The projected savings in year 1 of the contract were expected to be £262,000 and the tender exercise has resulted in a savings of £634,000.

The budget for the project was set at £111,000. It is anticipated that final cost of the project will be around £120,000.

Performance & Value for Money – See Appendix 3 –Parking Final Business Case

6.4 Staffing - The council will continue to meet all of its statutory and contractual obligations in regard to change and its impact upon our staff. This means that all internal restructures will be managed in compliance with the council's Managing Organisational Change Procedure. Where the change results in a TUPE transfer, the council will meet all of its statutory obligations provided by the Transfer of Undertakings (Protection of Employment) Regulations 2006 and Best Value Authorities Staff Transfers (Pensions) Direction. The employee handbook will transfer in accordance with TUPE practice. The

appropriate document will be presented to the pension fund committee to seek admission body approval for NSL.

- 6.5 Trade Unions were provided with a draft of the report. They have not provided a written response to the report as per the agreed process.
- 6.6 Property – The Parking service currently operates from two sites, North London Business Park (NLBP) and Mill Hill Depot. This contract requires the provider to supply and maintain their own premises so there will be no call on Mill Hill Depot and a need for only some six desks at NLBP.

7. LEGAL ISSUES

- 7.1 The risk of challenge has been mitigated by conducting the procurement exercise in accordance with EU and domestic procurement regulations following the Restricted Procedure and obtaining advice from internal and external Legal Advisors throughout the process.
- 7.2 The Council must, as soon as possible following the decision to award the contract to the service provider, notify all Tenderers of the decision and must not enter into the contract before the end of the standstill period and comply with the requirements of Regulations 32 and 32A of the Public Contracts Regulations 2006.
- 7.3 The service provider and the Council will execute a contract that has been approved by the Legal Advisors to regularise the provision of the services. The Service Provider will be required to provide a Parent Company Guarantee or Performance Bond which will mitigate poor performance of the services.
- 7.4 The Council must comply with its legal obligations under the Transfer of Undertakings (Protection of Employment) Regulations 2006 (“TUPE”) with respect to the transfer of staff. The Council has sought legal advice from the Legal Advisors to ensure compliance with TUPE.

8. CONSTITUTIONAL POWERS

- 8.1 Constitution, Part 3 – Responsibility for Functions – Section 3 – Responsibilities of the Executive – 3.6 functions of Cabinet Resources Committee includes to agree externalisation contracts.
- 8.2 Contract Procedure Rules – Table 5 - 1 – Authorisation and Acceptance Procedures: compliance with this table provides that acceptance of a Tender by Cabinet Member, acceptance where Tender is: a) lowest; or b) where tender represents value for money and is the best available option for the Council and the tender value is not more than 25 percent above the lowest priced tender.

9. BACKGROUND INFORMATION

- 9.1 Following the decision by Cabinet on 29 November 2010 to approve the outsourcing of the current parking services, a project team was set up comprising of officers from Parking Services, Commercial Services, Finance, Human Resources and Legal Services. The pre-qualification stage also included input from, Environmental Health and Health and Safety.
- 9.3 The team was assisted by the Legal Advisers to the parking projects. All key documents and correspondence were reviewed by the Legal Advisors prior to completion and dispatch to tendering companies.
- 9.4 A tender notice was advertised in the Official Journal of the European Union (OJEU) on 6 April 2011 inviting interested parties to complete the Tender pre qualification Questionnaire. The tender notice detailed the general content and scope of the parking services to include its component parts, namely the following:
- On and Off Street Parking Enforcement
 - Penalty Charge Notice (PCN) Processing
 - Administering Payments and Non Statutory Notices
 - Suspension of Parking Bays
 - Provision of a Cashless Parking Payment System
 - Provision of a Parking I.T System
 - Issue of Parking Permits
 - Issue of Parking Dispensations
 - Signs and Lines Maintenance
- 9.6 The tender notice also detailed that the Council envisaged the selection of the top 5 scoring companies for subsequent Invitation to Tender.
- 9.7 The Council currently has a contract with Civica plc for the provision of a parking information technology (IT) system, which expires on 31 March 2014. The IT system includes all the required elements for issuing and processing PCNs, the production of management reports and is a fully managed service. Novation of this contract was initially considered but is not feasible in terms cost and for operational reasons. The tender specification therefore detailed that the new Parking Enforcement Contractor would have use of the Civica system from April 2012 to March 2014. From April 2014 onwards, the Parking Contractor is to provide the IT system. Tendering companies were therefore requested to provide IT costs for the period April 2014 to March 2017.
- 9.7 Pre – Qualification Evaluation
- 9.7.1 A total of twenty four Pre Qualification Questionnaires (PQQs) were requested of which eight completed questionnaires were returned on 23 May 2011. The evaluation team scored the questionnaires in accordance with a pre-determined criteria covering: Experience, Capacity, Financial Viability, Environmental Aspects, Health and Safety. The table below details the results for the eight companies.

<u>Company</u>	<u>Score</u>
Company A	69.6%
NSL	57.1%
Company B	56.7%
Company C	56.6%
Company D	56.4%
Company E	55.4%
Company F	53.9%
Company G	48.3%

Company B and Company E detailed that they intended to submit a joint bid for the services. Following completion of scoring, the results were presented to the Parking Challenge Board. The Board agreed to the short listing of the top seven scoring companies for Invitation to Tender. Company G were not considered to have the relevant experience or capacity.

9.8 Tender Evaluation

9.8.1 Completed Tenders were returned on 16 September 2011. Company B and Company E decided to withdraw from the tender. Company F did not submit their own tender, choosing instead to combine with Company A and be their service delivery partner. The four remaining companies submitted tenders.

9.8.2 Tenders were evaluated on the basis of the most economically advantageous tender according to the criteria and corresponding weightings set out in the table below and notified to the bidders with the Invitation to Tender. The evaluation was based on a combination of Quality and Price with the ratio of 60/40 (60 Quality and 40 Price).

9.8.3 Evaluation of the HR and Finance sections was undertaken by dedicated officers from those departments, and the scores combined with other evaluations to be fed into the challenge process. Evaluation of the remainder of each bid was undertaken by an Evaluation Team made up of an officer from within the service, an officer from another authority, and a specialist consultant engaged for this purpose.

Evaluation Criteria	Weighting
Ability to deliver an effective enforcement Service	25
Performance Management and Monitoring Arrangements	17
Effective HR Practices, Professional Development and Location Issues	10
Service Change and Development	8

Cost	40
Total	100

9.8.4 Each tender submission detailed the total annual cost of providing parking enforcement services in accordance with the tender pricing schedule. The proposed costs for the five year period are detailed in the table below.

	Company C	Company A	NSL	Company D
	£	£	£	£
Target Cost	9,981,268	15,099,501	12,774,580	12,259,692
MPP*	998,127	1,642,978	1,455,320	662,023
Total Cost	10,979,395	16,742,480	14,229,900	12,921,716

*MPP is Maximum Performance Payment, to cover overheads and profit

9.8.5 The score for cost was calculated by taking the lowest tendered price and awarding the maximum 40 points. Higher priced tenders were awarded points based on incremental percentage deductions from 40. The results of the combined quality and cost evaluation are detailed in the table below.

Evaluation Criteria (Weighting)	Company C	Company A	NSL	Company D
Ability to deliver an effective enforcement Service (25)	10.2	13.4	18.2	8.2
Performance Management and Monitoring Arrangements (17)	7.4	9.4	12.8	7.0
Effective HR Practices, Professional Development and Location Issues (10)	8.8	8.4	9.6	6.0
Service Change and Development (8)	4.0	5.0	6.2	3.0
Total Quality	30.4	36.2	46.8	24.2
Cost	40	19	28	33
Total Aggregate Score	70.4	55.2	74.8	57.2

9.8.6 Company C is an experienced operator who has been providing such services in London since the late 1980s. They submitted the cheapest offer with much of the savings to come from reductions in labour, including a significant downsizing of the enforcement workforce. This was to be achieved by the introduction of new technology in the form of 'spotter' vehicles on the street identifying potential contraventions to be followed up by the reduced street patrols. Unfortunately, the company was unable to provide evidence of where such a system has been used elsewhere and could not therefore convince the evaluators that it offered a reliable solution and that existing activity levels could be maintained. There was also doubt as to whether their proposed IT system could be fully installed during the mobilisation period and how it would support the activities of the Customer Service Organisation in issuing permits and dealing with PCN enquiries.

Company A is a relative newcomer to this area of work, although it has assembled a strong management team using experienced personnel from other suppliers. In this instance it proposed to use an established supplier of office services, as the delivery partner for Notice Processing. The company had a strong enforcement offer, based largely round the existing in-house operation, but was less clear on the relationship with Company F and how the Council would ensure that services would be delivered as planned. It also proposed to replace the IT system during the mobilisation period, but was unclear on how the remainder of the Council's operations would interface with this. It was the most expensive of the four offers.

NSL, formerly NCP Services, is the biggest company in this field and the current UK market leader. They propose to retain the Civica IT system until 2014 as anticipated by the Council, and it was clear from their documents that the Specification had been studied line by line and a robust offer prepared which is capable of meeting the Council's requirements. Ample evidence has been provided of the successful operation of similar services elsewhere leaving no doubt that their proposal to build on the existing operation is capable of delivering planned activity levels. The proposal incorporation of the Notice Processing function into an existing high volume operation in South London will bring both savings and reliability. The additional cost of this option is more than outweighed by confidence which can be placed in their ability to deliver the level of enforcement that the Council has become accustomed to and to deal capably and effectively with associated activities.

Company D is primarily a vehicle removals operator with ambitions to widen their scope to include other activities. This lack of experience was clear throughout their offer where an inability to provide evidence of similar activity elsewhere resulted in low scores. They also proposed to replace the IT system but were not clear on how such a significant change could be achieved in the time available or how performance was to be monitored.

9.9 Alternative Options

9.9.1 The alternative to outsourcing parking enforcement would be to continue with the current service provided directly by Council employees. This option is not cost effective given competitive costs provided within the tender.

10. LIST OF BACKGROUND PAPERS

10.1 Tender Files for the Provision of Parking Enforcement Services (ref 50352).

10.2 Anyone wishing to inspect these background papers should contact Martyn Carter on: 020 8359 7267

Legal – PBD

CFO – JH/MGC

Appendix 1

Parking Enforcement and Related Services – Employee Equality Impact Assessment

**Project Name:
Future of Parking**

[This document remains live with information being added at each critical milestone]

Project Sponsor:	Declan Hoare
EIA Owner:	Pam Wharfe
Date process started:	25 November 2011
Date process ended:	
This EIA is being undertaken because it is:	<input checked="" type="checkbox"/> outlined within the equality scheme relevance assessment table <input checked="" type="checkbox"/> part of a project proposal submission to the programme management board <input type="checkbox"/> a result of organisation change <input type="checkbox"/> other – please specify:

EIA Contents

- 1 Introduction
- 2 Any Anticipated Equalities Issues at each milestone and identified mitigation
- 3 Monitoring Summary
- 4 Project Milestone Outcomes, Analysis and Actions

1. Introduction

1.1 Aims and objectives of the transformation programme

The Future of Parking project is part of a larger transformation programme for the London Borough of Barnet.

At the heart of this strategic transformation programme is one clear aim – to become a council focussed on the needs of citizens ensuring that our residents can lead successful and independent lives. It is also the council's response to address several drivers for change that have been identified:

- The financial pressures resulting from the global recession has brought the era of consistently increasing public sector budgets to an end. Within the council there is a funding gap of £53m over the three years 2011/12 to 2013/14, and our public sector partners face challenges of a similar scale.
- Despite consistent improvements in service delivery, satisfaction with Barnet Council, as with other local authorities, has been on a consistently downward trend.
- Digital technology continues to change and develop, as do the ways that people use it to change and grow. Residents will continue to expect us to deliver against those standards of instant information and access to services.
- Our identification of the need to develop a new partnership with our residents to deliver services in future is echoed by the Coalition Government's focus on a Big Society.
- The Government's focus on localism and devolution sets a national context for our aim to provide local leadership and join up services across the public sector.

The council believes that the transformation programme is best delivered through the adoption of the three key principles:

- **A new relationship with citizens** - Enabling residents to access information and support and to do more for themselves
- **A one public sector approach** - Working together in a more joined up way with our public sector partners to deliver better services
- **A relentless drive for efficiency** - Delivering more choice for better value

1.2 Future of Parking

The aim of this project is to provide a streamlined parking service which will result in a more efficient service that provides a better experience for customers. This would help improve the reputation of the council. As such the proposal to select a strategic partner for the delivery of a parking service fits

within the programme objectives of “a relentless drive for efficiency” and “a new relationship with citizens”.

Efficient transport provision within the borough is vital to the local economy and quality of life of both residents and visitors. The Parking Service has an essential role to play in the maintenance of order on the highway. Within Barnet effective control of parking is essential in combating the negative impact of parking on traffic movement, road safety, and essential servicing of the parking infrastructure.

The Parking Service oversees the installation and maintenance of the infrastructure that allows residents and visitors to park legally both on street and in Barnet’s car parks. This includes parking permits and pay by phone parking. Compliance with the traffic and parking regulations is through the Civil Enforcement Officers (CEO) on street and Closed Circuit TV monitoring.

1.3 Scope of the project

The following areas of the Parking Service are included within the scope of this process. These are the provision of:

- On and off-street enforcement
- Payment collection of the parking service including pay by phone service
- Processing of Penalty Charge Notices (PCNs), including representations and appeals
- Dealing with payments and non-statutory correspondence
- Automated bus lane enforcement system
- Parking signs and lines maintenance

The current spend is approximately £6.6M in revenue on these services annually and employs over 86 staff in these areas, with an income of approximately £13.6m.

1.4 Description of the critical milestones

- Initial EIA on staff likely to be in scope carried out – the business case and the financial model identifies those in scope and out of scope
- Final Tender report will outline the preferred bidder and the services in scope
- Post-transfer review

1.3 Key Stakeholders

- The key stakeholders of this EIA process are the employees and managers within the project’s scope.

2. Any Anticipated Equalities Issues at each milestone and identified mitigation

2.1 **Milestone 1 - Outset**
None

2.2 **Milestone 2 - Final Tender Report**
NSL Limited has proposed that the back office staff will be relocated to East Croydon. This is deemed to be a significant relocation outside of Barnet and is likely to result in equalities issues – see 4.2.2 below for more information.

2.3 **Milestone 3 – Post-Transfer Review**
To be determined

3. Monitoring Summary

3.1 **Table 1- Employee EIA Profile of the Parking Project** (this profile is in accordance with the requirements of the Equality Act 2010 and the Council will collect this information so far as we hold it)

Some of these protected characteristics have changed since the outset data so the data has been revised accordingly.

Critical Milestones

** data withheld to prevent identification as less than 10 employees

		Outset data LBB data (April 2011)		Outset data Parking data (April 2011)		Final Tender Report on (Nov 2011)		Post-Transfer Review (April 2012)	
		No.	%	No.	Parking Density %	No.	Parking Density %	No.	Parking Density %
Number of employees		3,745		83		78			
Gender	Female	2,347	63%	24	29%	22	28%		
	Male	1,398	37%	59	71%	56	72%		
Date of Birth (age)	1996-1986	179	5%	**	**	**	**		
	1985-1976	750	20%	24	29%	24	31%		
	1975-1966	957	26%	25	30%	24	31%		
	1965-1951	1,555	42%	28	34%	25	32%		
	1950-1941	277	7%	**	**	**	**		
	1940 and earlier	27	1%	**	**	**	**		
Ethnic Group	White								
	British	1,872	50%	23	28%	20	26%		
	Irish	120	3%	**	**	**	**		
	Other White	249	7%	**	**	**	**		

	Mixed								
	White and Black Caribbean	0	0%	**	**	**	**		
	White and Black African	0	0%	**	**	**	**		
	White and Asian	21	1%	**	**	**	**		
	White – Turkish Cypriot	21	1%	**	**	**	**		
	White – Greek Cypriot	38	1%	**	**	**	**		
	Other Mixed	65	2%	**	**	**	**		
	Asian and Asian British								
	Indian	230	6%	**	**	**	**		
	Pakistani	36	1%	**	**	**	**		
	Bangladeshi	28	1%	**	**	**	**		
	Other Asian	60	2%	**	**	**	**		
	Black or Black British								
	Caribbean	218	6%	**	**	**	**		
	African	333	9%	19	23%	19	24%		
	Other Black	37	1%	**	**	**	**		
	Chinese or Other Ethnic Group								
	Chinese	19	1%	**	**	**	**		
	Other Ethnic Group	64	2%	**	**	**	**		
	Blank	334	9%	**	**	**	**		
Disability	Hearing (such as: deaf, partially deaf or hard of hearing)	6	<1%	**	**	**	**		
	Learning difficulties (such as dyslexia)	13	<1%	**	**	**	**		
	Mental illness (substantial and lasting more than a year)	6	<1%	**	**	**	**		
	Vision (such as blind or fractional/partial sight. Does not include people whose visual problems can be corrected by glasses/contact lenses)	3	<1%	**	**	**	**		
	Reduced physical capacity (such as inability to lift, carry or otherwise move everyday objects, debilitating pain and lack of strength, breath, energy or stamina, asthma, angina or diabetes)	8	<1%	**	**	**	**		
	Mobility (such as wheelchair user, artificial lower limb(s), walking aids, rheumatism or arthritis)	8	<1%	**	**	**	**		
	Other disability	9	<1%	**	**	**	**		
	Blank	3,692	99%	82	99%	77	99%		
Religion or Belief	Christian	1,755	47%	40	48%	36	46%		
	Buddhist	17	0%	**	**	**	**		
	Agnostic	44	1%	**	**	**	**		
	Atheist	58	2%	**	**	**	**		
	Humanist	5	0%	**	**	**	**		
	Hindu	192	5%	**	**	**	**		

	Jewish	120	3%	**	**	**	**		
	Muslim	144	4%	**	**	**	**		
	Jain	16	0%	**	**	**	**		
	Sikh	17	0%	**	**	**	**		
	Baha'i	0	0%	**	**	**	**		
	Other religions	124	3%	**	**	**	**		
	No religion	613	16%	12	14%	**	**		
	Not stated	275	7%	**	**	**	**		
	No response on faith	323	9%	11	13%	**	**		
	No form returned	41	1%	**	**	**	**		
Sexual Orientation									
	Heterosexual	2,461	66%	57	69%	53	68%		
	Bisexual	14	0%	**	**	**	**		
	Lesbian / Gay	45	1%	**	**	**	**		
	Prefer not to say	797	21%	17	20%	16	21%		
	Blank	428	11%	**	**	**	**		
Marriage and civil partnership									
	Married	1,181	32%	18	22%	17	22%		
	Single	964	26%	22	27%	24	31%		
	Widowed	20	1%	**	**	**	**		
	Divorced	105	3%	**	**	**	**		
	In civil partnership	6	0%	**	**	**	**		
	Co-habiting	41	1%	**	**	**	**		
	Separated	13	0%	**	**	**	**		
	Not stated	1,415	38%	42	51%	36	46%		
Relevant and related grievances									
	Formal	0	0%	0	0%	0	0%		
	Upheld	0	0%	0	0%	0	0%		
	Dismissed	0	0%	0	0%	0	0%		

3.2 Evidence

3.2.1 List below available data and research that will be used to determine impact on different equality groups

The revised establishment lists from SAP provide the primary data, plus the 'local knowledge' of heads of service. They will consider the impact of the project on the following, amongst other potential factors:

- Flexible working arrangements and their impacts on parents and carers
- Working from home (as above)
- The impact of moving staff to different work locations
- The impact of potential changes to holidays / term-time working
- The impact on staff of changes to their working culture
- The impact on staff of additional health and safety training
- The impact on staff of a different programme of investment and development

We have a small number of employees who have notified us in their equalities returns that they have a disability. It is not clear from the data currently available what specific disabilities they have. Any changes to working conditions proposed by the project will be subject to consultation. At that point the employees in question will be able to disclose any issues they may encounter as a result of the changes.

The parking final business case is being updated during November 2011 to take account of the staff moving to customer services and the retained client, which may result in change in the staff in scope.

Data used for employee equalities is taken from the information held in SAP at the time.

4. Project Milestone Outcomes, Analysis and Actions

4.1 Summary of the outcomes at each milestone

- Milestone 1 - Outset
- Milestone 2 - Final Tender Report
- Milestone 3 – Post-Transfer Review

4.1.1 Milestone 1 - Outset

The EIA data was reviewed in conjunction with the business case to ensure that the proposed solution identified any equalities implications on staff

4.1.2 Milestone 2 – Final Tender Report

At the end of tender process, one bidder's proposal will be accepted. The EIA will be reviewed in the light of the chosen solution in order to assess the potential impacts on staff in scope.

4.1.2 Milestone 3 – Post-Transfer Review

The EIA will be reviewed following the close of the project in order to determine the actual impact on staff in scope.

4.2 Actions Proposed

4.2.1 Milestone 1 - Outset

Were there any unexpected equalities impacts that you did not identify at the first stage? How will the learning be brought forward to the next milestone?

When you compare the ratio of female: male staff between (a) the depot front-line staff and (b) the back office team, there is a difference but it is as would be expected for the type of work. There are 10 females in the CEO/Enforcement/Maintenance teams and 14 in the back-office, which equates to 19% and 45%.

The lower number of females in the CEO teams is not unusual as this role is traditionally performed by males and the unsociable hours may not suit females as

females tend to carry out more of the family caring responsibilities. This is replicated even when run by other councils/providers

When we recruit replacements, we will endeavour to recruit more female workers. In particular, for the back office we will endeavour to recruit women with general administrative experience rather than those with Parking experience as the supply should be greater. Training of parking administration can be carried out by the manager during their probation period.

4.2.2 Milestone 2 – Final Tender Report

Were there any unexpected equalities impacts that you did not identify at the first stage? How will the learning be brought forward to the next milestone?

There has been a decrease of 8 employees since the start of this project. This is mainly due to redundancies at the end of March 2011. As we have not recruited replacements, there is a reduction in some of the protected characteristics.

There are 10 females in the CEO/Enforcement/ Maintenance teams and 124 in the back-office, which equates to 20% and 39%. 40% of the CEO Supervisors are female.

The age of the leavers was also skewed to the older staff as they chose to leave under redundancy due to their length of service or pension arrangements. The data also shows a significant decrease in the number of some other protected characteristics but this is due to the very small numbers of staff in these categories.

The number of employees who have left the record blank of their disability, marital status and religious protected characteristics has significantly reduced. This could be due to the people, who left under redundancy, and their records being deleted or because we asked staff to review their SAP self-service records and amend them. Either way, this is a positive result as it is key that we have enough data so we can analyse our current workforce so we can see what actions need to be taken in the future.

Having reviewed NSL's tender the only equality impact for staff that has been identified is the change of location for the back office to East Croydon. We know that 39% of the team are female and that some staff choose to work locally as they have caring arrangements. There may also be staff who cannot drive/travel long distances due to medical or disability reasons. During mobilisation, staff will be invited to a one-to-one meeting with NSL so that their individual circumstances can be better understood and solutions can be identified and support provided where practicable, for example flexibility in the hours they start or end work. We will ask NSL to redeploy them, if necessary and where possible, to offices closer to Barnet though it is unlikely to be on the Barnet contract and could result in them changing from their Barnet terms and conditions. Failing that, NSL will be required to make them redundant after the TUPE transfer.

There has been no mention of any change to terms and conditions and NSL has confirmed that they will implement all statutory and contractual obligations with

regard to change and its impact upon our staff. We are anticipating any other TUPE “measures” to be minor, such as a change of pay date or holiday year.

We have asked staff through the weekly newsletter, the Future of Parking presentation in October and the staff group to update their self-service records on SAP so that we can fully understand their personal situations.

Staff are going to be invited to meetings with their manager to go through their personal data that is held on SAP. This excludes their protected characteristics. Individuals will be asked to complete NSL’s equalities form which will then be loaded onto their database.

For the final post-transfer review we will also look at the workforce demographics for Barnet against Croydon to see how they compare. This will help shape the future direction in terms of recruitment.

4.2.2 Milestone 3 – Post-Transfer Review

Were there any unexpected equalities impacts that you did not identify at the previous stages?

How will the learning be captured?

TBC

Business Scrutiny:

This table summarises the briefing activities. This EIA forms the primary briefing tool and has been shared as detailed below.

Table 1

Dates dependent upon Governance Services schedule for 2011/12 and 2012/13.

Milestone Description	Programme Office	Trade Unions – appropriate TU for Project	CDG	DPR - Delegated Powers Report	GFC – General Functions Committee
<i>Milestone 1 - Outset</i>	date	date	26 April 2011	date	date
<i>Milestone 2 – Final Tender Report</i>	15 Nov 2011	15 Nov 2011	06 Dec 2011	14 Dec 2011	16 Jan 2012
<i>Milestone 3 – Post-Transfer Review</i>	date	date	date	date	date

Appendix 2

Equalities Impact Assessment

Project/Policy/Service/ Title: Future of the Parking Service

Brief Description: Equality Impact Assessment on proposal to appoint an external partner to assist in delivery of the end to end parking service. This will include patrolling the streets, the issue of Penalty Charge Notices, operation of the Bus Lane enforcement system, processing of PCNs, and maintenance of the infrastructure.

1. Equalities Impact Assessment Evidence

	EIA question	EIA Narrative	Sources of Evidence (where relevant or available)
1a	What is the purpose and objectives of the proposed project, service change or new policy?	The proposal is to cut costs and improve efficiency by externalising the service. This approach will give the Council access to economies of scale and specialist expertise. The outcome is expected to be a better service for less money.	A detailed Business Case has been prepared identifying savings over the contract period. These will be monitored using the Council's accounting system and included in service reports.
1b	What data is available on customers/service users?	<p>The customers/service users include residents living within Controlled Parking Zones (CPZ) who own a car and purchase a permits and those who purchase visitor vouchers, whether they own a car or not.</p> <p>In addition, all residents and visitors who wish to use the street parking facilities or park in council run car parks.</p>	<p>Record of permit holders and residents who have applied for and purchased visitor vouchers.</p> <p>No detailed records are kept of those parking on the street or in car parks, although most users will have a pay by Phone account.</p> <p>Records are kept of all motorists issued with a PCN.</p>

		<p>Service users also include any motorist who receives a Penalty Charge Notice (PCN) for either a stopping contravention on the street or in a car park or for a contravention in a Bus Lane.</p> <p>Computer records are maintained of everyone in each of these groups.</p>	
1c	<p>i) Will the project, service change or new policy have any impact on each of the equalities groups?</p> <ul style="list-style-type: none"> • Male & female • People of different ages • People with different ethnic backgrounds • People with different sexual orientations • People with disabilities • People with different religious beliefs <p>ii) Has any adverse impact or potential discrimination been identified for any group/s?</p>	<p>As the proposal is to maintain the existing service, albeit at a lower cost, it is not anticipated that the change will have any significant impact on the way the service affects users in these groups or their perception of it.</p> <p>No</p>	<p>N/A</p> <p>N/A</p>
1d	<p>Will the project, service change or new policy have any impact on any <u>other groups</u> not listed above?</p>	<p>No, for the same reasons given in 1c above.</p>	<p>N/A</p>
1e	<p>Does the project, service change or new policy enhance Barnet's reputation as a good place to live and work?</p>	<p>The proposed service change has the potential to enhance Barnet's reputation as a good place to live and work through the more effective delivery of services, subject to the cautionary note at 1g below.</p>	<p>The perception of the service is currently low as measured by the existing Residents' Perception Survey and progress will be tracked using this.</p>

1f	<p>Does the project, service change or new policy appear to favour or have benefits exclusively for one section of the community?</p>	No.	N/A
1g	<p>Have any negative impacts been identified which <u>can not</u> be removed or reduced?</p> <p>Some times a negative impact can not be removed or reduced. eg. if the resultant action would cause greater negative effects or can not be justified on other grounds.</p>	<p>There is the potential that the involvement of a private company in service delivery may lead observers to conclude that the parking service is being run to generate revenue rather than do deliver transport policy objectives.</p> <p>This has been addressed by tightly defining the role of the service provider, and framing the contract in terms that reserves the setting of charges and activity levels to the Council.</p>	<p>The evidence is provided by the contract documents which will be published in due course.</p>

1. How are the equality strands affected? <i>Please detail the effects on each equality strand, and any mitigating action you have taken so far</i>			
Equality Strand	Affected?	Explain how affected	What action has been taken already to mitigate this?
1. Age	No	Overall, it is not envisaged that the service change will have an adverse impact on any of the equalities groups.	N/A
2. Disability	No		
3. Gender reassignment	No		
4. Pregnancy and maternity	No		
5. Race / Ethnicity	No		
6. Religion or belief	No		
7. Gender / sex	No		
8. Sexual orientation	No		
9. Marital Status	No		

London Borough of Barnet

Future of the Parking Service Final Business Case

Final v 2.5

Date: Nov 2011
Author: Tahir Mahmood, Project Manager
Commercial Services, London Borough of Barnet

Contents

1.	Executive Summary.....	120
1.1	Purpose	120
1.2	Summary	120
1.3	Need for change.....	121
2.	Strategic fit.....	122
2.1	The strategic transformation programme	122
2.2	Parking Service	123
3.	Scope.....	124
3.1	Out of Scope.....	125
4.	Benefits Case.....	126
4.1	Strategic benefits	126
4.2	Non-Financial benefits	127
4.3	Financial case	128
4.3.1	Establishing the service cost	128
5.	Commercial Aspects.....	133
5.1	Procurement process.....	134
5.1.1	Pre – Qualification & Invitation to Tender.....	134
5.1.2	Tender Evaluation	135
5.1.1	The Requirements.....	136
5.2	Payment mechanisms	136
5.3	Risk allocation and transfer	136
5.4	Contract length	137
5.5	Workforce issues.....	137
6.	Critical Success Factors, Constraints, Dependencies and Risks	138
6.1	Critical Success Factors	138
6.2	Constraints	138
6.3	Dependencies.....	138
6.4	Risks and Mitigation.....	139

1. Executive Summary

1.1 Purpose

This report sets out the final business case for the procurement of a strategic partner to provide parking services on behalf of Barnet Council. The business case outlines the services in scope of this project, strategic fit with the transformation programme, financial and non-financial benefits as well as with key risks to the council associated with the award and the mobilisation of the contract and the anticipated outcomes. With regard to the key risks the appropriate methods of management and mitigation are being logged and actively monitored to ensure a successful outcome of the project. Finally, the report sets out both the cost of the current service and the expected savings expected from the preferred bidder and the costs associated with the project and the anticipated timeline that the procurement process will follow to ensure that a strategic partner is identified and in place for a contract start of April 2012.

The purpose of this final business case, to be approved with the award of the contract report, is to revisit the outline business case presented prior to invitation to tender (ITT) and ensure that the proposed approach is still able to deliver value for money, the financial and the non-financial benefits, and provide an affordable solution for the successful delivery of parking services for the borough that are aligned to both the strategic and financial objectives of the council.

1.2 Summary

There is a need for change in the parking service as, although strong in some areas, it is weak in others and has in the past frequently failed to meet activity and income targets. This is due partly to a lack of investment, but is also caused by a failure throughout the wider organisation to focus and act on the key drivers for these areas.

The solution agreed by Cabinet is to engage a delivery partner who will bring both investment and expertise, allowing the service to be raised to a new level of efficiency and effectiveness. This partner will maintain activity levels, hence income, at the required level but will reduce costs by bringing both economies of scale and expertise. It is anticipated that budgeted income will remain broadly constant at over £13 million per annum, but that the cost of delivery can be driven down from a revised gross expenditure of £3.88m to below £3.25m in the first year with further reductions in subsequent years.

This improved service will also fit with corporate objectives to form a new relationship with citizens, work in a joined-up way, and improve efficiency.

The arrangements will cover all aspects of the parking service including the provision of enforcement, processing of Penalty Charge Notices, and maintenance of the local infrastructure. Some 84 jobs will transfer to the provider, with 5 remaining to monitor

the contract and undertake those statutory functions that must be retained. The contract will not include dealing with telephone enquiries, issuing permits, or processing suspensions and dispensations to park which will be carried out by the Council's Customer Service Organisation.

The contract is to commence in April 2012 for a term of five years, but can be extended for a further two years if the council is satisfied with the way it is working.

1.3 Need for change

It is accepted that the Parking Service cannot remain as it is – income has repeatedly fallen short of projection as a result of the lack of investment and maintenance, making enforcement of non-compliance with regulations difficult. As well as a significant financial pressure, this raises a great reputational risk. Additionally, through researching other models in the market, it has been established that the current service does not provide value for money to the council when compared to the operating costs of other suppliers.

2. Strategic fit

2.1 The strategic transformation programme

The transformation programme is the council's response to address several drivers for change that have been identified:

- The financial pressures resulting from the global recession has brought the era of consistently increasing public sector budgets to an end. Within the council there is a funding gap of £53.4m over the next three years (from 2011/12), and our public sector partners face challenges of a similar scale.
- Despite consistent improvements in service delivery, satisfaction with Barnet Council, as with other local authorities, has been on a consistently downward trend.
- Digital technology continues to change and develop, as do the ways that people use it to change and grow. Residents will continue to expect us to deliver against those standards of instant information and access to services.
- Our identification of the need to develop a new partnership with our residents to deliver services in future is echoed by the Coalition Government's focus on a Big Society.
- The Government's focus on localism and devolution sets a national context for our aim to provide local leadership and join up services across the public sector.

The aim of the transformation programme is to create a citizen-centred council which ensure that citizens get the services they need to lead successful lives, and to ensure that Barnet is a successful place. The council believes that this is best delivered through the adoption of the three key principles of the programme.

- **A new relationship with citizens** - Enabling residents to access information and support and to do more for themselves
- **A one public sector approach** - Working together in a more joined up way with our public sector partners to deliver better services
- **A relentless drive for efficiency** - Delivering more choice for better value

The aim of the project is to provide a streamlined service which will result in a more efficient service that provides a better experience for customers. This would help improve the reputation of the council. As such the proposal to select a strategic partner for the delivery of a parking service fits within the programme objectives of "a relentless drive for efficiency" and "a new relationship with citizens".

2.2 Parking Service

Efficient transport provision within the borough is vital to the local economy and quality of life of both residents and visitors. The Parking Service has an essential role to play in the maintenance of order on the highway. Within Barnet effective control of parking is essential in combating the negative impact of parking on traffic movement, road safety, and essential servicing of the parking infrastructure.

The Parking Service oversees the installation and maintenance of the infrastructure that allows residents and visitors to park legally both on street and in Barnet's car parks. This has includes parking permits and pay by phone parking. Compliance with the traffic and parking regulations is through the Civil Enforcement Officers (CEO) on street and Closed Circuit TV monitoring.

3. Scope

The following areas of the Parking Service are included within the scope of this procurement. These are the provision of:

- On and off-street enforcement
- Payment collection of the parking service including pay by phone service
- Processing of Penalty Charge Notices (PCNs), including representations and appeals
- Dealing with payments and non-statutory correspondence
- Automated bus lane enforcement system
- Parking signs and lines maintenance

The current spend is approximately £6m in revenue on these services annually and the service employs over 89 staff in these areas, with a budgeted income of approximately £13.6m.

These services include the provision of parking enforcement and infrastructure maintenance. In particular, this requires the provision of: On-Street Services, which include the provision of street-based staff who primarily enforce parking regulations. There are 48 Civil Enforcement Officers (CEOs) issuing some 150,000 PCNs per annum. They are deployed on foot, by car or on motorcycles to cover the entire borough which is a mixture of Controlled Parking Zones (CPZs) and areas of location-specific controls. CEOs also undertake the inspection of some 2,000 suspected abandoned vehicles every year.

It also includes the day to day management of the parking enforcement IT software and hardware systems; hand held and portable computers/devices for the purposes of communicating, recording and reporting parking contraventions and, maintenance and support for any or all of the above. Additionally, it includes the maintenance and reporting of faults in relation to on and off street infrastructure such as parking signs and lines.

The processing of these PCNs, together with another 20,000 from an automated bus lane enforcement system, gives rise to some 75,000 items of correspondence per year. In scope is responding to informal representations and enquiries; preparing and issuing decisions and case packs for formal representations and appeals; and the receipt, processing and banking of payments at every stage. The contract will also cover debt recovery process, including providing and instructing bailiffs.

3.1 Out of Scope

The service has undergone significant transformation in the past year and more is planned as part of the overall transformation programme. The net result of this that some of the areas of the Parking Services are out of scope for externalisation. The parking customer call centre is already part of the Customer Services Organisation. Other services which are out of scope for procurement of the Parking Service are:

- Permits, Suspensions and Dispensations – this service consisting of about 4 staff is to be transferred to the Customer Service Organisation (CSO)
- Service Management (client side monitoring). This function will comprise a parking contract manager, a compliance officer, an administrative officer and two appeals and representation officers. This function will be assimilated into the corporate commissioning model when this is developed.
- Removal of abandoned vehicles – this is dealt with under a separate joint contract with Enfield and Waltham Forest.

4. Benefits Case

4.1 Strategic benefits

A good parking service will ensure compliance with Barnet Council's parking policy making sure that enforcement is carried out correctly and consistently to a high standard across the borough. It will give choice to the customer as to how and when they engage with, and pay for, the service. It will also ensure that parking signs and lines are well maintained to ensure that those parking are in a position to understand the regulations in regard to the location they wish to park.

The strategic benefits of this work will be realised both during the project and across the duration of the contract. Those benefits to be realised after the project has closed will be measured by both the contract monitoring team and through the new customer service framework. In order to ensure accurate benefit measurement the service will have a base line where appropriate.

Key strategic benefits from carrying out this project will be:

- Improved parking signs and lines will allow for greater compliance to be enforced within parking regulations leading to an improved ability to raise income from paid for parking spaces.
- By providing a better service for customers where infrastructure and signs and lines have adequate investment it will improve the reputation of the council for being able to deliver the service to a high standard.
- It will be easier for customers to carry out parking related transactions online. This will improve the service for customers and will reduce the cost of running the service.
- An improved payment collection system will result in decreased costs and increased revenue collection. The integration of the improved payment collection parking with the wider parking service provision will result in the customers receiving a more consistent and flexible range of services and will reduce the burden on the council of monitoring and coordinating the various aspects of the service.

4.2 Non-Financial benefits

The main benefit of outsourcing the Parking Service is to improve the parking provision to our citizens and make it easier for them to use the service. The financial and resource investment required to remedy the issues within parking, would be passed to a provider who will be in a better position to leverage the investment required. This investment in infrastructure would mean that compliance could be better enforced, thereby improving the income of the service. Currently the council's reputation for running parking services is low, and the expectation is that this would be addressed by bringing in an external provider to run and manage the service. The new provider would be able to draw on best practice and innovation gained for working with other local authorities.

It is recognised that the right partnership will help us to meet our efficiency targets and enhance and improve citizens' experience. This partnership must be based upon openness, transparency and trust. We expect any partner to work with us as trusted peers to meet not only our current desired outcomes but also all the new challenges we will face in the coming years. We therefore seek to achieve the following outcomes:

- To provide a service that is easy to access and simple to navigate.
- Be responsive to changing needs within the Borough and adjust service offerings accordingly.
- To provide improved parking signs and lines in the Borough to allow both for better compliance by motorists but also for better enforcement as contravention of parking regulations will be clearer.
- Improve customer satisfaction (both citizen and business customer) with the services provided in terms of ease of use, speed of response and transparency in the decision making process.
- Streamlined, efficient, integrated services which is able to respond flexibly to situations as they arise
- Fulfil all statutory requirements and meet all additional local priorities and agreements.
- Have accurate customer intelligence and record keeping using well designed technology in co-operation with customer service staff who work for the council.
- Have a well trained, well motivated workforce with more opportunities for staff development and progress.

4.3 Financial case

4.3.1 Establishing the service cost

The understanding of current service costs is key to determining and gauging potential levels of improvement. The business case has used 2011/12 budget data for both income and expenditure as a baseline. This has then been adjusted for decisions and actions taken within year that will have an affect upon the level of the service baseline at the proposed point of transfer of the services.

Table 1 shows the baseline as reported in the outline business case compared the baseline that had been recalculated for the final business case.

Revised Gross Expenditure at Point of Transfer in 2012/13	Value of Services to be Transferred	Retained Client	Gross Income
£	£	£	£
Original Baseline	4,240,427	2,195,984	13,622,100
Re-adjusted Baseline	3,880,803	2,169,517	13,622,100
Reduction in Baseline	359,624	26,467	0

Table 1

The primary reasons for the adjustments are:

- The adoption of cashless parking which has reduced both the value of the services to be transferred and the cost of those to be retained - £460,000
- A change in the assumption relating to devolved finance staff, having the effect of increasing value of the transferred services – £86,200
- Changed scope in relation the Customer Services Transformation project and the value of services proposed to be transferred to it – £12,300

4.3.2 Establishing the Potential to Improve

The outline business case used the financial model to predict what the likely benefits of a service transfer would be. This used assumptions provided by our subject matter experts, the adjustments that have been made to the baseline have also had an effect upon the value of these benefits. Table 2 shows the differences (all figures are cumulative):

Total financial Benefit (over 5 years)	2012/13	2013/14	2014/15	2015/16	2016/17	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Original Net benefits	296	465	633	801	970	3,164
Re-adjusted Net Benefits	262	420	579	738	898	2,897
Reduction in Net Benefits	(35)	(44)	(54)	(63)	(72)	(268)

Table 2

4.3.2 Financial analysis of preferred option

Bidder Selection and Price

The preferred bidder, as established by the evaluation process, is NSL and has been selected based upon the Procurement procedure as laid out in Section 5. The contract cost proposed by the preferred bidder as well as other applicable costs are laid out below in Table 3:

Contract Costs	2012/13	2013/14	2014/15	2015/16	2016/17	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
NSL - Target Costs	2,516	2,492	2,589	2,589	2,589	12,775
NSL - Maximum Performance Payment (11.4%)	287	284	295	295	295	1,455
Contract price per submission	2,802	2,776	2,884	2,884	2,884	14,230
PayByPhone (estimated)	164	164	164	164	164	820
Signs & Lines (estimated)	50	50	50	50	50	250
Performance Bond (10%)	64	64	64	64	64	319
Pension Related Charges (Estimated)	166	166	166	166	166	832
NSL - Total Contract Costs	3,246	3,220	3,328	3,328	3,328	16,451

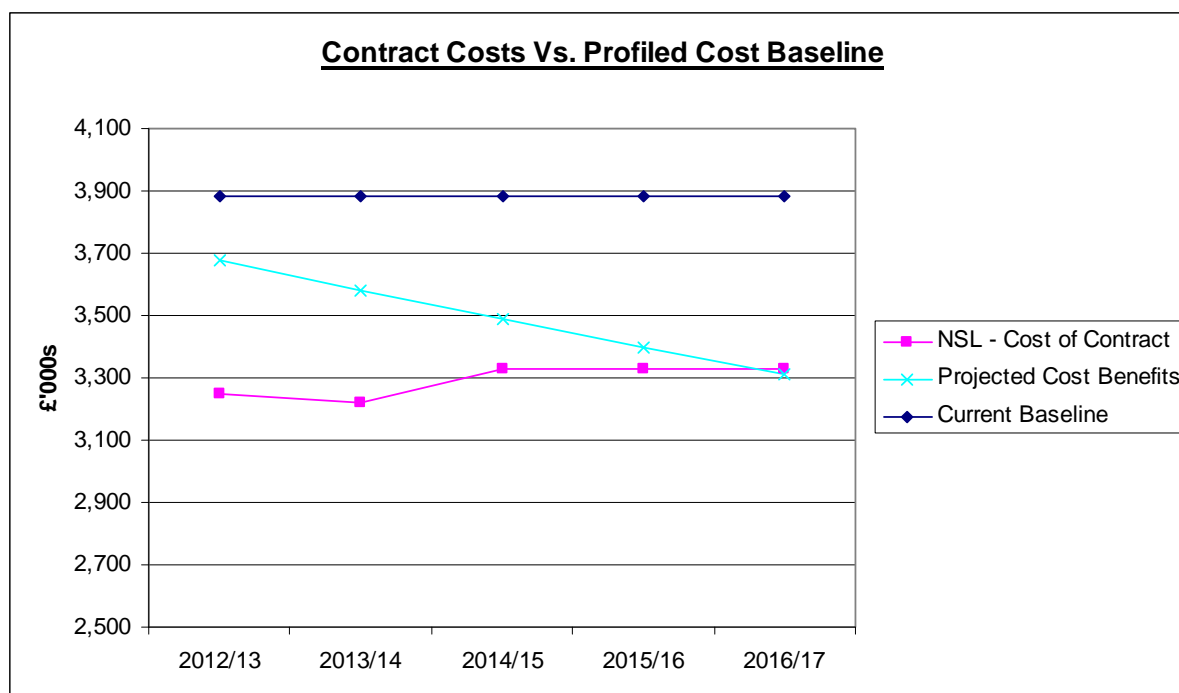
Table 3

The key points to note regarding the above costs are as follows:

- This assumes that a full KPI performance/compliance is achieved at all times, if performance drops, some of the cost will be retained by LBB rather than passed over to the provider;
- No inflation or indexation has been built into the costs and as such they are all at today's prices. Changes to the prices of items would be negotiated annually between the council and NSL through the change request mechanism;
- Pension related charges - relates to the cost of employer's pension contributions that are applicable to recovery of the pension deficit so that a like for like comparison can be made to the current baseline; and
- Changes to the costs can occur throughout the life of the contract in order that the service can adapt to changing circumstances. The Council would have to agree to any proposed changes prior to their implication. As such, these costs above are a 'snapshot' of the costs of supplying a service in which the proposed service provision is maintained.

Option Comparison

Now that we have a revised baseline, the potential benefit arising from that baseline (by applying the rationale in the original business case) and a preferred bidder's cost proposal we can compare the options in order to ensure the council is choosing the option which will achieve the most value for money.



Projected Costs of Options	2012/13	2013/14	2014/15	2015/16	2016/17	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
NSL - Cost of Contract	3,246	3,220	3,328	3,328	3,328	16,451
Projected Cost benefits	3,678	3,582	3,488	3,397	3,309	17,453
Current service baseline	3,881	3,881	3,881	3,881	3,881	19,404

Table 4

This shows that the total benefit of the contract over the period of five years and based upon current projections is £2.95m more than the current baseline, over the 5-year contract. This comparison excludes the effects of the income projections within the revised baseline calculation and projected benefits; this is to ensure that it is a like-for-like comparison.

Medium Term Financial Strategy

The Medium Term Financial Strategy (MTFS) contains savings as calculated within the Outline Business case, which must be met. These are shown in the table below, alongside the cost savings from the contract:

MTFS Table (Cumulative Basis):	2012/13	2013/14	2014/15	Total
Alternative Parking Delivery	£'000s	£'000s	£'000s	£'000s
Cost reductions	237	344	447	1,028
Income increases	59	121	186	366
Total MTFS target	296	465	633	1,394
Total contract savings	635	661	553	1,849

Table 5

Parking income

It is not permitted for the Council to contract for a service provider to achieve specific income targets in relation to the Parking Service, the contract is to ensure that enforcement activity takes place. Within this contract all of the income budgets remain with the council and all income raised will be passed to the council.

NSL will be rewarded on performance that is strictly tied to their achievement of the key performance indicators (KPIs) as set by the council. These indicators include ensuring that enforcement officers are patrolling controlled parking zones properly, ensuring that any tickets issued are processed efficiently and any debts are collected effectively. Performance indicators do not include any income targets.

Net Present Value Assessment

The NPV technique allows the comparison of various options by producing one simple figure for each. It does this by using the time value of money to appraise long-term projects. The appropriate discount factor used is the Treasury Green Book value of 3.5%.

NPV Calculation	2012/13	2013/14	2014/15	2015/16	2016/17	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
NSL Proposal Costs	3,246	3,111	3,107	3,002	2,900	15,366
LBB Recalculated Baseline	3,881	3,750	3,623	3,500	3,382	18,135
NPV Factor (3.5% DF)	1	0.966	0.934	0.902	0.871	

Table 6

In this case, the option with the lowest NPV (indicating lowest cost) is the option to use NSL as the service provider when compared to the current baseline. The baseline is decreasing due to two things:

- The time value of money; and
- That there is no indexation or inflation built into the contract costs.

Within the contract there is a mechanism by which prices can change through the change control mechanism. This will be a negotiation between the council and NSL regarding any amendments to the contract price, and the council has to agree any increases. There are not any automatic indexation mechanisms within the contract e.g. RPI linkages.

Sensitivity Analysis

In order to establish how sensitive the proposed savings are in relation to fluctuations in the cost of the service an exercise was carried out to show the effects of an increase in costs upon the ability of the MTFS targets to be met.

Analysis shows that if costs increased by 8.39% the MTFS target would still be met over the 3 year period. Any increase of cost over this % would mean that the MTFS target would not be met.

8.39% Increase in Costs	2012/13	2013/14	2014/15	Total
8.39%	£'000s	£'000s	£'000s	£'000s
NSL - Cost of Contract	3,246	3,220	3,328	9,795
Original Savings over Baseline	634	661	553	1,848
Additional % cost	(272)	(270)	(279)	(822)
Adjusted Savings over Baseline	362	390	273	1,026
MTFS - Total Cost related Benefit	237	343	446	1,026
MTFS - Met?	Yes	Yes	No	Yes

Table 7

Cashflow

In terms of effects on cashflow, there are no effects beyond those that are implied within the cost schedule. There is no requirement upon the council to invest or tie-up large amounts of cash as part of the contract. The contract is paid on a monthly basis in arrears; this will help the council to predict its cashflow reliably without NSL 'holding' any cash unnecessarily.

5. Commercial Aspects

As the procurement is for a single service where the service requirements are clearly established and the cross over between the Customer Service Organisation and the Parking Service has been established it was considered that the restricted procurement route, rather than competitive dialogue, ensured best value for money for the council. As added advantage was that the restricted procedure is less time consuming for staff involved and has lower procurement costs whilst still ensuring the most satisfactory outcome for the council.

The restricted procedure is a two-staged process. Providers are requested to express an interest in the contract following publication of a contract notice in the OJEU. Following an assessment of those providers who have expressed an interest, the contracting authority must draw up a shortlist of those providers it will invite to tender.

Following the decision by Cabinet on 29 November 2010 to approve the outsourcing of the current parking enforcement services, a project team was set up comprising of officers from Parking Services, Commercial Services, Finance, Human Resources and Legal Services. The pre-qualification stage also included input from, Environmental Health and Health and Safety.

The team was assisted by the Legal Advisers to the transformation programme. All key documents and correspondence were reviewed by the Legal Advisors prior to completion and dispatch to tendering companies.

5.1 Procurement process

The project followed the restricted tender process as contained in the Council's Corporate Procurement Rules. To this end, a tender notice was advertised in the Official Journal of the European Union (OJEU) on 6 April 2011 inviting interested parties to complete the Tender pre qualification Questionnaire. The tender notice detailed the general content and scope of the parking services to include its component parts, namely the following:

- On and Off Street Parking Enforcement
- Penalty Charge Notice Processing
- Administering Payments and Non Statutory Notices
- Suspension of Parking Bays
- Provision of a Cashless Parking Payment System
- Provision of a Parking IT System
- Issue of Parking Permits
- Issue of Parking Dispensations
- Signs and Lines Maintenance

The tender notice also detailed that the Council envisaged the selection of the top 5 scoring companies for subsequent Invitation to Tender.

The Council currently has a contract with Civica plc for the provision of a parking I.T system, which expires on 31 March 2014. The I.T. system includes all the required elements for issuing and processing PCNs, the production of management reports and is a fully managed service. Novation of this contract was initially considered but is not feasible in terms cost and for operational reasons. The tender specification therefore detailed that the new Parking Enforcement Contractor would have use of the Civica system from April 2012 to March 2014. From April 2014 onwards, the Parking Contractor is to provide the I.T system. Tendering companies were therefore requested to provide I.T costs for the period April 2014 to March 2017.

5.1.1 Pre – Qualification & Invitation to Tender

A total of twenty four Pre Qualification Questionnaires (PQQ's) were requested of which eight completed questionnaires were returned on 23 May 2011. The evaluation team scored the questionnaires in accordance with a pre-determined criteria covering: Experience, Capacity, Financial Viability, Environmental Aspects, Health and Safety. The results were presented to the Parking Challenge Board. The Board agreed to the short listing of the top seven scoring companies for 'Invitation to Tender' which included the market leaders in the parking enforcement and related services.

5.1.2 Tender Evaluation

Completed Tenders were returned on 16 September 2011. One of the organisation invited to tender decided to withdraw from the tender. Two other organisations choose to combine their bids to deliver our end-to-end parking service requirements.

Tenders were evaluated on the basis of the most economically advantageous tender according to the criteria and corresponding weightings set out in the table below and notified to the bidders with the Invitation to Tender. The evaluation was based on a combination of Quality and Price with the ratio of 60/40 (60 Quality and 40 Price).

Evaluation of the HR and Finance sections was undertaken by dedicated officers from those departments, and the scores combined with other evaluations to be fed into the challenge process. Evaluation of the remainder of each bid was undertaken by an Evaluation Team made up of an officer from within the service, an officer from another authority, and a specialist consultant engaged for this purpose.

Evaluation Criteria	Weighting
Ability to deliver an effective enforcement Service	25
Performance Management and Monitoring Arrangements	17
Effective HR Practices, Professional Development and Location Issues	10
Service Change and Development	8
Cost	40
Total	100

Each tender submission detailed the total annual cost of providing parking enforcement services in accordance with the tender pricing schedule. The score for cost was calculated by taking the lowest tendered price and awarding the maximum 40 points. Higher priced tenders were awarded points based on incremental percentage deductions from 40. The results of the combined quality and cost evaluation as specified in the ITT evaluation criteria.

The key dates within the procurement process are outlined in the table below.

Cabinet – Commencement of procurement process for Parking and Related Services	November 2010
OJEU	Notice published 04 April 2011
Pre-Qualification Questionnaire process	PQQ released 05 April 2011 Completed PQQs returned 23 May 2011
Tender Process	ITT released 11 July 2011 ITT Returned 16 September 2011 Tender Evaluation completed 14 November 2011
Contract Award	6 January 2012
Commence Contract	1 April 2012

5.1.3 The Requirements

The key requirements that will form part of the service specification are set out below. This is by no means the exhaustive list of outputs and outcomes and it is entirely possible that as the specification is developed and reviewed further outputs may come to light.

- To keep the traffic control infrastructure in a good state of repair so that enforcement can be carried out,
- to establish and maintain payment systems so that charges for parking on streets and in car parks can be collected effectively,
- to provide, deploy, and manage sufficient trained staff to ensure that motorists in the borough comply with the regulations,
- to ensure that Penalty Charge Notices are correctly issued and processed with quick and accurate responses at every stage of the process,
- to report regularly on all aspects of the service so that the council has no less information from the front line than it would have if the service was to be provided directly,
- to conduct all activities in such a way as to protect and enhance the reputation of the council,
- to ensure that the service complies with the new public sector Equality Duty which came into force on 5th April 2011. The council will require the service provider to have due regard to the need to eliminate discrimination, advance equality of opportunity, and foster good relations in the course of developing policies and delivering services.

5.2 Payment mechanisms

The form of payment that is being used is to reimburse the contractor all direct costs associated with deliver of the service subject to satisfactory performance against a range of KPIs further payments of 11.4% of the cost are available to cover overhead and profit. This is based a BPA model contract which is widely used throughout the industry.

5.3 Risk allocation and transfer

Business risks will be retained by the council such as meeting business objectives, change in business direction which could be as a result of political, environmental or financial change.

Service risks will be transferred to the service provider who will be responsible for the day to day delivery against the KPIs. This will be reviewed at monthly contract management meetings.

5.4 Contract length

The council is intending to let a contract for parking services for five years with up to two years extension subject to satisfactory performance. This is considered industry standard and gives an incentive for potential suppliers to offer up front investment into the service as they would see the return on their investment across the duration of the contract.

5.5 Workforce issues

The council will continue to meet all of its statutory and contractual obligations in regard to change and its impact upon our staff. In the context of the transformation programme this means that all internal re-structures will be managed in compliance with the council's Managing Organisational Change Procedure. Where the change results in a TUPE transfer the council will meet all of its statutory obligations provided by the Transfer of Undertakings (Protection of Employment) Regulations 2006 and Best Value Authorities Staff Transfers (Pensions) Direction 2007..

An equalities impact assessment on the staff that would be currently affected by any change to the service is currently being carried out with HR.

Health and safety is an integral part of the Council's responsibility to its citizens, employees and service users. Through the procurement of services, the Council will endeavour to ensure that workers and the public are properly protected. The Council retains responsibility for third parties to carry out their responsibilities on their behalf. It is not possible to discharge these responsibilities with regards to section 3 of the Health & Safety at Work etc Act 1974.

The Council will form a framework with the successful strategic partner to ensure compliance with all legislative requirements and standards. There is the expectation to form a common set of standards and expected activity. Prior to this and throughout the procurement process, the Council will be assessing all bidders to ensure they hold the required knowledge, competencies and skills to maintain and develop the council's Health & Safety strategy in relation to the contract.

The Council as a commissioning body will monitor the contract, audit the provider, work together with the provider to assess risk and review processes and procedures. The provider will be regularly assessed against key performance indicators in health and safety to ensure the provider meets the appropriate standards and regulatory requirements.

6. Critical Success Factors, Constraints, Dependencies and Risks

6.1 Critical Success Factors

- A new supplier to deliver the parking service identified by December 2011
- A new contract with the preferred supplier for delivering parking services mobilised for April 2012
- A new contract that financially delivers an annual saving of 10% on current operating costs
- A suitable contract management team in place and trained to the appropriate standard to ensure effective contract management by February 2012.

6.2 Constraints

- Key members of the project board and team are also staff from within the Parking Service. As such they are still required to perform their day to day roles. Some of these staff will also be involved in putting together and seeing through the in-house service recovery plan. This constraint will be addressed in the resource plan.
- There are limited resources available in the programme with key staff working on this and other projects. This project must be prioritised with the programme with sufficient resources to deliver the remaining project on and within budget.

6.3 Dependencies

- In order to deliver value for money the council put in place an in-house recovery plan during 2011/12. This is delivering its aim with services streamlined and both activity and income on an upward trend. This higher baseline will set the operational goals for the new service.
- The delivery of permitted parking on the streets and in the car parks is now entirely by cashless methods, Pay by Phone, PayPoint, and the soon to be introduced Parking Vouchers. These delivery channels will be maintained through the new arrangements.
- In addition to developing a client side to monitor and manage the contract, arrangements are being made to transfer the functions of issuing Permits, Suspensions, and Dispensation to the Customer Service Organisation. Both of these changes will need to be completed before the service goes live.

- The Council, through the parking client side, will continue to operate the Contract with Civica for the IT system which supports both enforcement on the streets and the processing of Penalty Charge Notices. The supplier will have use of this system until a replacement is procured in April 2014.

6.4 Risks and Mitigation

The following risks are those considered highest in the project. The risk register is maintained by the project manager and those high risks are monitored and reviewed by the Project Board and escalated to the programme board as necessary

1. Failure of the new provider to continue the existing level of performance at the lower price could lead to change in the balance between the expenditure and income with an adverse impact on the Special Parking Account (SPA)

This risk is mitigated by close liaison with the provider during the mobilisation period and into the contract with monthly contract review meetings and escalation provisions in the contract.

2. If the procurement process is not conducted correctly it could leave the council open to the risk of legal challenge.

This risk is managed by the Procurement Manager within the procurement team supported by internal and external legal advisers to ensure the process is conducted correctly and in accordance with the Council Procurement Rules and OJEU guidance. This will prevent any valid challenges to the contract award being made.

3. There is risk that a three-way relationship between the parking provider, the customer services provider and the Council may result in some issues being passed from one provider to another if there are not clear collaboration agreement between the parties.

This risk is being managed by setting up a intelligent client management function ensuring that effective contract management is in place and that stakeholders have clear responsibility for resolving issues to provide an end-to-end service to the citizens of Barnet.