

	<p align="center">CHIEF OFFICER IN CONSULATION WITH COMMITTEE CHAIRMAN DELEGATED POWERS REPORT</p>
<p align="center">Title</p>	<p align="center">Contract Award for Civil Parking & Traffic Enforcement and Associated Services</p>
<p align="center">Report of</p>	<p>Strategic Director for Environment</p>
<p align="center">Wards</p>	<p>All</p>
<p align="center">Status</p>	<p>Public</p>
<p align="center">Enclosures</p>	<p>N/A</p>
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<h2>Summary</h2>
<p>Subject to agreeing the final terms and conditions of contract, this report seeks approval to award the Civil Parking & Traffic Enforcement and Associated Services Contract (“Enforcement Contract”) to NSL Limited, and, to enter into a contract with NSL Limited.</p> <p>The Enforcement Contract will commence on 1 November 2018, and will cover a period of 5 years, with an option to extend by up to a further 2 years at the discretion of the Council.</p>

<h2>Decisions</h2>
<p>Subject to agreeing the final terms and conditions of contract, then decision is to appoint NSL Limited to deliver the Council’s Civil Parking & Traffic Enforcement and Associated Services Contract for a period of 5 years from 1 November 2018 with an option at the Council’s discretion to extend the contract for up to a further 2 years.</p>

1. WHY THIS REPORT IS NEEDED

- 1.1 The Council's existing contract with NSL Limited ("NSL") for the provision of Parking Enforcement and Associated Services began in May 2012 and was for five years, with an option to extend for up to two years.
- 1.2 On 12 May 2016 the Council's Environment Committee agreed an extension for 18 months to the existing contract. This extension was agreed to enable the Council to explore options for delivery of the service.
- 1.3 The current parking enforcement contract expires on 31 October 2018 and to ensure continuity of service will need replacing. Investigations into alternative delivery options or differing contractual arrangements concluded that a single contract with one prime contractor would represent the best fit for the Council.
- 1.4 The council conducted a competitive tendering exercise in compliance with EU public procurement rules using the Competitive Procedure with Negotiation (CPN) process.
- 1.5 Following evaluation of the initial tenders received, the evaluation panel recommended award of the contract to NSL. NSL achieved the highest score for quality and lowest price for delivery of the contract.
- 1.6 The council has elected to award the contract on the basis of the initial tenders without negotiation which is permissible under the CPN process because we reserved the possibility of doing so in the OJEU contract notice.
- 1.7 The decision to award the contract is delegated to the Strategic Director for Environment. This report provides a summary of the benefits of the new contract and reasons for the decision.

2. REASONS FOR RECOMMENDATIONS

- 2.1 The OJEU notice and tender documentation were issued by the Council via the Barnet Procurement portal on 4 January 2018.
- 2.2 The Council elected to use the Competitive Procedure with Negotiation procurement process which also gives the additional option of negotiation should it be required.
- 2.3 The initial stage involved a selection questionnaire (SQ) to ensure that only organisations that had the requisite financial capacity and industry experience to operate a parking enforcement operation of the scale and complexity of a London Borough were invited to the second stage to submit a full bid in response to the tender documents.

2.4 The council received six SQ submissions which, after evaluation, resulted in four organisations being invited to tender. All four submitted tender responses.

2.5 Tenders were evaluated according to the following quality and price weightings:

Criteria	Weighting
Quality	50%
Price Quality Elements	12%
Price	38%

2.6 Bidders were required to respond to 10 quality method statements and one price quality method statement in response to the Council's specification and tender documentation, each of which was scored according to agreed evaluation criteria which combined to make up each bidder's total quality score. The quality scores and price score were then combined to determine the overall outcome.

2.7 The price quality element (worth 12% of the total score) assessed bidder's evidence and supporting calculations relating to their price proposal and proposed service methodologies, for example, the anticipated debt recovery performance, and process for reviewing expenditure during the life of the contract, to ensure continued value for money is being achieved.

2.8 The outcome of the scoring was as follows:

Bidder	Quality Score 50% available	Price Quality 12% available	Price 38% available	TOTAL
NSL Limited	39.90%	9.00%	38.00%	86.90%
Bidder B	32.90%	5.10%	31.04%	69.04%
Bidder C	33.40%	5.80%	25.97%	65.17%
Bidder D	32.70%	5.60%	25.31%	63.61%

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

3.1 The provision of this contract is essential to perform the council's statutory duty to manage the road network, keep traffic moving and reduce congestion. The contractor will be tasked with delivering civic parking & traffic enforcement and associated service to support the delivery of the Council's Parking Service and Traffic Management provision and associated services.

3.2 As part of the preparation for the procurement, differing options were considered and investigated. The Committee of May 2016 agreed the extension in part to facilitate two specific areas. That was to look into a joint procurement with other local authorities and to investigate the potential to bring the service in house.

- 3.3 The ability to deliver a complex service with other local authorities is contingent on the contractual positions of potential partners and the level of alignment between operational and policy objectives. The overall corporate and political imperative of all parties to enter into the shared contractual arrangements and in many cases the shared operational arrangements is also key.
- 3.4 The potential benefits of a shared contract is the reduction in procurement costs, the ability to achieve lower prices through shared functions (although with manpower centred contracts all requiring a physical presence in the Boroughs the scope of this is finite) and greater competitive bids from the market wishing to gain a significant prize.
- 3.5 The downsides of a shared contract are the reduction in scope to tailor a contract to a specific Borough's needs and the loss of flexibility through the contract term to meet changing requirements. The potential gains of this model financially may not offset the long-term cost of the reduced flexibility. There is also increased potential to reduce the number of capable bidders and miss out on a potential good fit of service or technology as a result.
- 3.6 As a result of the investigations conducted between the Council and neighbouring North London Boroughs, it was decided not to pursue a shared contractual arrangement and to proceed with a procurement for Barnet alone in 2017.
- 3.7 As part of the process of preparing for the procurement, a range of potential contractual options were considered and soft market testing was undertaken. It can broadly be said many of the smaller, niche suppliers (such as technology suppliers) preferred the Council to hold many smaller individual contracts for the differing parts of the business. This provided them with more opportunity to bid for work directly with local authorities, though most of them would also work with another prime contractor. Larger organisations providing a range of services were keener on fewer, larger contracts.
- 3.8 Having considered the matter carefully, it was decided that one single contract for all parking services would be better suited to the Borough's needs. This would achieve lower procurement costs and ongoing contract management costs, ensure a more joined up delivery of services with technology and help maximise the competitive interest from the market arising from a larger contract. The outcome of the procurement has met these expectations.
- 3.9 The Council also investigated the potential to bring the service in-house and commissioned a consultant to investigate the matter. A report was brought to Environment Committee in January 2018 which recommended against pursuing this option, which was endorsed by that committee which also agreed with continuing the procurement of the new contract.

- 3.10 The decision was made to let the contract for the same duration as the previous contract, representing an initial 5 years with a two year extension option.

4. POST DECISION IMPLEMENTATION

- 4.1 Contract monitoring and management is to be implemented promptly for the new contract to ensure that the contract is delivered in accordance with tender requirements and the new contract. A dedicated resource will be brought in to provide mobilisation management on the Council side.
- 4.2 The new contract will provide for a number of areas of innovation and optional service elements to be implemented at the discretion of the Council. Notably, this includes an option for a wider vehicle removal service.
- 4.3 A detailed mobilisation plan will be drawn up by NSL and agreed with the Council prior to contract mobilisation.

5. CORPORATE PRIORITIES AND PERFORMANCE

- 5.1.1 This procurement was conducted in line with the Council's procedures and contributes to the Council's objectives to deliver quality services and achieve financial savings.
- 5.1.2 The new contract has been drafted to place a greater focus on delivering efficient services that are easily accessible for our residents, businesses and visitors and to make use of emerging technologies to help achieve our aims and improve the service.
- 5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)**
- 5.2.1 The cost of the new contract is to be fully funded from the council's revenue budget. The pricing that has been received shows that the contract is priced to within £100k of the expenditure with the current contractor for the services in 2017/18. This is without any consideration of expected inflationary increases, which between the 2016/17 and 2017/18 financial years amounted to £130K.
- 5.2.2 The costs incurred annually on a Parking Enforcement contract are not solely based on fixed costs and therefore certain elements of the costs incurred will be expected to fluctuate based on variable volumes and outcomes related to specific elements of service delivery. The new contract includes introducing new methods of working that are focussed around advanced technology and systems, which will benefit the Council through driving efficiencies in the processing of Permits, Parking Transactions and Penalty Charge Notices, thereby reducing the costs incurred in these elements of the service.
- 5.2.3 In addition some elements of the service that are currently delivered through separate contracts (CSG Customer Services, Payment Machine maintenance, CCTV maintenance and Abandoned Vehicles removal) have been

amalgamated into the new contract and therefore it would not be appropriate to make a direct financial comparison between the existing contract and the new contract as the extent of services to be delivered under the new contract has increased. When the increased scope, inflationary factors and efficiency savings are taken into account the new contract will deliver positive financial outcomes for the Council.

5.2.4 It is also anticipated that the Council will be able to reduce its internal costs under the new contract arrangements and the revenue derived is expected to increase due to the new technological efficiencies contained within the new contract.

5.2.5 This is a good position given that the Council was perceived to have secured particularly good value in its previous procurement and it was considered a potential risk that the market would not offer the same again.

5.2.6 It is noted that the successful bidder has offered a lower profit cap than the present contract profit cap.

5.2.7 A number of service enhancements have been secured within the overall neutral price. These additional benefits include:

- i. A new KPI regime to monitor quality and performance of the contractor with individually priced penalties associated with failure, representing a significantly enhanced quality control mechanism.
- ii. Tighter KPI triggers, reducing the KPI threshold for level of erroneous PCNs issued from 2.25% to 1% and introducing measures around quality of correspondence sent, availability of public facing systems and high up-time for core functions such as CCTV cameras. Performance against KPIs will be reported to Environment Committee on a quarterly basis in line with the Council's performance reporting procedures.
- iii. Individual item pricing, ensuring we have full transparency and control on outgoings which will be directly linked to activity.
- iv. A share of savings mechanism that encourages the provider to innovate but gives the Council the benefit of any savings that arise from its own initiatives.
- v. A specification that is more detailed and comprehensive than previously and covers off areas of concern that have arisen in the recent past, including issues with cashless phone payment service delivery.
- vi. Strong interfaces with the Council's website through MyAccount and improvements to the customer experience in areas such as obtaining a parking permit or submitting a challenge to a PCN. Permits will now use outside automated data sources to reduce the number of applicants required to provide proof of address.

- vii. Innovation and new technology to be implemented throughout the life of the contract, such as use of ANPR and business analytics technology to enhance the enforcement service and direct enforcement to areas of need.
- viii. Improved debt recovery management with a panel of debt recovery agencies with a need to demonstrate good performance to keep receiving debt cases.
- ix. An improved complaints investigation regime with a KPI measure attached.

5.2.8 The Council's procurement team have been fully engaged throughout the project.

5.2.9 There are no direct staffing implications arising from this report. The existing services in scope are already under contract and therefore it is not considered that TUPE will apply to this contract. A separate review of the structure of the Parking Service will be conducted to ensure that the ongoing and future requirements of the service are met.

5.2.10 There will be IT implications arising from this report. New services are likely to require integration with the Council's system as part of the implementation phase. This will be included within the detailed mobilisation plan.

5.2.11 There will be implications for Council partners, including Capita CSG both in the implementation and ongoing use of the service. These are expected to have potential to improve channel shift of service delivery over time and not add any cost burden.

5.2.12 All impacted internal areas, partner contractors and other stakeholders have been involved throughout the process and where appropriate they contributed to the specification writing and evaluation of submissions. They have been kept fully informed throughout the process and are engaged for the next steps of mobilisation. The mobilisation resource will have as a key responsibility to manage these interfaces and relationships.

5.2.13 There are no property implications arising from this report; the contractor is required to supply their own operational base to perform the contract.

5.2.14 The new Enforcement Contract has been designed to support our ambitions for improved environmental outcomes for the Council and the wider Borough, which are linked to the Council's draft Travel and Air Quality Strategy.

5.3 **Social Value**

5.3.1 The procurement was carried out in accordance with the Public Services (Social Value Act) 2012.

5.4 Legal and Constitutional References

- 5.4.1 This procurement was carried out in accordance with the Public Contract Regulations 2015. The procurement documentation and form of contract were produced in conjunction with the Council's procurement team (provided by Capita CSG) and HB Law, who also oversaw the procurement process and tender evaluation.
- 5.4.2 This procurement was included within the procurement forward plan for the Council approved by the Policy and Resources Committee on 5 December 2017.
- 5.4.3 The award of this contract is delegated to the Strategic Director for Environment in consultation with the chair of the Environment Committee.

5.5 Risk Management

- 5.5.1 A risk register was maintained for the procurement project and reviewed by all project team members in accordance with the Council's risk management framework.
- 5.5.2 A key risk identified was the risk of delay to the appointment of the new contractor, as the existing enforcement contract was already in its extension period. In the event that the procurement process was delayed or the new contractor not able to mobilise in time, there was a significant risk to service continuity.
- 5.5.3 To mitigate this risk, a four month mobilisation period has been allowed for leading to the contract start date.

5.6 Equalities and Diversity

- 5.6.1 There are no equalities implications arising directly from the decision set out in this report.
- 5.6.2 The tender opportunity and procurement process was conducted with due regard for equalities legislation and bidders selected to submit proposals were required to have a current Equalities Policy which met legislative requirements.
- 5.6.3 In addition, bidders were asked to set out their approach to managing equalities requirements with regard to their proposed customer interface solution, and their corporate approach to recruitment and selection with specific emphasis on ensuring equality and diversity.

5.7 Corporate Parenting

5.8 N/A

5.9 Consultation and Engagement

5.9.1 A formal consultation is not required in relation to this procurement. However, should any alterations to services be considered in the life of the contract, which may require consultation, this will be undertaken.

5.10 Insight

5.10.1 Customer surveyed satisfaction and adjudication performance are the measures for the Parking Service in 2018/19.

5.10.2 The existing outsourced contract has improved satisfaction in the Parking Service from 21% in the final year of it being in house (spring 2011) to 31% in spring 2017.

5.10.3 Over the same period the adjudication performance improved, seeing the Council presently win 46% of cases compared with 36% when it was in house.

6. BACKGROUND PAPERS

6.1 None

Chairman:
Has been consulted

Signed



Date 3 July 2018

Chief Officer:
Decision maker having taken into account the views of the Chairman

Signed



Date 3rd July 2018
