

Wards Affected: All Wards

PROCUREMENT AND COMMISSIONING

4 APRIL 2017

INVITATION TO TENDER – MAIN PARKING CONTRACT (REF: CU2571)

Responsible Cabinet Member: Councillor Gifford (Cabinet Member for Place)

Report Sponsor: Tom Blackburne-Maze (Service Director Public Realm)

Author and contact: Ted Jiboye (Contract Manager, Parking) Tel: 01908 254735

Executive Summary:

This report is seeking approval to commence the tender process for the provision of parking management and enforcement services. This Tender is separated into 2 contracts (Contract 1 & Contract 2)

Contract 1 - Covers the technological aspect of the parking contract which includes software provision for location of spaces, cashless parking payments (payment for parking or permits by 'phone, internet or smart 'phone application), permits and first line notice processing. The contract duration will be 9 years but with break clauses subject to contract review every 3 years.

The estimated annual Cost for the provision of this contract is £375,000

Contract 2 – Covers the general enforcement (which would provide civil enforcement officers on the ground patrolling the streets and car parks of Milton Keynes), pay and display machine supplies, cash collection and maintenance, Multi – story car park management & sundry items. The Contract duration will be for 6 years but with a possible 3 year extension subject to a review of performance and a break clause at a midway 3 year point subject to a performance review and reassessment of resource needs to reflect benefits of new technology.

The estimated annual Cost for the provision of this contract is £1,125,000

Both contracts will commence on the 1 April 2018 but may end at separate times. The reason for this is that the technology contract will outpace the traditional labour element which is not likely to change significantly.

1. **Recommendation(s)**

- 1.1 That approval be given to tender utilising Lot 3 of the Eastern Shires Purchasing Organisation Parking Management solution framework 509, undertaking a mini competition for **Contract 1** and that approval be given to an open tender process for the procurement of **Contract 2**.

2. **Background**

- 2.1 The existing main parking contract, covering the provision of enforcement, cash collection, machine maintenance, multi-storey car park management, first line penalty charge notice processing and permit issue, currently held by Indigo, expires on 31 March 2018, and cannot be legally extended further. The current value of the contract stands at £1.6m per annum.

- 2.2 The cashless parking contract, offering payment by internet, 'phone or smart 'phone app, currently held by RingGo, has expired but has been formally waived so that the tender can coincide with the main contract. This contract is a concession contract and therefore is paid for by the customer by way of a convenience fee in addition to the parking charges and does not cost the Council.
- 2.3 The software currently used for notice processing and permit applications is supplied by Xerox of which the Council own the licences. However, Xerox has confirmed that it is discontinuing this system and will not support it past 2020; therefore there is a need to include new software in the tender.
- 2.4 With over 21,000 parking spaces, 30 borough wide off street car parks, double and single yellow line restrictions and 28 Resident permit schemes associated with contracts 1 and 2, this procurement is needed in order to meet the parking service requirements and ensure continuity of the services already in place here at Milton Keynes.
- 2.5 This report requests approval to acquire proposals for the provision of the parking contracts. The rationale for the approach to split the contracts into 2 is currently based on the fact that technology is moving at a much faster pace than the traditional labour intensive enforcement element and it is expected that having two separate contracts will enable a more cost effective response to be made to the likely changes in technology.
- 2.6 To ensure that the full benefits of the changes apparent from the supplier presentation day held on the 28 of January 2017 can be realised in terms of both cost effectiveness and the overall user experience the proposed new parking management arrangements for Milton Keynes offers, alternative contract arrangements have been considered. These included a single contract, a continued separation of the cashless parking facility, in-house notice processing. The separations of the technology and enforcement aspects into two separate contracts have emerged as the preferred choice of procurement. The availability and the use of an existing technology framework offering experienced pre-selected and OJEU (Official Journal of European Union) compliant suppliers has significant resource advantages for the authority and provides additional time for the development of the more complex of the two associated specifications and has been suggested to satisfy the procurement needs of Contract 1. As a result of these investigations, we have chosen the approach recommended in 1.1.
- 2.7 The ESPO framework does provide an OJEU compliant source of accredited supplies and is a shorter less staff intensive process. It does not unfortunately include the procurement of the resource based enforcement element of the work. The alternative open tender approach for the larger enforcement contract will appeal to a wide spectrum of possible bidders to ensure a competitive bid is achieved to deliver the maximum savings over the life of the contracts. The budget for both contracts will be in the region of £1.5m per annum based on the previous contract specification and anticipated savings as a result of technological improvements. Although flexibility is required for spend to save initiatives, consultation has been held

with neighbouring authorities to see if any economy of scale can be achieved via shared services and this will continue throughout the process building in any opportunities for further savings.

2.8 A review of the current/previous contract identified that the contract needs to be more flexible to allow for technological innovation and spend to save initiatives. The inflexibility of the current contract has caused stagnation when seen against the rapid advancement of parking technology over the period.

2.9 Specification

(a) The procurement seeks to deliver the following service objectives:

Contract 1

- (i) Customer focussed notice processing facilities
- (ii) Fully compliant and accessible Software
- (iii) Technology innovations including space locator and multi source cashless payment facilities
- (iv) Online permit Issue
- (v) Intelligent deployment opportunities for enforcement

Contract 2

- (i) Flexible approach to resourcing Parking Enforcement
 - (ii) Machine maintenance, Cash collection and replacement/upgrade
 - (iii) Multi – Storey Car Park Management
- (b) The specification for **Contract 1** can be summarised as: Flexible to allow for technological innovations that will achieve savings and allow for improved customer service by way of permit issue, parking location / availability, payment, enforcement and notice processing applications..
- (c) The specification for **Contract 2** can be summarised as: Predominantly a labour contract with the flexibility to reduce labour levels with technology improvements
- (d) Both contracts will be structured to deliver a minimum savings of 5% per annum. The intention is that this will be delivered via a programme of improved technology that may require initial investment, but over time will reduce the number of deployed Civil Enforcement Officers and also provide an enhanced customer service.

- (e) Public Services (Social Value) Act 2012 – Generally, staff involved in the main parking contract live within the local area and therefore this contract offers gainful employment.

2.10 Evaluation Criteria and Panel

The M.E.A.T evaluation for Contract 1 includes but not limited to the following tender specific requirements listed below:

- (a) Provision of an accessible and fully compliant back office software system: The system management software needs to be compliant with both regulatory and the specification requirements in executing the various (database management) tasks specified. It needs to be fully accessible to parking users, MKC management and the contractor from a full range of electronic devices. These include online computer access, smartphone, landline phone and in car devices for space location, payment, notice processing purposes and access to penalty notice data to reduce levels of challenge
- (b) Provision of a parking space availability and location capability
- (c) Provision of a multi-source cashless parking facility
- (d) Provision of first line notice processing facilities
- (e) Provision of an integrated management system that allows for the intelligent deployment of enforcement resources: As part of this the system needs to record issue of penalty notices in real time, record payments received and initiate the debt recovery process through issue of statutory notices to the owner/driver

The M.E.A.T evaluation for contract 2 includes but is not limited to the following tender specific requirements listed below

Provision of enforcement resources including equipment, training and management facilities

- (a) Payment machine frontline maintenance and upgrading/replacement
- (b) Multi Storey car park management facilities
- (c) Efficiency & Continuous Improvement

Area*	Evaluation Area	Weighting (%)
Contract 1	Tender Price	50%
	Quality	50%
Contract 2	Tender Price Rationale - This is largely a resource (labour) based offer and price needs to be the main determinant of the award (The resources referred to here are the CEO enforcement/maintenance staff and the associated contractor management team)	70%
	Quality	30%

- (d) Tenders submitted for Contract 1 and Contract 2 will be evaluated by a panel comprising of Strategic Manager Parking and Taxis, Contract Manager Parking and External Consultant. Colleagues within Finance, Legal and Corporate Procurement will be engaged to support the tender process.

2.11 Contract Terms and Conditions

- (a) Tenders will be sought for a contract period starting on 1/4/2018 and ending on 31/3/2027 (Contract 1) – subject to 3 year break clauses, and starting on 1/4/2018 and ending on 31/3/2024 (Contract 2) subject to a mid-way 3 year break clause.
- (b) The contracts will be reviewed at 3 year periods, when the authority can exercise its right to activate the break clause if it is considered that the contract is not delivering savings or improvements
- (c) The Council's standard Terms and Conditions for contract for Services will be used.

2.12 Project Management

- (a) The Council's Project Manager for the procurement is the Contract Manager, Parking. The project will be managed in accordance with the Council's project management processes and will include regular meetings & risk analysis
- (b) The Council's Senior Client Officer for the procurement is Strategic Manager Parking and Taxis and for the management of the contract is Contract Manager, Parking

3. Alternative Options

3.1 The following options appraisal has been conducted:

- (a) Do nothing, i.e. Cease to provide the services – this will result in a loss of approximately £15.2M per annum income and will not ensure

roads are kept free-flowing. By way of parking enforcement, if service was not provided MKC would not be able to collect income, manage parking for different users (e.g. employees/visitors)

- (b) Deliver the required elements of Contract 1 internally (in-source) – this generally does not achieve value for money although consideration is being given to undertaking some notice processing elements in house. The council currently does not have the capability to host the enforcement aspect of the contract in-house
- (c) Extend current contract – the contract cannot legally be extended

4. Implications

4.1 Policy

The procurement seeks to implement / apply the Council’s policy adopted by Milton Keynes Council: 2011 - 2031. The award of this contract will progress the following priorities/outcomes within the Corporate Plan 2016/2020:

Economy

Supporting our vibrant economy by working with business enterprise’ and others to ensure we have a strong, resilient economy that is equipped to meet the challenges of the 21st century and shares the benefits of growth. Parking management ensures all users have access to parking facilities

Partnerships

Delivering a collaborative partnership approach and ensuring we are working closely with all stakeholders to ensure that we build community resilience and develop our Co-operative Council ethos

Resources and Risk

The costs of this contract are met from the Parking Service Budget (Revenue) the costs identified within this exercise can be contained within the agreed budget.

N	Capital	Y	Revenue	N	Accommodation
Y	IT	Y	Medium Term Plan	Y	Asset Management

The cost to re-procure this contract is estimated at £30,000.

The Risk Assessment for this contract is available if requested or directly via Members access to GRACE. In summary:

The key opportunity secured by this contract is savings over contract term and improved customer offer. It is assessed that the delivery of this contract provides a high likelihood that will secure the opportunity defined providing the Council with a high positive Impact.

The key THREATS for this contract have been assessed as:

Risk No.	Identify Risk	Scope the potential consequences	Raw Risk Score Assume NO controls (score 1-5)			Risk Control Measures currently in place and working	Residual Risk Score WITH current controls working (score 1 – 5)			Target Score
			Consequence C	Likelihood L	C x L		Consequence C	Likelihood L	C x L	
1	A brief description of the risk, whether it is a negative or a positive for the project Inadequate choice of procurement model leading to inappropriate contract	What will happen if this risk happens? Reduction in return on investment, and potentially political implications	3	1	3	What are the mitigating steps being taken to control the risk? Square brackets [] denote developing or proposed controls, but not active yet. Clear business plan in place to support service delivery Procurement team review Compatibility assessment for range of services required.	2	1	2	
2	Tender process does not comply with GPA and OJEU guidelines resulting in legal challenge to the process	Loss of time. Failure to introduce new contract in time to provide continuity of service. Loss of reputation.	5	1	5	Standard unrestricted open tender process or appropriate framework such as ESPO to be used Clear programme in place for the procurement and service transition, with identified stages and review process defined, including procurement team review at each critical stage Open process for pre tender inquiries and responses using the authorities standard tools and portal	2	1	2	
3	Unclear or unfair assessment of tenders, resulting in legal challenge or poor value for money	Loss of time. Failure to introduce new contract in time to provide continuity of service. Loss of reputation.	5	3	15	Publish assessment criteria as a part of the invitation to tender, including scoring mechanism Define financial evaluation framework to support the agreed business plan Carry out evaluation with a team of independent evaluators, individually	2	1	2	

Risk No.	Identify Risk	Scope the potential consequences	Raw Risk Score Assume NO controls (score 1-5)			Risk Control Measures currently in place and working	Residual Risk Score WITH current controls working (score 1 – 5)			Target Score
			Consequence C	Likelihood L	C x L	What are the mitigating steps being taken to control the risk? Square brackets [] denote developing or proposed controls, but not active yet.	Consequence C	Likelihood L	C x L	
4	Risk to programme due to inadequate time for challenges to decision to be made	Loss of time. Failure to introduce new contract in time to provide continuity of service.	3	1	3	scoring the tenders and then final score to be confirmed in tender review meeting including procurement team review.	1	1	1	
5	Poor competition resulting in poor value for money	Reduction in return on investment, and potentially political implications	5	3	15	Pre market testing to understand capacity and enthusiasm in the market to provide the requirements. Clear understanding of requirements and costs required in the business plan Clearly defined specification supporting the business plan Clearly defined service transition plan to support the implementation of the new service	3	1	3	

4.2 Carbon and Energy Management

Enforcement of parking restrictions can reduce vehicle usage and therefore CO2 emissions.

4.3 Legal

The Traffic Management Act 2004 empowers Local Authorities to make Traffic Regulation Orders and enforce parking restrictions.

Contract 1 is for provision of software to support the parking enforcement services. This report proposes to procure for this contract using a framework, the ESPO (Eastern Shires Purchasing Organisation) Parking Management solution framework 509. The use of the frameworks as means of procuring for a supplier is permissible under procurement law provided that such framework has been properly procured in compliance with the law; cover the required scope of services or supplies and the value of contracts to be awarded under the framework. The framework must also be open for use by the Council. The ESPO (Eastern Shires Purchasing Organisation) Parking Management solution framework 509 has been established following a procurement exercise. It is open to all public bodies within the UK and therefore the Council can procure for supplies under it as recommended. The Council will need to comply with the terms of the framework in order to remain compliant with procurement law.

Contract 2 is proposed to be procured under the open market using MEAT as the award criteria. The price element of the MEAT has been set at 70% which is compliant with the Council's contract procedure rules. The estimated value of the contract means that it has to be advertised to the European Market through the Official Journal of the European Union. The Council's contract procedure rules require that the procurement and commissioning committee approve the commencement of all tenders where the value of the contract is estimated at £100,000. This report is seeking approval to commence tender in accordance with the Council's Contract Procedure Rules.

4.4 Other Implications

The presence of patrolling Civil Enforcement Officers can reduce crime, particularly vehicle crime.

N	Equalities/Diversity	Y	Sustainability	N	Human Rights
Y	E-Government	N	Stakeholders	Y	Crime and Disorder
Y	Carbon and Energy Policy				

4.5 Delivering a collaborative partnership approach and ensuring we are working closely with all stakeholders to ensure that we build community resilience and develop our Co-operative Council ethos.

Background Papers: None