



Report of: Executive Member for Environment and Transport

Meeting of:	Date:	Ward(s):
Executive	21 January 2021	All

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SUBJECT: Procurement Strategy for Parking Pay By Phone Service contract

1. Synopsis

- 1.1 This report seeks pre-tender approval for the procurement strategy in respect of Parking Pay by Phone Service contract in accordance with Rule 2.7 of the Council's Procurement Rules.
- 1.2 This contract will seek to appoint a supplier to provide a pay by phone service for short stay parking, e-voucher system for residents within the borough, and a cash alternative parking option. It is a 4 year contract with a further 2 year optional extension, expected to start on 1 August 2021.

2. Recommendations

- 2.1 To approve the procurement strategy for Parking Pay by Phone Service contract as outlined in this report.
- 2.2 To delegate authority to award the contract to the Corporate Director of Environment and Regeneration in consultation with the Executive Member for Environment and Transport.

3. Background

- 3.1 Nature of the service

We require a supplier to provide a pay by phone service for short stay parking and e-vouchers for residents as well as an alternative cash payment system for motorist wishing to pay by cash. The supplier will not provide or facilitate the supplier of paper vouchers which are procured through another contract.

In 2019/20, pay by phone short stay parking accounted for £10.5m income with a further £1.2m in e-voucher income. Since Covid-19 lockdown restrictions have eased there has been a shift away from the traditional paper vouchers to e-vouchers. This service needs to be procured as it is the only method of paying for short stay parking since the e-parking policy removed all traditional coin pay and display machines in the borough.

Extra Income can be generated through an increase in tariffs or changes in parking policy to an emission based parking regime. This is under consideration as part of the council's net carbon zero policy. The pay by phone system allows this without the need to change tariff plates and signs we had on traditional pay and display machines.

3.2 Estimated Value

The contract will be funded from the revenue budget within Parking Services. It is proposed that this contract is procured as a services contract (above the OJEU threshold) with a concession element with income generated from parking fees being returned to the council. The total aggregated cost to the council will be an estimated £2m paid to the provider in service charges over the duration of the contract inclusive of the optional extension.

The estimated total income generated from parking fees over six years (four years plus a two year optional extension) is £70m, and therefore the estimated net income position would be £68m once services charges are deducted from income generated. In addition the procurement pricing model also allows bidders to generate income from motorists (the concession element) for additional services such as optional text messages for receipts and reminders the value of which will be dependent on transaction/income levels which can go up or down. The council spend over the past two years on this service has been £646,045.

Continuation and further shift from paper vouchers to e-vouchers will lead to saving in printing and postage costs and similarly reduction in full time employee costs will result in some further saving. An electronic visitor voucher system will allow more proficient enforcement via automatic number plate recognition systems, which will allow a reduction in contract costs through changes in on-street civil enforcement practices which will lead to an estimated saving of £100k in parking enforcement contract costs.

This procurement exercise will ensure that we are benchmarking pricing to obtain best value for the council.

3.3 Timetable

The current contract expires on 31 July 2021. Our programme is for the new contract to be in place by 01 August 2021.

The following procurement timeline is proposed.

Activity	Key date
Approval of this procurement strategy	21 January 2021
Mini competition via framework agreement	January/February 2021
Tender return and evaluation	March/April 2021
Delegated authority approval	May/June 2021
Award Stage	July 2021
Contract start date	01 August 2021

The Head of Parking, Strategic Procurement and Legal Services have been consulted about proposals in this report. There are no plans to carry out external consultation.

3.4 Options appraisal

As part of this procurement two options were considered:

- Use of an external framework agreement
- A competitive procurement process solely for Islington

The preferred procurement route is to utilise the ESPO framework agreement 509 (Lot 3: Cashless Parking Solutions) and undertake a further mini-competition. ESPO is a public sector owned professional buying organisation (PBO), specialising in providing a wide range of goods and services to the public sector. This framework agreement offers a simple and compliant route to access the market leading suppliers and their latest products.

The ESPO framework agreement allows the council to amend the existing specification to our specific requirements without the need to advertise the requirement via OJEU, saving process time to market. The proposed approach will ensure we are only paying against our exact requirements.

The outcome of an evaluation of the G-Cloud framework agreement was that it was not suitable in this particular circumstance as it is a single supplier framework agreement which means there is no further competition element. This strategy proposes a competitive process is followed to provide best value for the council.

A full competitive process solely for Islington was another option for the procurement of a new contract but this was not considered the most suitable option mainly due to time factors. The number of providers known within the market is limited, and they are all available via the ESPO framework agreement. Therefore, the framework agreement will provide a competitive route to access providers who have already been through an OJEU compliant selection process and have experience of delivering services in a local authority environment.

3.5 Key Considerations – Economic, social and environmental sustainability

Since 2008 we have run a parking pay by phone service alongside traditional pay and display machines. In 2017 as part of the E-Parking programme, pay and display machines were switched off and we have run a cashless short stay parking system in the borough. We sought to reduce reliance on cash machines and instead offer a cash alternative at business outlets in

Islington. There are currently over 100 retail outlets that accept cash for parking transactions in the borough. These outlets are mainly small independent retailers that display the e-pay or paypoint sign. This helped those without mobile phones or credit/debit cards and those who still prefer a cash option.

In reference to the obsolete pay and display machines there are no on-going electricity charges. Redundant assets on street are being removed by Parking once UK Power Networks have removed mains power into them. The machines are then recycled by Street Environmental Services. Options explored including re-selling back to the manufacturing. However as the machine models are 20 years old, they did not want them. Other Local Authorities were either in a similar position to us and due to security concerns we could not sell them outside the industry (i.e. some interest from the public to display them in their back gardens).

The service will be managed by using the supplier's bespoke software system with access given to all relevant internal officers in Parking and Finance teams.

A Living Wage consideration report has been completed. A requirement to pay the appropriate living wage will be included as a condition of this contract. The rate will be as calculated by the Resolution Foundation, overseen by the Living Wage Commission.

As the present pay by phone system is already in place since 2008 we do not foresee any negative socio-economic issues. Furthermore the system is more environmental friendly as it reduces the need for paper tickets and vouchers, cash collection vehicles and also maintenance visits thereby reducing the carbon footprint. The removal of redundant traditional machines from street will reduce street clutter and improve the streetscape for local residents.

There are examples of innovation within the car industry for example car manufacturer, Ford have tried to develop an in-car payment system. However, with several different pay by phone suppliers and dozens of different car manufacturers, a 'one size fits all' system is years away. Paying by mobile phone is currently the most environmental sustainable way of paying for parking.

Post Covid-19, the e-voucher system offers vulnerable residents a contactless free way of purchasing visitor vouchers and permission to park for their visitors and tradespeople.

The "Transfer of Undertakings (Protection of Employment) Regulations 2006" as amended by the "Collective Redundancies and Transfer of Undertakings (Protection of Employment) (Amendment) Regulations 2014" may apply to this Procurement. Any TUPE transfer will be the responsibility of the transferor and transferee.

3.6 Evaluation

The ESPO framework agreement available to public sector entities will be utilised. The framework agreement allows for mini-competition and permits call-off contracts for up to six years and can be tailored to encompass local social value requirements which are key to council's objectives and aligns with our procurement aims. The ESPO framework agreement has the level of flexibility where Islington can conduct its own mini-competition to drive competitive pricing and structure and to find the best fit that aligns with our key objectives and requirements. This route also allows Islington to request suppliers tailor their offer to match our social value priorities and measurable local benefits.

The evaluation criteria will be 60% cost 40% quality, including 20% social value.

The Quality criteria (40%) will be made up of method statement questions:

- 20% on proposed methodology and approach on social value, limiting social exclusion and promote accessibility and Islington’s aim of Net Zero Carbon by 2030.
- 10% on proposed methodology and approach for undertaking and service delivery.
- 5% on proposed methodology and approach of management information and reports.
- 5% on proposed methodology and approach of training and technical support

The cost criteria (60%) will be assessed by evaluating the submitted financial offers within the pricing schedules returned. Scores will be assigned by measuring each financial offer against the most economically advantageous nett tendered submission. The most economically advantageous financial offer will achieve the maximum score and all other financial offers returned will subsequently be allocated a proportionate percentage score.

3.7 Business Risks

The business risk associated with this procurement are

- Failure to appoint a suitable supplier following tender process. To mitigate this we are using the ESPO framework agreement which has an approved number of suppliers capable of delivering to our specification.
- Delays to the procurement process result in limited mobilisation time in the event a new supplier is chosen. Project plan is in place to ensure timescales are met.

This procurement exercise is intended to ensure continuity of service so there should be no implications to service users. The specification for the contract will include the ability to implement vehicle emission charging which will contribute to the net zero carbon policy by 2030.

3.8 The Employment Relations Act 1999 (Blacklist) Regulations 2010 explicitly prohibit the compilation, use, sale or supply of blacklists containing details of trade union members and their activities. Following a motion to full Council on 26 March 2013, all tenderers will be required to complete an anti-blacklisting declaration. Where an organisation is unable to declare that they have never blacklisted, they will be required to evidence that they have 'self-cleansed'. The Council will not award a contract to organisations found guilty of blacklisting unless they have demonstrated 'self-cleansing' and taken adequate measures to remedy past actions and prevent re-occurrences.

3.9 The following relevant information is required to be specifically approved by the Executive in accordance with rule 2.8 of the Procurement Rules:

Relevant information	Information/section in report
1 Nature of the service	We require a supplier to provide a pay by phone service for short stay parking and visitor e-vouchers See paragraph 3.1

2 Estimated value	The estimated value per year is £333,333.00 The agreement is proposed to run for a period of four years with an optional extension of two years. See paragraph 3.2
3 Timetable	The new contract must be in place by 1 August 2021 See paragraph 3.3
4 Options appraisal for tender procedure including consideration of collaboration opportunities	The preferred option is to use the ESPO Framework Agreement See paragraph 3.4
5 Consideration of: Social benefit clauses; London Living Wage; Best value; TUPE, pensions and other staffing implications	Further details can be found within the report. See paragraph 3.5
6 Award criteria	60% cost 40% quality of which 20% will be social value See paragraph 3.6
7 Any business risks associated with entering the contract	See paragraph 3.7
8 Any other relevant financial, legal or other considerations.	See paragraph 4.1 and 4.2

4. Implications

4.1 Financial implications:

It is estimated that around £2million of service payments based upon collection of around £70million of paid for parking collected under the contract over the maximum 6 year period. The cost of the contract will be met from existing budgets from within the ring-fenced parking account

4.2 Legal Implications:

The council may fix charges for pay and display parking under section 45 of the Road Traffic Regulations Act 1984. Accordingly, the council has power to enter into a contract for the collection of such parking charges (section 1 of the Local Government (Contracts) Act 1997). The estimated value of the proposed contract is above the financial threshold for application of the Public Contracts Regulations 2015 (currently £189,330); Contracts above this threshold need to be procured in full compliance with the requirements of the Regulations including

advertisement in the Official Journal of the European Union. The council's Procurement Rules also require service contracts over the financial threshold to be subject to a formal competitive tender process. However, the proposed procurement strategy, to carry out a mini competition pursuant to the ESPO Cashless Payment Solution framework, an OJEU compliant competitively tendered framework agreement to which the council has access, will meet the requirements of the Regulations and the council's Procurement Rules.

On completion of the procurement process the contract may be awarded to the highest scoring tenderer subject to the tender providing value for money for the council.

The decision to award the contract is a key decision and above the Corporate Director's delegated financial level. The Executive may delegate the award of the contract to the Corporate Director (paragraph 8.1, Part 3 of the Constitution).

4.3 Environmental Implications and contribution to achieving a net zero carbon Islington by 2030:

An Environment impact scoping exercise has been carried out and it was identified that the proposals in this report would have no impact on the following;

Use of natural resources

Traffic and Transportation

Waste and recycling

Climate change adaptation

Biodiversity

Pollution

There will be energy use to power the IT requirements such as Network servers. The tenderers will be asked about their commitment to using sustainable energy sources for service delivery.

4.4 Resident Impact Assessment:

The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.

A resident impact assessment was completed on 18 August 2020 and no adverse impacts were identified. The RIA is attached at Appendix 1.

5. Reason for recommendations

- 5.1 Pay by phone is the only method at point of parking for paying for short stay parking in the borough and it is a necessity to establish a new contract in place for 01 August 2021 to allow continuation of the service.

Appendices

- Appendix 1 - Resident Impact Assessment

Background papers: None

Final report clearance:

Signed by:



5.1.21

Executive Member for Environment & Transport Date

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