

Report of: Executive Member for Environment and Transport

Meeting of:	Date:	Ward(s):
Executive	24 March 2022	All

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SUBJECT: Procurement Strategy and Contract Award for Parking Pay By Phone Service contract

1. Synopsis

- 1.1 This report seeks pre-tender approval for the procurement strategy and contract award in respect of Parking Pay by Phone Service contract in accordance with Rule 2.7 of the Council's Procurement Rules.
- 1.2 The current contract expires on 31 March 2022.
- 1.3 In January 2021, the Executive agreed a Procurement Strategy to run a mini-competition through the ESPO framework. However this procurement process has been cancelled in view of relatively recent developments in a business model (National Parking Platform) which allows for the participation of several providers within the geographical boundaries of one local authority. After careful consideration a different option is now recommended as outlined below.

2. Recommendations

- 2.1 To approve the procurement strategy and contract award for Parking Pay by Phone Service contract to Park-Now Ltd via a direct call-off contract through the ESPO framework agreement 509-19 Parking Management Solutions, Lot 3 (cashless parking solution), for a period of two (2) years commencing on 1 April 2022 with the option for the council to extend for one (1) year.

3. Background

3.1 Nature of the service

In January 2021, the Executive agreed a Procurement Strategy to run a mini-competition through the ESPO framework. However this procurement process has been cancelled in view of relatively recent developments in a business model (National Parking Platform) which allows for the participation of several providers within the geographical boundaries of one local authority. The council after careful consideration decided that a contract award of up to 6 years (4 years plus an optional extension of 2 years) does not permit it the necessary flexibility to carefully research and consider the potential of this new business model.

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. The pay by phone system allows this without the need to change tariff plates and signs we had on traditional pay and display machines.

Since 2016, Park-Now Ltd have been the incumbent in Islington and helped develop our emission based parking regime for short stay parking and e-voucher service for residents. It is proposed from April 2022, the emission based parking will be rolled out to e-vouchers.

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 £249k 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 3 years (two years plus a one year optional extension) is £36m, and therefore the estimated net income position would be £35¾m 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 will range between £100,000 and £150,000 per annum) 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 £545,000.

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 existing contract expired on 31 July 2021, with a further extension until 31 March 2022. The new contract needs to be in place from 1 April 2022. The procurement timetable is there:

- Approval of Procurement Strategy and Award – March 2022
- Award of contract – March 2022
- Mobilisation and Contract start – April 2022

Legal Services and Strategic Procurement have been consulted on this procurement strategy

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
- In-house option
- Collaboration with other local authorities

The preferred procurement route is to utilise the ESPO framework agreement 509 (Lot 3: Cashless Parking Solutions) and award via direct call-off. 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 council embarked on the mini competition route through the ESPO framework on a 4 years plus 2 year extension but decided recent developments in the National Parking Platform (NPP) mean a shorter and more flexible award would be suited. The NPP allows multiple suppliers to operate in one authority given better choice to consumers. This solution has been running in Manchester since June 2021 and we envisage by 2024 it will be established to be rolled out in the borough. Therefore the preferred length of direct award will be 2 years plus 1 year extension. The framework also allows the council to exercise a 12-month break clause should it be required.

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.

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.

As part of the developing procurement strategy, the in-house option was considered first, to determine whether the Council could develop, build, and maintain its own pay by phone system. Discussions have taken place between Parking and Digital Services, and it was concluded that it would not represent value for money. The market advantage that the current (and other suppliers) have is that they have developed and evolved their cloud hosted, on-line, telephone and app systems on such a large scale that they can pass economies of that scale onto Local Authority Customers. This includes technical support engineers, operations desk, contact centre staff and Payment Card Industry (PCI) standards. All of these would have to be procured.

The in-house option is not feasible due to the level of expertise and funding that would be required to develop and maintain a cashless system, discussions held with IDS ascertained that the costs of implementation and maintenance are prohibitive. It has also been confirmed that no other local authority in the UK have their own bespoke pay by phone system in operation as it is not a commercially viable option.

IDS have confirmed the following:

Parking services have a contract with Park Now to enable the council to accept cashless payments for short stay parking and e-visitor parking vouchers within Islington. The payment solution is hosted and there are secure integrations into the council back-office enforcement system and finance system. As a payments service, it is subject to a broad regulatory framework as well as industry compliance (such as PCI for the Payments Card Industry). The current arrangement meets Islington Digital Services technology architecture principles and cloud agenda to ensure resident transactions are reliable and secure.

The council does not have the necessary infrastructure or in-house expertise to create a comparable service. The dynamic and feature-rich experience offered by parking payment providers differs significantly from the typical 'billed payments' processed by the council. It would take years of disproportionate investment to establish a resilient, secure service and obtain the necessary certifications. In addition, the very small volumes of transactions (approximately one million a year) would make any investment uneconomic in an industry that processes some fifty million card transactions per day.

Therefore, the option recommended provides the best value for money, continuity on a resident, business and customer perspective and can be implemented by 1st April 2022.

Collaboration was not possible due to neighbouring boroughs still in within their existing contract terms.

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 London 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 one car manufacturer, 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.

As part of their social value contribution, Park-Now Ltd, will donate 1 tree for every 10,000 transactions, processed in 2019/20, to be supplied to the council. This will equate to @200 trees. Furthermore their staff will undertake voluntary hours to the charity, Friends of Gillespie Park.

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

A direct call-off contract will be undertaken via the ESPO framework agreement. The original framework agreement was awarded on the basis of cost/quality award criteria split of 60% cost/40% quality. The ESPO framework agreement allows for a direct award of a call-off contract.

Under the call-off, the optional SMS cost to the service users will reduce from 20p to 10p per message and the service charge to the council will reduce from 20p to 4p per transaction. Licensing and maintenance costs will also reduce by 50% under the new agreement.

The proposed call-off will ensure best value to the council through business continuity and continuous service improvement. The council is satisfied that Park-Now Ltd will offer best value to the council.

3.7 Business Risks

Failure to appoint a suitable supplier presents a significant risk to the council and service delivery to residents and visitors to the borough. To mitigate this we are using the ESPO framework agreement which has an approved number of suppliers capable of delivering to our specification.

The direct award call-off 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 £83,094.00

	The agreement is proposed to run for a period of two years with an optional extension of one year. See paragraph 3.2
3 Timetable	The new contract must be in place by 1 April 2022. 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	As outlined in the report. See paragraph 3.5
6 Award criteria	As outlined in the report. See paragraph 3.6
7 Any business risks associated with entering the contract	As outlined in the report. 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:

The cost of the contract is £249,000 and will be met from existing budgets from within the ring-fenced parking account.

4.2 Legal Implications:

a) This Report provides authority for the Executive to approve a council award of a contract for Parking Pay by Phone Service contract to Park-Now Ltd via a direct call-off contract through the ESPO framework agreement 509, Lot 3 (cashless parking solution) for a period of 2 years commencing on 1 April 2022 with the option for the council to extend for 1 year with a total contract value over the maximum 3-year period of c£249,000 (revenue spend).

b) The ESPO 509 Framework runs from 4th April 2019 to 31st March 2023 and is compliant with the Public Contracts Regulations 2015.

c) The total contract value is over the threshold for services under the Public Contracts Regulations 2015 [as incorporated into UK law and subject to The Public Procurement (Amendment etc.) (EU Exit) Regulations 2020].

d) The proposed procurement route is a compliant route to market.

e) The process outlined in the body of this Report is compliant with the council's Procurement Rules.

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. Park-Now are a Carbon Neutral Organisation.

4.4 Equalities 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.

After a EIA screening assessment, a full EIA is not required as this is a continuation of an existing service.

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 April 2022 to allow continuation of the service.

5.2 The direct award to Park-Now will allow business continuity and implementation of the emission based charging for e-vouchers and associated savings proposed from April 2022.

Appendices: None

Background papers: None

Final report clearance:

Signed by:



11.3.22

Executive Member for Environment and
Transport

Date

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