

<p align="center">London Borough of Hammersmith & Fulham</p> <p align="center">CABINET</p> <p align="center">8 OCTOBER 2018</p>	
<p align="center">BUSINESS CASE & PROCUREMENT STRATEGY FOR BLUE BADGE INVESTIGATION AND ENFORCEMENT SERVICES</p>	
<p>Report of the Cabinet Member for the Environment: Councillor Wesley Harcourt</p>	
<p>Open Report</p>	
<p>Classification: For decision Key Decision: Yes</p>	
<p>Consultation: Legal, Procurement, Finance, Economic Development, and Blue Badge teams.</p>	
<p>Wards Affected: All</p>	
<p>Accountable Director: Mahmood Siddiqi, Director for Highways & Parks</p>	
<p>Report Author: Osagie Ezekiel, Assistant Head of Parking Services</p>	<p>Contact Details: Tel: 020 8753 3264 E-mail: Osa.ezekiel@lbhf.gov.uk</p>

1. EXECUTIVE SUMMARY

- 1.1. This report seeks permission to procure a contract for the provision of Blue Badge Investigation and Enforcement Services.

2. RECOMMENDATIONS

- 2.1. That in accordance with the Council's Contracts Standing Orders, the Cabinet approves the Business Case & Procurement Strategy for Blue Badge Investigation and Enforcement Services as set out in Appendix 1 attached.
- 2.2. That the Cabinet delegates authority to award the contract to the Director of Highways & Parks in consultation with the Cabinet Member for the Environment.

3. REASONS FOR RECOMMENDATIONS

- 3.1. To comply with the requirements contained in Contract Standing Orders to seek Cabinet approval before a regulated procurement exercise is commenced.
- 3.2. The contract is required to help tackle the abuse of disabled parking badges (blue badges) to ensure suitable parking spaces are available for those that need them.
- 3.3. Residents will benefit from having more parking spaces available if there is a reduction in the number of people abusing disabled parking badges.
- 3.4. A reduction in the number of people abusing these badges should lead to increased revenue to councils through correct payment of pay and display, pay by phone and permit charges.
- 3.5. The above align with the Council's vision statement to create a compassionate Council and be ruthlessly financially efficient.

4. PROPOSAL AND ISSUES

- 4.1. The council piloted a scheme to tackle the abuse of disabled badges (blue badges). The pilot started in May 2009 and proved to be successful in dealing with abuse of the badges.
- 4.2. A contract was directly awarded to the incumbent provider (Blue Badge Fraud Investigation Ltd) for the period 01/09/2013 to 31/08/2016.
- 4.3. There have since been two direct awards of a twelve-month contract and a four-month extension due to expire on 31/12/2018.

5. OPTIONS AND ANALYSIS OF OPTIONS

- 5.1. A Service Review Team (SRT) has undertaken a service review in accordance with Contracts Standing Orders. Appendix 1 sets out the commercial and procurement options, together with an analysis of these options.
- 5.2. The recommendation is to carry out a fully transparent and compliant procurement exercise is proposed for the award of a long-term contract.
- 5.3. The recommended term of the contract will be for five (5) years with the option to extend for two separate periods of one (1) year each. The contract will also include a break clause that will be applicable after two (2) years.
- 5.4. The estimated annual value of this contract is £65,000 and the total value of this contract (being a five-year contract with two optional one-year extensions) is £455,000.

- 5.5. Based on average costs of £180 awarded for each prosecution, we would receive around £30K per year in costs awarded.
- 5.6. The current contractor has provided a very good service to the Council and in 2017, 168 badges were seized. Of these, 90% were being misused and 10% were fake, lost, stolen, or reported as belonging to a deceased person. 169 badges were also seized in 2016 and 159 seized in 2015.
- 5.7. In March 2018, the Council won a British Parking Association Partnership award for its partnership with the incumbent enforcement contractor and the Metropolitan Police in tackling misuse of blue badges in the Borough.
- 5.8. The Council does not currently have the specialist resources to provide the services. It would also not be cost effective to provide the services in-house.

6. CONSULTATION

- 6.1. Details of consultation undertaken by the SRT are given in Appendix 1 (see Section 16).

7. EQUALITY IMPLICATIONS

- 7.1 As required by Section 149 of the Equality Act 2010, the Council has considered its obligations regarding the Public-Sector Equality Duty (PSED) and it is not anticipated that there will be any direct negative impact on groups with protected characteristics, as defined by the Act, from the procurement of this contract.
- 7.2 Residents will benefit from having more parking spaces available if there is a reduction in the number of people abusing disabled parking badges. The service will also benefit people who are genuinely using Blue Badges as there should be more suitable parking spaces available for them.
- 7.3 The service provider can also take action against people discovered to be misusing disabled badges to park without the disabled badge holder being present. Such action could include prosecution in court. This might have a negative impact on disabled people but only if it is proven that they were party to any offence relating to the misuse of their badge. In such circumstances, a disabled person may lose the use of their badge for a certain period of time if it is suspended due to misuse.
- 7.4 Implications completed by: Peter Smith, Head of Policy & Strategy, tel. 020 8753 2206.

8. LEGAL IMPLICATIONS

- 8.1. The estimated annual value of this contract is £65,000 (see paragraph 2.2 of appendix 1) and therefore for the purposes of the Public Contracts

Regulations 2015 the total value of this contract (being a five-year contract with two optional one-year extensions) is £455,000.

- 8.2. The main CPV code for this procurement will be “98351110-2 Parking enforcement services”, which is not one of the CPV codes within the light-touch regime. Thus, this procurement will be subject to the full Public Contracts Regulations 2015, being over the current threshold for services contracts of £181,302.
- 8.3. The council’s contract standing orders (CSOs) states (in table 10.2a) that, for a contract of this value, the approach must be “Use of an existing framework agreement; or Contract Notice to appear in the Official Journal of the European Union, an opportunity listing on the e-tendering system webpage and publication of a Contract Notice in “Contracts Finder”.” The proposed procurement strategy is to adopt the latter approach, i.e. a contract notice in the OJEU, and therefore the CSOs are being complied with.
- 8.4. This council has a fiduciary duty to its tax-payers (Council Tax and business rates) to, amongst other things, ensure value for money. If the council were not to pursue fraud then it could become more widespread, which would likely reduce overall revenue from parking fees. Enforcement proceedings against fraud can also generate revenue through fines. There is also the intangible but nonetheless important community benefit that comes from ensuring that fraud, of any variety, does not propagate. This must be weighed against the cost (both financial and of officer time) to facilitate this contract. These are all considerations for members when deciding if this contract is in keeping with the council’s fiduciary duty.
- 8.5. The council also has a duty under the Public Services (Social Value) Act 2012 to consider (a) how what is proposed to be procured might improve the economic, social and environmental well-being of the relevant area, and (b) how, in conducting the process of procurement, it might act with a view to securing that improvement. This duty will be met by scoring a “social value” question as part of the awarding criteria, which will be worth at least 5% of the quality assessment (see paragraph 6.2 of appendix 1). The winning tenderer will then be contractually obliged to deliver the social value proposed in its tender.
- 8.6. *Procurement and contract legal implications verified/completed by: (Hector Wakefield, solicitor at Sharpe Pritchard LLP; hwakefield@sharpepritchard.co.uk)*

9. FINANCIAL IMPLICATIONS

- 9.1. The cost of the contract will be covered by current revenue budgets within the Parking service.
- 9.2. The actual annual cost incurred during financial year ended 31 March 2018 on provision of Blue Badge fraud investigation was approximately £70,000.
- 9.3. *Implications completed by: (Mai Kebbay, Head of Parking Finance*

020 8753 4262 & Andrew Lord, Head of Strategic Planning and Monitoring, Corporate Finance, tel. 020 8753 2531).

- 9.4. *Implications were verified by Emily Hill – Assistant Director (Corporate Finance), tel. 020 8753 3145.*

10. IMPLICATIONS FOR BUSINESS

- 10.1. The procurement process will consider social and economic value within its award criteria and particularly commercial opportunities for local businesses and employment and skills opportunities for local residents.

- 10.2. *Implications verified/completed by: Albená Karameros, Economic Development Team, tel. 020 7938 8583.*

11. COMMERCIAL & PROCUREMENT IMPLICATIONS

- 11.1. The estimated value of the contract is over the statutory threshold for services, currently set at £181,302. Therefore, the procurement is subject to the full Public Contracts Regulations (PCR) 2015.

- 11.2. A Contract Notice must be published in Tenders Electronics Daily (TED) and in Contracts Finder.

- 11.3. Social Value shall be considered as part of the awarding criteria.

- 11.4. *Implications verified/completed by: Andra Ulianov, Procurement Consultant, tel. 020 8753 2284.*

12. IT IMPLICATIONS

- 12.1. The proposal relates to the investigation of fraudulent use of Blue Badges which by its nature will include analysis of personal data. The procurement needs to reference the requirements of the new Data Protection Act 2018 (GDPR). The relevant council clauses are available on the capitalSourcing system.

- 12.2. It is assumed that the successful third-party supplier will process the data through an IT system, and data handling should comply with the council's requirements as the council is still the responsible data controller.

- 12.3. The service must complete an Information Sharing Agreement and Privacy Impact Assessment to identify how the data will be shared, and this will be reviewed by the Information Management Team.

- 12.4. The third-party supplier's IT system should be capable of integrating with the council's Business Intelligence platform through open Application Programming Interfaces (APIs).

- 12.5. Implications completed by: Veronica Barella, Chief Information Officer, tel. 020 8753 2927.

13. RISK MANAGEMENT

13.1 The Blue Badge scheme is a national initiative to help disabled people to park close to their destination, either as a passenger or driver. It is a criminal offence to misuse the badge, and doing so can lead to a fine, therefore a risk to the individual. If the badge holder is using the parking concessions as a passenger (as opposed to driving the car themselves), it is their responsibility to make sure that the driver is aware of the rules governing the scheme.

13.2 The badge is for the sole use of the person named on it. It must only be displayed if the badge holder is travelling in the vehicle as a driver or passenger, or if someone is collecting them or dropping them off. The badge may not be used by other people to do something on the badge holder's behalf, such as shopping or collecting something for them, unless the badge holder is travelling with them.

13.3 Fraudulent Blue Badge parking can be categorised into two groups.

- Abuse of badges. This includes using a counterfeit badge, using a lost or stolen badge and using the badge of a deceased person.
- Misuse of genuine badges. This means using the badge when the holder is not present. Some people who fall into this category think (wrongly) that what they are doing is not fraudulent. A few will have failed to understand the restrictions on use, but most will chance their luck on the basis that it can be hard to prove. Either way, this is still a criminal offence; it can lead to prosecution and a criminal conviction.

13.4 The opportunity risk benefits of undertaking enforcement action against fraudulent use of Blue Badges are varied and far-reaching. They include:

- More space for genuine badge holders meeting the needs and expectations of disabled users.
- Better management of the kerbside. As people are discouraged from using prime locations as long-stay parking, this means a greater turnover of visitors to high streets contributing to our local economy.
- Improved traffic management and better air quality, reduction in environmental risk. For many, fraudulent use of the Blue Badge makes driving and parking a car affordable. By taking this advantage away, they are forced to switch to public transport or alternatively use the local Blue city electric car club and reducing the number of vehicles on the road.
- Increased revenue to councils through correct payment of pay and display, pay by phone and permit charges.

13.1 Regular contract meetings will be held with the contractor to discuss and monitor their performance.

13.2 *Implications verified by: Michael Sloniowski Risk Manager, tel. 020 8753 2587.*

14. OTHER IMPLICATION PARAGRAPHS

14.1. None.

15. BACKGROUND PAPERS USED IN PREPARING THIS REPORT

None.

LIST OF APPENDICES

Appendix 1 – Business Case & Procurement Strategy
Appendix 2 - Pricing Schedule

APPENDIX 1:
REPORT RELATING TO PROCUREMENT STRATEGY FOR THE
CONTRACT FOR BLUE BADGE INVESTIGATION AND
ENFORCEMENT

BUSINESS CASE

1. BUSINESS CASE – WHY THE PROCUREMENT IS NEEDED

- 1.1. The services being procured are for blue badge investigation and enforcement and will help tackle the abuse of disabled badges (blue badges).
- 1.2. Members are aware having such services benefits residents as blue badge abuse contributes to a reduction in available on-street parking spaces.
- 1.3. It is not considered to be appropriate to stop providing the services, considering the high level of disabled badge abuse encountered and the corresponding numbers of complaints received.
- 1.4. The services benefit disabled residents because they discourage the misuse of badges in disabled bays by unauthorised people which prevent disabled badge holders from parking where they need to.
- 1.5. By clamping down on abuse, some of those likely to try and abuse the scheme are also likely to park legally using pay and display facilities. Whilst this will undoubtedly lead to increased income for the Council, it can't be quantified.
- 1.6. Based on average costs of £180 awarded for each prosecution, we would receive around £30K per year in costs awarded.
- 1.7. Ending the service is likely to result in negative publicity for the Council as we would be unable to respond the many complaints we receive from residents about blue badge abuse.
- 1.8. The current contract for the services runs from 01/09/17 to 31/08/18.
- 1.9. The current contractor has provided a very good service to the Council and in 2017, 168 badges were seized. Of these, 90% were being misused and 10% were fake, lost, stolen, or reported as belonging to a deceased person. 169 badges were also seized in 2016 and 159 seized in 2015.
- 1.10. In March 2018, the Council won a British Parking Association Partnership award for its partnership with the incumbent enforcement contractor and the Metropolitan Police in tackling misuse of blue badges in the Borough.
- 1.11. The Council does not currently have the specialist resources to provide the services. It would also not be cost effective to provide the services in-house.

2. FINANCIAL INFORMATION

- 2.1. The contract cost will be covered by current revenue budgets within the Parking service.
- 2.2. The estimated annual cost of the contract is £65,000.

3. OPTIONS APPRAISAL AND RISK ASSESSMENT

- 3.1. Although this is a very specialised market, officers recognise the need for the service to be tested even if it is likely that it will result in only a few bids.

OPTION 1: Do Nothing

This option is not considered to be appropriate, considering the high level of disabled badge abuse encountered and the corresponding numbers of complaints received.

OPTION 2: Direct Award

This option would not be compliant with the Contracts Standing Orders (CSO) and the Public Contracts Regulations (PCR) 2015.

OPTION 3: Tender for a new contract (preferred option)

A fully transparent and compliant procurement exercise is proposed for the award of a long-term contract (5+1+1) to ensure best value for money for this specialist service.

4. THE MARKET

- 4.1. This is a very specialised market with very few players in the market. There is therefore, no local supply market for the services.
- 4.2. We are not aware of recent any similar tendering exercises carried out by any Councils. Some Councils carry out the services to various degrees in-house. The current contractor also provides the services to 11 other Councils, 7 in London.

PROCUREMENT STRATEGY

5. CONTRACT PACKAGE, LENGTH AND SPECIFICATION

- 5.1. This is a relatively small contract worth about £65,000 pa.
- 5.2. The term of the contract will be for five (5) years with the option to extend for

two separate periods of one (1) year each. The contract will also include a break clause that will be applicable after two (2) years.

- 5.3. The Contractor will carry out investigative work on behalf of the Council in relation to the misuse of disabled persons' blue badges on the Borough's streets and controlled off street car parks.
- 5.4. The Contractor will also provide a comprehensive enforcement service from initial observations and gathering of evidence through to the provision of prosecution reports and evidence for the Council's Legal Services to process.
- 5.5. The Contractor shall meet the following key performance indicators ("KPIs"):
 - 5.5.1. 1-month turnaround on complaints and reports about the abuse or misuse of blue badges. These reports and complaints must be investigated and dealt with and a report provided within a month from the date reported to the Contractor.
 - 5.5.2. Submission to the Council and preparation of cases for prosecution must be completed within two months from the date of seizure of the disabled badge.
 - 5.5.3. Not more than 1% of cases put forward for prosecution should be turned down by the Council for unsatisfactory evidence
- 5.6. If the Contractor fails to meet any of the KPIs twice in any four-month period, the Council will be entitled to deduct 10% of the Contractor's next monthly invoice.

6. SOCIAL VALUE, LOCAL ECONOMIC AND COMMUNITY BENEFITS

- 6.1. This is a very specialised market with very few players in the market and requires people with enforcement background and experience.
- 6.2. Social Value will be part of the awarding criteria. The criteria will be worth at least 5% of the quality assessment (50%).

7. OTHER STRATEGIC POLICY OBJECTIVES

N/A

8. STAKEHOLDER CONSULTATION

- 8.1. The key stakeholders and residents and Councillors of the Council.
- 8.2. Colleagues from the Procurement, Legal, and Economic teams have been consulted and have provided advice. Their comments are included in this report. The Cabinet member has also been consulted in advance.

9. PROCUREMENT PROCEDURE

- 9.1. The open procurement procedure will be used. As this is a specialised market with few players, there is little risk of being inundated with tenders.

10. CONTRACT AWARD CRITERIA

- 10.1. Tenders will be evaluated on a 50% weighting for Quality, and a 50% weighting for the Price.

- 10.2. This seems to strike the right balance between quality and price.

AWARD CRITERIA

1. SCORING

- 1.1. Tenders will be evaluated on a 50% weighting for Quality, and a 50% weighting for the Price.

2. PRICE

See Appendix 2 below also.

- 2.1. The **50%** on **Price** will be calculated based on the rates submitted by the Tenderer in the Form of Tender and Pricing Schedule.

- 2.2. The Price score will be calculated in 5 sections:

2.2.1. Price Section 1: Average of 3, 4, 5-day rates over 5 years. (Table A of the Pricing Schedule);

2.2.2. Price Section 3: daily rate for additional ad hoc days x 104 days (set out in Table B of the Pricing Schedule);

2.2.3. Price Section 4: aggregate daily rates for (i) training and (ii) representation at court x 24 days each (set out in Table C of the Pricing Schedule); and

2.2.4. Price Section 5: daily rate for optional additional services x 24 days (set out in Table D of the Pricing Schedule).

2.2.5. Please note that this is an evaluation model only and not indicative of actual volumes. The Council is under no obligation to purchase any additional se

- 2.3. The score for each of Price Section will be calculated by the total of 2.2 above.

Table 3: Price scoring system
Where: Tender A's rate (or aggregate rate) is £110 Tender B's rate (or aggregate rate) is £135 Tender C's rate (or aggregate rate) is £150
Applying the formula: Tender A's score: $110 \div 110 \times 100 = \mathbf{100.0}$ Tender B's score: $110 \div 135 \times 100 = \mathbf{81.5}$ Tender C's score: $110 \div 150 \times 100 = \mathbf{73.3}$

- 2.3.1. Please note that the figures are given by way of example only and are not intended to indicate the range of figures expected from Tenderers.

3. Quality

- 3.1. The **50%** on **Quality** will be evaluated based on the Tenderer's response to the Tenderer's Proposals.
- 3.2. Each of questions in the Tenderer's Proposals will be scored out of 5 on the basis set out in Table 2 below. Each score for a response to an award criterion will be multiplied by the relevant sub-weighting to arrive at a weighted score. Weighted scores will be added together to produce a total score out of 100. The overall quality weighting of 50% will then be applied.

Table 2

Score	Rating	Criteria for Awarding Score
0	Unacceptable (fail)	The information is omitted/no details provided, or irrelevant answer provided
1	Poor (fail)	The Authority has serious reservations that the Tenderer understands the requirement in the question. The proposal provides very limited evidence and assurance that the relevant aspect of the service would be delivered to the expected standard and there are serious doubts about aspects of the response.
2	Fair	The submission is superficial and generic in its scope. The Authority has some reservations that the Tenderer understands the requirement in the question. The proposal provides some limited evidence and assurance that the relevant aspect of the service or requirement would be delivered to a satisfactory standard.
3	Satisfactory	The Authority is reasonably confident that the Tenderer understands the requirement in the question and the proposal provides some satisfactory evidence and assurance that the relevant aspect of the service or requirement would be delivered to a satisfactory standard.
4	Good	The submission is robust and well documented. The Authority is confident that the Tenderer understands the requirement in the question and the proposal provides good evidence and assurance that the relevant aspect of the service or requirement would be delivered to a good standard.
5	Excellent	The proposal is innovative and adds value. The Authority is completely confident that the Tenderer understands the requirement in the question and the proposal provides very good evidence and assurance that the relevant aspects of the service or requirement would be delivered to an excellent standard.

- 3.3. Tenderers which score less than 3 for any of the questions may have their tender rejected, irrespective of their price score.
- 3.4. Tenderers may be requested to give written clarification of certain issues relating to their tender. The Tenderer's clarification response may give rise to

a moderation of the Tenderer's score such modification shall be undertaken in accordance with this award criterion.

PROJECT MANAGEMENT AND GOVERNANCE

11. PROJECT MANAGEMENT

- 11.1 Members of the service review team are Osa Ezekiel (Assistant Head of Parking Services) and Simon Jester (Accessible Transport manager).
- 11.2. Osa Ezekiel and Simon Jester will do the evaluation of returned tenders with assistance and advice from the Legal, Procurement and Finance teams as required.

12. INDICATIVE TIMETABLE

- 12.1. The contract advertisement is scheduled to be placed in October 2018 and will be appear in the OJEU, Contract Finder and Capital Esourcing
- 12.2. A recommendation on the contract award is expected to be submitted to the Cabinet Member in December 2018 for the contract to commence in January 2019.

13. CONTRACT MANAGEMENT

- 13.1. The Assistant Head of Parking Services will manage the contract.
- 13.2. The relevant KPIs are included in 5.5 above.

14. COMMERCIAL & PROCUREMENT IMPLICATIONS

- 14.1 Members are aware of the benefits to local residents of this contract as blue badge abuse contributes to the lack of space for on-street parking.
- 14.2.1 Another option is to stop enforcement. This is not considered to be appropriate considering the high level of disabled badge abuse encountered and the corresponding numbers of complaints received.
- 14.3 It is therefore believed to be necessary to go to tender.

15 CONSULTATION

- 15.1 Colleagues from the Procurement, Legal, Equalities and Economic Development teams have been consulted and have provided advice. Their comments are included in this report. The Cabinet member has also been consulted in advance.
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APPENDIX 2

PRICING SCHEDULE

I/we offer the following tender:

Quotations are required for **daily rates** on the following basis:

ENFORCEMENT RATES INCLUDING PREPARING CASES FOR PROSECUTIONS

Table A

Period	Daily rate (£)	Daily rate (£)	Daily rate (£)
	3 days/week	4 days/week	5 days/week
5 Years	£	£	£

ENFORCEMENT RATES FOR ADDITIONAL DAYS REQUESTED ON AN AD HOC BASIS

Note: This could include investigations and enforcement on Housing land

Table B

	daily rate
Additional ad hoc days	

OTHER AREAS

Table C

	daily rate
Training	
Representation of Councils at court as a witness	

OPTIONAL ADDITIONAL SERVICES

Table D

	daily rate
Issuing of summonses and carrying out prosecutions.	