

LONDON BOROUGH OF HAMMERSMITH & FULHAM

Report to: Councillor Sharon Holder - Cabinet Member for Public Realm

Date: 11/01/2023

Subject: Contract Award of the Parking Debt Management Contract

Report of: John Galsworthy – AD Parking Service

Report author: Gary Hannaway, Head of Parking Finance

Responsible Director: Bram Kainth - Strategic Director of Environment

SUMMARY

To award the Parking Debt Management Contract for three years (01/03/2023 – 01/03/2026) with the option to extend for a further two years valued at £1.5m per annum and a total of £4.5m. To appoint Marston Holdings as the primary contractor and CDER as secondary contractor. This decision has been made after careful consideration of the submissions made by five contractors to determine the organisations that could provide the best quality service and additional benefits.

RECOMMENDATIONS

1. To note that Appendix 1 is not for publication on the basis that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information) as set out in paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended).
 2. To award a contract to Marston Holdings as the appointed primary contractor who will receive 100% of the Penalty Charge Notice (PCN) debt warrants at the initiation of the contract.
 3. To award a concession contract to CDER as the secondary contractor to receive PCN warrants if not successfully enforced 6-months after receipt by Marston Holdings.
 4. To note that this split of 100% to 0% will be reviewed once capability is created within the Parking management system to ensure that cases relating to one individual will never be split between the two contractors causing them both to enforce on the same debtor at the same time. This project will be undertaken after the contract initiation and will have a targeted timeframe of 6 months.
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Wards Affected: All

Our Values	Summary of how this report aligns to the H&F Values
Building shared prosperity	As part of the contract award the successful contractors, will also provide where appropriate social, economic, and environmental benefits to the community within Hammersmith & Fulham.
Creating a compassionate council	The successful contractors will have ethical, and equality driven hardship policies in place, and this formed a key part of the weighting within the tendering process.
Doing things with local residents, not to them	There is scope for the successful suppliers to provide social benefit within the borough. For instance, running debt workshops with residents.
Being ruthlessly financially efficient	Part of the weighting within the tendering process was effective enforcement on outstanding cases.
Taking pride in H&F	The council will work with the successful contractors to ensure collectively plans are built to meet the council objective of net zero emissions by 2030.
Rising to the challenge of the climate and ecological emergency	As part of the contract award the successful contractors, will also provide where appropriate social, economic, and environmental benefits to the community within Hammersmith & Fulham.

Financial Impact

There is no direct expenditure impact relating to this contract as it is a concessionary contract. As such there is no financial impact to budgets outside of the collection of outstanding debts.

Gary Hannaway, Head of Parking Finance, 13/12/2022

Verified by Sukvinder Kalsi, 21/12/2022)

Legal Implications

This proposed contract is to enable the Council to carry out its enforcement functions under the Traffic Management Act 2004.

This is a concession contract, meaning that the risk is with the contractor and there is no expenditure on the part of the Council. Since the value of this contract is below the threshold for the Concessions Contracts Regulations 2016 to apply (currently £5,336,937) there is no requirement on the Council to follow the procedures set out in those regulations.

It is a high value contract for the purposes of the Council's Contract Standing Orders. The use of a suitable third-party framework is a compliant method of procuring a contract of this value under CSO 19.1.

The Council's Social Value Statement must be complied which states 'Social Value will also be applied to concession contracts'. This means that the contract price (turnover) must include a minimum of 10% social value.

*John Sharland, Senior solicitor (Contracts and procurement) email john.sharland@lbhf.gov.uk
Dated 15 December 2022*

DETAILED ANALYSIS

Background

1. Parking Debt Management Contract service is the final stage of the debt collection process. If all internal methods have been ineffective at retrieving outstanding PCN related debt, and the case has been registered as a legal debt with TEC it is then submitted to an enforcement agent to follow up. They will then write to the debtor before sending agents out to the registered property to attempt debt collection.
2. This Parking Debt Management Contract acts to ensure that the debt collection processes within the Hammersmith & Fulham Parking department are robust, up to the industry standard and in line with legislation.
3. The procurement strategy was approved and signed off by the Cabinet member for Public Realm on the 29 September 2022.

Summary of Procurement and Analysis of Options

4. The council ran a mini competition via the YPO framework to secure a concession contract for parking debt management activities. An evaluation panel assessed whether each contractor would be able to deliver the quality and performance expected within each aspect of the tender, whether there was evidence to support this, and whether the tender had any items above and beyond what would be expected.
5. The following areas were evaluated:

Criteria Code	Criteria	Question Weighting
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MS 1	Customer Service	30%
MS 1a	Policies Regarding Vulnerable Debtors & Hardship Arrangements	40%
MS 1b	Complaints Policies & Historical Figures	30%
MS 1c	Correspondences and Telephone capabilities	30%

Criteria Code	Criteria	Question Weighting
MS2	Service Delivery	60%
MS 2a	Proposed approach to maximising recovery of outstanding debt	50%
MS 2b	Additional Services	20%
MS 2c	Project Management, KPIs and Performance	20%
MS 2d	Innovation	10%

Criteria Code	Criteria	Question Weighting
MS 3	Social Value	10%

6. A breakdown of the combined scores for the tender is included in the table below with a more detailed breakdown included in Exempt Appendix 1:

	Marston Holdings	CDER	Provider A	Provider B	Provider C
Total Score	39	37	32	29	29

7. The most commercially viable and suitable tenderers are recommended for contract award:
- A contract award to the primary provider Marston Holdings
 - A contract Award for and the secondary provider CDER
 - Each for a three-year term, with the option to extend for a further two years.
8. In the first instance 100% of the work will be allocated to Marston Holdings and 0% to CDER. The aim in the first 6 months is to create capability within the Parking management system to ensure that cases relating to one individual will never be split between two contractors seeking to enforce on the same debt at the same time. Once this capability is available, CDER will be the secondary provider called upon if the debt has not been secured by the primary provider within 6 months.

Reasons for Decision

To agree the award of a concession contract for Parking Enforcement.

Equality Implications

9. No relevant equalities implications.

Risk Management Implications

10. As this is a concession contract, risk (in respect of cost) is transferred to the provider. Officers are also recommending appointing secondary provider to mitigate the risk that the primary provider is no longer able to provide the services covered by the contract. Both providers will be required to demonstrate need high levels of ethical and equality standards throughout the debt collection process, which is in line with the objective of creating a compassionate council.

David Hughes, Director of Audit, Fraud, Risk and Insurance, 15 December 2022

Climate and Ecological Emergency Implications

11. The council will work with the successful contractors to ensure collectively plans are built to meet the council objective of net zero emissions by 2030. This will focus on the contractor moving to a completely electric fleet of vehicles. There are no other ecological effects within the borough expected from this contract.

Implications verified by: Hinesh Mehta (Head of Climate Change, 15 December 2022)

Local Economy and Social Value Implications

12. It is a requirement that all contracts let by the council with a value above £100,000 provide social value commitments that are additional to the core services required under the contract. These commitments must amount to at least 10% in value of the price of the contract proposed.
13. Because this contract is based on collecting PCNs rather than having a direct price, the contract value has been estimated by the commissioning team has £1.5m. The 10% social value threshold has been based on this.
14. Marston committed to 59.2% social value contributions. These constitute predominately training and employing local residents on the contract including long-term workless and homeless residents, employment support for residents of the Clem Attlee, White City and Wormholt estates, a £5,000 donation to H&F foodbank, £4,500 to a local charity and £500 to LBHF's Christmas Lunch, £3,500 to Solidarity Sports, £5,000 split between H&F

Youth Zone and Young H&F Foundation, £3,000 to BEAM and £10,000 to the council to fund air quality monitoring technology.

15. CDER committed 62.1% social value. These constitute predominately training and employing local residents on the contract including long-term workless and disabled residents, hosting work experience placements, including local businesses in their supply chain, a £5,000 contribution to H&F foodbank, staff volunteering time with local charities, using low-emission vehicles on the contract and contribute to installing two public EV charging points in the borough.
16. Because PCNs will be split between these two suppliers, these social value contributions will be managed by the commissioning team on an ongoing basis such that a pro-rate of these contributions will be made based on the split of the contract they receive.
17. It is advisable that the commissioner works closely with Legal Services to ensure appropriate social value clauses are included in the contract, so that the council can enforce its right to compensation if social value commitments are not delivered.

Paul Clarke, Economic Development Officer, 14 December 2022

Procurement implications

18. This procurement has been conducted through the Yorkshire Purchasing Organisation (YPO). The results of the evaluation process have been verified against the documentation provided by the service area.
19. All evaluation and moderation papers are now uploaded on capital Esourcing reference: prj_21489. A contract entry has been created and all governance and compliance papers are to be uploaded here con_23288.

Waheeda Soomro, Procurement Team, 16 December 2022

LIST OF APPENDICES

Exempt Appendix 1