



Executive Decision Report

Decision maker(s) at each authority and date of Cabinet meeting, Cabinet Member meeting or (in the case of individual Cabinet Member decisions) the earliest date the decision will be taken	Full Cabinet 13 May 2013 London Borough of Hammersmith & Fulham (LBHF) Forward Plan reference: N/A	
	Councillor Nicholas Paget-Brown, Deputy Leader and Cabinet Member for Transportation, Environment and Leisure Date of decision (i.e. not before): 29 April 2013 The Royal Borough of Kensington and Chelsea (RBKC) Forward Plan reference: KD038555	
Report title (decision subject)	CONTRACT AWARD – BI-BOROUGH PAY & DISPLAY MACHINE MAINTENANCE SERVICES	
Reporting officer	Report by; Bi-Borough Director for Transportation and Highways, Mahmood Siddiqi	
Key decision	Yes	
Access to information classification	Public report. A separate report on the exempt Cabinet agenda provides exempt information regarding this contract.	

1. EXECUTIVE SUMMARY

- 1.1. The existing maintenance service contracts for RBKC's and LBHF's Pay and Display Machines (PDMs) expire on the 31 May 2013 and 31 March 2013 respectively. RBKC and LBHF currently have independent contracts with Metric Group Limited (MGL) for the supply of PDM maintenance services. These services continue to be essential for both authorities, and there is agreement in principle to collaboratively progress procurement of required services for both Councils. The PDMs across the two Boroughs are ageing thereby making high quality and responsive maintenance vital. This report seeks approval from members to award the Bi-Borough PDM maintenance contract to the successful bidder in the procurement process, namely MGL.

2. RECOMMENDATION

- 2.1 That a Bi-Borough three year contract with the option of a 24 month extension for 2 occasions, totalling 7 years inclusive for RBKC and LBH&F, be awarded to Metric Group Limited in accordance with option 1 as set out in this report at a tendered price of £709,817 per annum with an approximate full term total value of £4.97 million.

3. REASONS FOR DECISION

- 3.1 The existing maintenance service contracts for the Councils' PDMs expire on 31 May 2013 and 31 March 2013 for RBKC and LBH&F respectively.
- 3.2 The PDMs require ongoing preventative maintenance to keep the machines in working order and reactive maintenance to address day to day machine faults and breakdowns resulting from wear and tear and vandalism. The current single borough contract costs are £384,000 per annum at RBKC and £447,000 per annum at LBHF although in addition to this there are some costs for additional services.
- 3.3 Combining the PDM Maintenance Service contracts for both RBKC and LBHF has identified potential financial savings to be made across a number of areas and within the proposed contract there is scope to reduce the level of PDMs should either Council wish to reduce their number in the event of cashless parking being introduced.

- 3.4 The availability of spare parts for PDMs also plays a major part in this process as MGL have built and supplied all of the machines that are operational in RBKC and LBH7F. Many spare parts which are essential to the efficient running of these machines can only be sourced from MGL. Should another company have been chosen to maintain the PDMs the parts would still have to be purchased from MGL.

4. BACKGROUND

- 4.1 The primary objectives of the supply of services in the contract are to ensure that machines are operational and available for use by motorists during controlled hours. The Councils have a need to ensure that the PDM equipment is properly maintained, that any damage caused unintentionally or by acts of vandalism is speedily and professionally rectified, and that parts continue to be readily available for repair to the ageing portfolio of PDMs.
- 4.2 RBKC and LBHF have approximately 762 and 1129 PDMs on street respectively. These machines vary in both model and age across both Councils.
- 4.3 RBKC and LBHF currently have independent contracts with MGL for the supply of PDM maintenance services. These services continue to be essential for both authorities, and there is agreement in principle to collaboratively progress procurement of required services for both Councils.

5. PROPOSAL AND ISSUES

- 5.1 A contract opportunity for the replacement of this service within Parking Operations for both Councils was advertised on 6 March 2012 within the Tenders Electronic Daily (TED) publication as a restricted procedure. The tender was for a three year period with provision to extend by 24 months on two occasions. The overall length could therefore be seven years in total.
- 5.2 As a result of the pre qualification process it was apparent that one company, MGL, had met our specified needs and approval was sought to proceed with the restricted route. Details of this are outlined in the Appendix to the exempt report.

6. OPTIONS AND ANALYSIS

6.1 Option 1:

Procure a joint Bi-Borough PDM Maintenance Service between RBKC and LBHF that allows flexibility in the medium and long term with regards to a future reduction of PDMs and thereby reduced maintenance costs.

Key advantages:

- Greater efficiency savings for both Councils.
- Flexibility to review level of service in light of operational requirements (includes a sliding scale of cost based on introducing cashless parking).
- Simplification of SLA's - All machines are operational during the regulatory hours and 100% of faults are rectified within a 2 hour period.
- Extension in contract hours, on a weekly basis Monday to Saturday from; 06:00 to 17:00 to 06:00 to 18:00 in LBHF (1 hours increase) and from 06:00 to 14:00 to 06:00 to 18:00 in RBKC (4 hours increase).

Key disadvantages:

- Longer periods will elapse between the servicing intervals of some machines in LBHF
- Reduction in high level supervisory cover.

6.2 Option 2:

Do nothing and let the existing contracts for RBKC and LBHF expire. This option is not recommended as it is essential for both Councils to maintain its PDM assets.

7. EQUALITY IMPLICATIONS

7.1. No Equality issues have been identified for this report.

8. LEGAL IMPLICATIONS

8.1 The Bi-Borough Director of Law confirms both authorities have the lawful power to make the recommended decision and advises that the contract was advertised for a competitive procurement in accordance with the Public Contract Regulations. Accordingly the Director of Law endorses the recommendation in this report.

9. FINANCIAL AND RESOURCES IMPLICATIONS

- 9.1 The Bi-Borough Director for Finance (ELRS and TTS) advises that there will be a joint annual saving of £121,000 if option 1 is accepted. This represents a saving on the current contract values of £60,000 for LBHF and £61,000 for RBKC. There is sufficient budget provision in both Boroughs' budgets for this service and the savings generated will be built into the budget planning process.

Mahmood Siddiqi
Bi-Borough Director for Transportation and Highways

Nigel Pallace
Bi-Borough Executive Director of Transport and Technical Services

LOCAL GOVERNMENT ACT 2000 LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT

No.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
	None.		

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