

	<p align="center">London Borough of Hammersmith & Fulham</p> <p align="center">CABINET</p> <p align="center">12 OCTOBER 2015</p>
<p align="center">RENEWAL OF CONTRACT FOR THE COLLECTION, COUNTING AND BANKING OF MONIES FROM PAY AND DISPLAY MACHINES</p>	
<p align="center">Report of the Cabinet Member for Environment, Transport and Residents Services : Councillor Wesley Harcourt</p>	
<p>Open Report</p>	
<p>Classification - For Decision</p> <p>Key Decision: Yes</p>	
<p>Wards Affected: All</p>	
<p>Accountable Executive Director: Mahmood Siddiqi, Director for Transport and Highways</p>	
<p>Report Author: Mai Kebbay, Head of Parking Finance</p>	<p>Contact Details: Tel: 020 753 4262 E-mail: mai.kebbay@lbhf.gov.uk</p>

1. EXECUTIVE SUMMARY

- 1.1. The Council's contract for the collection, counting and banking of monies from pay and display machines is with the Royal Borough of Kensington and Chelsea expired on 31st August 2014. The contract was originally let to RBKC in 2003 for a term of 5 years. On 1 September 2009 it was extended for a period of 5 years with an option for the council to further extend on an annual basis for a maximum of two further years on the same terms and conditions.
- 1.2. Permission is therefore sought to continue with the current contract with the Royal Borough of Kensington and Chelsea on the existing terms and conditions in the sum of £973,059 until 31 August 2016.
- 1.3. There was no extension notice served nor innovation accepted before the expiry of the renewal contract. However, the parties have continued to perform the contract in the meantime, operating on an implied basis

2. RECOMMENDATIONS

- 2.1. That the contract for the collection, counting and banking of monies from pay and display machines with the Royal Borough of Kensington and Chelsea be continued on the existing terms and conditions until the 31 August 2016 at cost of £973,059 met from existing budgets.

3. INTRODUCTION AND BACKGROUND

- 3.1. In 2009, the Council renewed the contract with the Royal Borough of Kensington and Chelsea for the provision of collection, counting and banking of monies from 1100 pay and display machines in the sum of £2,377,887 for 5 years. These machines take approximately £11 million of cash per annum.
- 3.2. The renewed contract in 2009 achieved an efficiency gain which resulted in an approximate annual saving for the Council of £95k.
- 3.3. The original contract commenced in 2003 and was renewed 2009 for a further 5 years. Under the terms and conditions of the renewed contract, the Council has an option to extend the contract for a further two years which would be the final extension available.

4. PROPOSAL AND ISSUES

- 4.1. At present, RBKC are providing cash collection services for LBHF without having formally agreed to extend the current contract.
- 4.2. The current contract operates well and has resulted in a reliable and cost effective service for LBHF.
- 4.3. Given the current trials of cashless parking solutions, it is likely the amount of cash on street and numbers of pay and display machines will reduce in the coming years. It is therefore not sensible at this point to commit to a new or lengthy contract term given the requirements for the service will likely change in the near future.
- 4.4. It is therefore recommended that the current arrangements are extended until August 2016. This ensures continuity of service and allows time to take into account the impact of decisions made in relation to cashless parking.

5. ANALYSIS OF OPTIONS (CASHLESS PARKING)

- 5.1. Not to extend the contract
 - H&F would not get cash collected, unless it bought vehicles and employed staff
- 5.2. Tender for a new short-term contract
 - Time to go through the process

- Uncertainty of future requirements re cashless parking and gradual reduction in service

5.3. Extend the current contract until August 2016

- Ensures service continues to be provided
- Allows time to see the outcome of the cashless parking trials and help determine what the future requirements will be. Ensures any future contract better meets the Councils' changing needs.

6. FUTURE OF PAY & DISPLAY

6.1. LBHF are currently reviewing the existing Pay & Display infrastructure, as most of the existing on street equipment is past its life expectancy. At present no decision has been made regarding the direction that LBHF will take with its Pay & Display infrastructure. However it is expected that phone payment will be introduced across the borough during 2015 and 2016. The current ticket machines are due for replacement, however the implementation dates and the method of payment these machines will accept are yet to be determined.

6.2. Trial data suggests that about 60% of all Pay & Display revenue would be through phone payment if the system was borough wide. This would lead to a significant reduction in the amounts and frequency needed of cash collections. The current contract extension finishing in August 2016 would coincide with the final phase of phone payment roll out.

7. CONSULTATION

7.1. N/A

8. EQUALITY IMPLICATIONS

8.1. As per the Equality Act 2010, the Council must consider its obligations with regard to the Public Sector Equality Duty (PSED) when discharging its functions. In this case, officers are seeking Cabinet Member approval to extend a contract for the collection, counting and banking of monies from pay and display machines under the terms of contract. As such, there are no direct equality implications for consideration, and the Council recognises that it remains the responsible body for the service.

9. LEGAL IMPLICATIONS

9.1. The contract term ended on 31 August 2014. However, the report advises that the parties have continued to perform their obligations under it and it is reasonable to assume that an "implied" contract is in existence. Implied contracts are not explicitly provided for in Contract Standing Orders and ideally the council would not let itself become "out of contract" where uncertainty and risk can occur.

- 9.2 It is now recommended to retrospectively activate the option in the contract to extend the original term by two years so that it will end on 31 August 2016. If both parties agree and the recommendation of this report is accepted, that extension is permissible.

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10. FINANCIAL AND RESOURCES IMPLICATIONS

- 10.1. The proposed extension of the cash collection contract will be under existing terms. The cost will therefore be covered from existing budgets.

Implications verified/completed by: Gary Hannaway, Accountant 020 8753 6071.

11. RISK MANAGEMENT

- 11.1. *N/A*

12. PROCUREMENT AND IT STRATEGY IMPLICATIONS

- 12.1. The current contract with RBK&C contains an option to extend the arrangement. Although the contract expired on 31 August 2014 the RBK&C has continued to perform the contact under implied terms since that date. This report recommends that the Council continues with the existing arrangements for just over a year in order for it to move to a cashless payment system (the subject of a separate procurement).

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
1.	None.		

LIST OF APPENDICES: None