


<p style="text-align: center;">London Borough of Hammersmith & Fulham</p> <p style="text-align: center;">CABINET</p> <p style="text-align: center;">5 DECEMBER 2016</p>	
<p style="text-align: center;">ROLL-OUT OF TELEPHONE PARKING AND PROCUREMENT OF REPLACEMENT PAY AND DISPLAY MACHINES</p>	
<p>Report of the Cabinet Member for Environment, Transport and Residents Services: Councillor Wesley Harcourt</p>	
<p>Open Report</p> <p>A separate report on the exempt part of the Cabinet agenda provides exempt financial information.</p>	
<p>Classification - For Decision</p> <p>Key Decision: Yes</p>	
<p>Wards Affected: All</p>	
<p>Accountable Director: Mahmood Siddiqi - (Director of Transport and Highways)</p>	
<p>Report Author: Mai Kebbay (Head of Parking Finance)</p>	<p>Contact Details: Tel: 020 8753 4262 E-mail: mai.kebbay@lbhf.gov.uk</p>

1. EXECUTIVE SUMMARY

- 1.1 On 12 October 2015, the Cabinet approved proposals to commence tenders to introduce telephone parking borough-wide and replace the Borough's pay and display machines, delegating award to the Cabinet Member for Environment, Residents' Services and Community Safety. The tender award in relation to telephone parking was agreed by the Cabinet Member on 4 July 2016 whilst the tender to replace pay and display machines is about to commence. The council's intention is that all machines will be card only and will be supplied with a minimum three-year warranty.
- 1.2 Once telephone parking is rolled out and the pay and display machines replaced, the London Borough of Hammersmith and Fulham (LBHF) will no longer require a cash collection service. Pay and display maintenance requirements will also change markedly as there will be significantly less machines, which will be covered by warranty, and the lack of cash should

result in a reduction in vandalism caused by attempted thefts. In the intervening period, though, the Council needs to maintain the existing cash collection and maintenance services. This means entering into a new one-year contract with RBKC for the cash collection service and extending the Pay and Display maintenance contract with Metric by up to two years.

- 1.3 The existing pay and display maintenance contract is shared with RBKC having been awarded to Metric Group Ltd (MGL) in March 2013. It is a seven-year term arrangement consisting of an initial three-year contract with the option to extend for 24 months on two occasions thereafter. The current annual cost to LBHF is £373,014
- 1.4 This report seeks to extend the existing contract by up to 2 years. Notice will be served (the contract provides for a minimum notice period of six months) so as to synchronise with the installation of the replacement machines.
- 1.5 The contract for the collection, counting and banking of monies from pay and display machines is with RBKC, expired on 31 August 2016. 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. In 2015, the Council retrospectively 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 £973,059 for 2 years. The current annual cash income being processed by RBKC under this contract is approximately £11million. The current annual cost to LBHF is £484,367.
- 1.6 This report seeks approval to make an award to RBKC for a new contract for up to 12 months to provide the collection, counting and banking of monies from pay and display machines on the existing terms and conditions at a cost of approximately £486,000 to be met from existing budgets.

2 RECOMMENDATIONS

- 2.1 To approve the extension of the contract that LBHF and RBKC have with Metric Group Ltd is extended for up to 24 months commencing 1st September 2016 at an annual cost of £373,014 which will be met from existing budgets.
- 2.2 To waive the competition requirements of the Council's Contracts Standing Orders and make a direct award a contract to the Royal Borough of Kensington and Chelsea for the provision for the collection, counting and banking of monies from pay and display machines on the existing terms and conditions for a period of up to 12 months commencing on 1 September 2016 at a cost of up to £486,000 to be met from existing budgets

3 REASONS FOR DECISION

- 3.1 The Council's Pay-and-Display machines require both routine, preventative maintenance to keep the machines in working order and reactive maintenance to address day-day-today machine faults and breakdowns.
- 3.2 Awarding the 24-month extension to MGL will enable service continuity until telephone parking is fully rolled out and the Councils' pay and display machines are replaced.
- 3.3 Until the Council reaches the cash free environment once telephone parking is fully rolled out and the pay and display machines are replaced, the cash collection service provided by RBKC is required.
- 3.4 The contract with the Royal Borough of Kensington and Chelsea for the provision for the collection, counting and banking of monies from pay and display machines continues to provide best value for money and 99.4% of collections were made and banked within the contract's key performance indicator specified time of 100%.

4 PROPOSAL AND ISSUES

- 4.1 The introduction of the new pay and display parking arrangement has meant that the existing ticket machines and their associated contracts will be replaced. In the interim period the ticket machines need to continue to be maintained and have the cash collected from them.
- 4.2 In order to continue collection revenue, the Council needs the current cash collection arrangement to continue until replacement card only machines are introduced. Due to the short length of time that the cash collection is required to continue for, it has been recommended that a tender is not appropriate.
- 4.3 The tender process for the new ticket machines has begun, however as it is not yet complete the existing machines will need to continue operating until replacements can be obtained. In order for these machines to continue functioning the Council needs to continue the existing maintenance arrangements until the replacement machines are introduced. The maintenance of the existing machines can only practically be undertaken by the existing operator, which requires the extension of the existing contract.

5 OPTIONS AND ANALYSIS OF OPTIONS

- 5.1 Consideration has been given to tendering for the maintenance and cash collection services. However, due to the length of time involved in requiring these services it is unlikely that a tender process would be completed and agreed before the requirement for the services ends. Therefore, the only viable option is to continue with the existing arrangements for cash collection and maintenance of the Council's pay and display machines until the new machines are installed.

6 CONSULTATION

A consultation has been conducted with :-

- Legal Service
- Procurement Services
- TTS Departmental Finance
- Shared Parking Senior Management Team

7 EQUALITY IMPLICATIONS

7.1 There are no equality implications as a result of the recommendations in this report.

8 LEGAL IMPLICATIONS

- 8.1. The Cabinet has power under CSO 20.3 (c) to extend the contract for maintenance of pay and display machines with Metric Group Limited.
- 8.2. The Cabinet has power under CSO 17.3.2 to approve an award of contract for Pay and Display machines to RBKC.
- 8.3. Further legal comments are contained in the exempt part of the report.
- 8.4. *Implications verified/completed by: Margaret O'Connor, Solicitor, Legal Services-0207 641 2782.*

9. FINANCIAL IMPLICATIONS

- 9.1. The proposals to extend the pay display maintenance and cash collection contracts are under the current terms. There are therefore no changes in the cost of the contracts to the council.
- 9.2. The costs of these contracts are expected to reduce as the current machines are replaced by new card only machines. This will mean there is no longer a cost of cash collection (an annual reduction of £486,000), and the cost of maintenance is estimated to reduce by £201,000 per year.
- 9.3. This reduction in cost is expected to be offset by additional costs relating to phone payment and card processing fees, and the reduction in income that can be expected from fewer penalty charge notices (PCNs) being issued. It is not yet known what the impact will be on PCN issue numbers, so the net financial impact of the machine replacement and move to phone payment is uncertain.
- 9.4. The costs of each of the contracted services during the extended period will be funded from existing revenue budgets.
- 9.5. *Implications verified/completed by: Gary Hannaway, Head of Finance, TTS Telephone 020 8753 6071.*

10. IMPLICATIONS FOR BUSINESS

10.1. There are no implications for businesses resulting from the recommendations in this report.

11. IT IMPLICATION

11.1. There are no ICT implications as a result of the recommendations in this report.

12. PROCUREMENT IMPLICATION

12.1. There are 2 aspects to this report. The first one relates to an extension with Metric Group Ltd for the maintenance of parking pay and display equipment. This extension is the first of two permitted within the contract.

12.2. The second relates to waiving the competition requirements of contract standing orders and making a direct award of a contract to the Royal Borough of Kensington and Chelsea for the collection of money from parking machines, counting and the banking of the same. Whilst direct awards are usually discouraged, this one is for 1 year until a telephone only payment system is introduced borough-wide.

12.3. Implications verified/completed by: Alan Parry, Interim Head of Procurement (Job-share). Telephone 020 8753 2581.

13. BACKGROUND PAPERS USED IN PREPARING THIS REPORT.

13.1. None

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

LIST OF APPENDICES:

None