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| <p align="center">London Borough of Hammersmith & Fulham</p> <p align="center">CABINET</p> <p align="center">16 JANUARY 2017</p> |  |
| <p align="center">APPROVAL TO MAKE AN AWARD OF 2 CONTRACTS FOR PROVISION OF PARKING ENFORCEMENT AGENT (BAILIFF) SERVICES</p> | |
| <p>Report of the Cabinet Member for Environment, Transport and 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>Other services consulted:</p> <ul style="list-style-type: none"> ➤ Legal Service ➤ Procurement Services ➤ TTS Departmental Finance | |
| <p>Wards Affected: All</p> | |
| <p>Accountable 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 This report sets out the recommendation of the Tender Appraisal Panel (TAP) to award the contract for Parking Enforcement Agent (Bailiff) services for the recovery of Penalty Charge Notice (PCN) debts to Marston Group Limited as the primary provider (Lot1) and Equita Limited as the reserve provider (Lot 2).

- 1.2 At the Cabinet Member Board on in March 2016, it was decided to undertake a joint tendering exercise with the Royal Borough of Kensington and Chelsea (RBKC) to procure a shared Parking Enforcement Agent Service Contractor to recover outstanding Penalty Charge Notice (PCN) debts.
- 1.3 This report seeks approval to award contracts for the service providers to provide Parking Enforcement Agent Services. It recommends the appointment of two service providers – a primary and a reserve provider - for a period of 5 years commencing from 1 January 2017.

2. RECOMMENDATIONS

- 2.1 To award 2 Contracts for provision of Parking Enforcement Agent Services.
- 2.2 To award the Contracts for provision of Parking Enforcement Agent Services to Marston Group Limited as primary provider and Equita Limited as the reserve provider, commencing on 1 January 2017 for a term of 5 years.
- 2.3 That it be noted that this is a concessions contract which is subject to the Concession Contracts Regulations 2016 and that being a concessions contract where there are statutory recovery fees the award criteria to be used shall be primarily quality based.

3. REASONS FOR DECISION

- 3.1 The current Parking Enforcement Agent Services Contracts in both RBKC and LBHF will expire in December 2016. We are therefore required to renew them in accordance with the Councils' Contract Regulations.

4. PROPOSAL AND ISSUES

- 4.1 The Council currently contracts Marston Group Limited as sole provider of the Parking Enforcement Agent service executing warrants in relation to PCN debt in LBHF.
- 4.2 Soft market testing revealed that, generally, other Local Authorities have two contractors for PCN debt recovery in order to manage peaks in workload and to address performance issues. This is the model now proposed for LBHF with a primary enforcement agent and a reserve. The contract would be let with no guarantee of receiving warrants for debt recovery for either contractor. Officers will start by giving all the initial work to the highest scoring tenderer, who will be monitored on performance using the stated key performance indicators (KPIs). The second provider will then take on the work that the first provider is unable to recover within specific periods of time depending on the circumstances under the same contract specification.
- 4.3 The tender was let jointly with RBKC. The estimated combined nominal value of the contracts is £2.1million per year. This is split between £1.2 million for

LBHF and £900,000 for RBKC, this being the fee income that the Parking Enforcement Agents will receive per annum.

5. OPTIONS AND ANALYSIS OF OPTIONS

Regulated procurement approach

- 5.1 The procurement exercise was conducted using the open procedure in accordance with the requirements of the Public Contracts Regulations 2015. A statutory contract notice was placed with the *Official Journal of the European Union* (OJEU) and the opportunity was advertised on the Capital eSourcing Portal.
- 5.2 The Contract Notice was published on 28 June 2016 in the *Official Journal of the European Union* (OJEU). On 30 June 2016, the Contract Terms, ITT and PQQ were published on *capitalE sourcing*.
- 5.3 Tenderers were given the opportunity to submit questions for clarification before the closing date for receipt of tenders on 8 September 2016.

Provider Selection and Award Proposal

- 5.4 Bids were received from five providers:
 - Company A
 - Company B
 - Company C
 - Company D
 - Company E
- 5.5 The identities of the anonymised companies above are displayed in the exempt part of this report.
- 5.6 Marston Group Limited currently provides the Parking Enforcement Agent services on behalf of the LBHF.
- 5.9 The Contract specifies that the contract will be let on the condition of no guarantee of receiving warrants for debt recovery. The Councils aim to start by giving all the initial work to the highest scoring tenderer, who will be monitored on performance using KPIs. A schedule of the KPIs is included in Appendix A.
- 5.10 Should the first provider default on any of the specified KPIs, officers will reallocate the work to the reserve provider.
- 5.11 Each of the five bidders that submitted tenders met the criteria in the pre-qualification questionnaire. The criteria focused around a bidder's experience of delivering similar services to large authorities. The five bidders also all met the financial checks that the Councils' use to establish a provider's suitability.

5.12 The tender appraisal scoring system was wholly weighted upon quality as agreed with the Cabinet Member in March 2016. Of the 100% awarded to quality, this was distributed as follows:

- Risk-Disaster Recovery Plan – 9%
- Development of Service for the future – 5%
- Quality of Procedures for Service – 20%
- Security 14%
- Resourcing; Qualifications and Experience of Staff Assigned to Contract 5%
- Customer Experience 9%
- Support Infrastructure 8%
- Partnership Working 15%
- Reputation Management including policy for supporting those who are vulnerable or in financial hardship 15%

5.13 Marston Group Limited was the highest scoring Tenderer and Equita Limited the second.

5.14 Comments from Strategic Procurement, Finance and Legal Services have been taken into account. The officers who undertook the quality evaluation met at Moderation Meetings where they agreed a consensus score for each answer. An officer from the Procurement Team (PT) acted as an observer at the Moderation Meetings.

5.15 In addition to the core requirement of Parking Enforcement Agents to recover outstanding PCN debts, the bidders were invited to offer responses to the following optional items:

- Returned Notice to Owner Mails
- Pre-Debt Registration Trace & Collect Service
- Expired Warrant Collection (10% commission)
- Scottish Debt Collection
- Foreign Debt Collection
- Targeting Persistent Evaders
- Legal Team Support

Officers recommend that the above options are taken up by the Council.

6. BENEFITS OF THE RECOMMENDED SUPPLIER

6.1 The key benefits of Marston Group Limited's offer are;

- I. The Councils will work with a service provider that will provide a parking enforcement agent service at the most effective, efficient and economic value.
- II. The service provider is familiar with the Council having operated in LBHF since 2008.

- III. They are well supported in various corporate functions including; vehicle fleet, human resources, learning and development, information technology, finance, professional standards, the regulatory framework, property, public relations and marketing.
- IV. They have comprehensive policies, procedures and audit processes which will ensure compliance with the Councils' requirements and continue to protect the Council's reputations whilst delivering customer excellence.
- V. They will manage performance to meet the Council's KPIs and report using comprehensive daily, weekly and monthly returns allowing the Council and MGL management to respond quickly to trends.
- VI. They will provide a high quality service that is rigorously measured, managed and continuously improved by a range of self-monitoring quality management tools.

Implementation timetable

- 6.2 The new Contract will commence on 1 January 2017. The need to implement as quickly as possible will be balanced with the need to mitigate risks and ensure minimal disruption to services in both boroughs.
- 6.3 In addition to regular meetings between officers and Marston Group Limited and Equita Limited's management, the Contract has built-in break / review points in years two and three. This provides strategic milestones for the Councils and Contractors to assess performance and look for mutually beneficial ways to improve the value for money and quality of service being received, taking into account developments in the parking industry or the Councils' circumstances.

7. CONSULTATION

- 7.1 This report has been developed in consultation with the following groups:
 - Transport and Technical Services Departmental Management Team
 - Shared Parking Services Officers
 - Legal Service
 - Procurement Services

8. EQUALITY IMPLICATIONS

- 8.1 There are no equality implications as a result of the recommendations in this report. Both successful tenderers provided strong policy statements to show how they would support those who are vulnerable or in financial hardship

9. LEGAL IMPLICATIONS

- 9.1 It is understood that the proposed contracts have been carried out in accordance with the Concession Contracts Regulations 2016 (Regulations). The Council is required to comply with the standstill requirements set out in the Regulations before the contracts are formally awarded.
- 9.2 Legal implications provided by Kar-Yee Chan, Solicitor, Legal Shared Services tel; 020 8753 2772.

10. FINANCIAL IMPLICATIONS

- 10.1 The proposed contracts and the current provision are on a concession basis, where a fee is added to the recoverable debt by the Enforcement Agency. There are therefore no cost implications to the council.
- 10.2 The selection of a main provider and a backup provider, based on the criteria described in this report, along with the improvements in delivery could result in an improved recovery of PCN debt.
- 10.3 Comments provided by Gary Hannaway, Head of Finance, TTS – 020 8753 6071

11. IMPLICATIONS FOR BUSINESS

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

12. PROCUREMENT IMPLICATIONS

- 12.1 The report notes that this is a concessions contract, rather than a services contract to which the Public Contracts Regulations 2015 (as amended) would apply. The procurement of Parking Enforcement Services has been managed in accordance statutory provisions and Hammersmith and Fulham's Contracts Standing Orders of behalf of both councils.
- 12.2 Comments verified by Alan Parry, Interim Head of Procurement (Job-share), Telephone – 020 8753 2581.

13. IT STRATEGY IMPLICATIONS

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

14. BACKGROUND PAPERS USED IN PREPARING THIS REPORT

14.1 None

15. LIST OF APPENDICES:

15.1 None