# Executive Summary

1.1 On 4 December 2018 Cabinet agreed the procurement of a new contract(s) for Civil Traffic Enforcement and Associated Services currently held by WSP Ltd until 31 July 2019.

1.2 The purpose of this report is to recommend the award of contracts to provide the required specified services to continue civil traffic enforcement on the expiry of current arrangements on 31 July 2019. To ensure transparency, it sets out the procurement process scope of the tendered services and outcome of the tender evaluation. This includes the implementation of policy to ensure that the
London Living Wage is adopted by the recommended contractor(s).

1.3 This report highlights transfer to “in house” of specific elements of the current Parking Enforcement contract for Civil Traffic enforcement and associated services on the expiry of the current contract as approved by Cabinet on 4th December 2018.

2 Recommendations

2.1 For the reasons set out in the report and its appendices, Cabinet, is recommended to agree to award the following contracts:

2.1.1 Under lot 1 for On- and Off-street civil traffic enforcement and removal of vehicles to Egis Limited for three years at the cost of £3,033,609.08 per annum with a possibility of an extension of 1 plus 1 years at a total cost of £15,168,045.40

and

2.1.2 Under lot 2 for Notice Processing IT system and post & document handling to Conduent Parking Enforcement Solutions Ltd for three years at the cost of £329,216.59 per annum with a possibility of an extension of 1 plus 1 years at a total cost of £1,646,082.95.

3 Background

3.1 Parking enforcement seeks to support the delivery of an integrated highways management capability within the borough and seeks to support the Mayor’s approach to fair parking.

3.2 The primary objective of compliance is achieved through foot patrols and the presence of cameras together with the issue of a Penalty Charge Notice (PCN) to drivers contravening parking and traffic controls.

3.3 The current contract arrangements expire on the 31st July 2019. If the service is not maintained, the Council will not be able to maintain and deliver a fair parking policy for the borough, its residents, businesses and road users.

3.4 The current Parking Enforcement contract attracts a cost of approximately £4.4m per annum. Based on current estimates income attributed to the contract is circa £23m per annum or a potential of £115m over the life of this contract. All surpluses generated can only be applied to specific purposes including further parking provision, highway improvement and maintenance and public transport support.

3.5 The service also provides a range of employment opportunities for local people, thus providing local opportunities for local people. The terms and conditions of the contract include London Living Wage clauses and the contractor is committed to paying London Living Wage within this contract.

3.6 Any services being transferred to the council will have a TUPE impact for which the Service and HR will make appropriate arrangements. This will aim to deliver a smooth transition for all concerned.
4 Key Considerations & Proposals

4.1 The procurement process followed comprised two main aspects:

Adherence to the requirements of EU Public Contract Regulations 2015 including OJEU notice (2019/S 004-004696 as published and advertised in ojeu 7th Jan 2019); preparation of comprehensive contract documentation; published details of proposed evaluation; and thorough Panel evaluation through quality and cost scoring.

and

Consideration of the scope of the services forming the invitation to tender (ITT) and the effect of their inclusion or not on efficiency, customer satisfaction, performance and cost.

These measures seek to minimise the risks associated with this process to ensure that suitable, robust and achievable contractual arrangements are introduced and maintained.

4.2 Parking enforcement plays a vital role in supporting the free and safe movement of pedestrians, cyclists, drivers and all road users. This involves enforcing a range of parking contraventions from unauthorised parking in resident’s bays to parking on double yellow lines. In pursuit of this aim, around 220,000 Penalty Charge Notices (PCNs) are issued per year (17/18 figures), amounting to fines totalling around £12.5m per year.

4.3 The primary objective of compliance is achieved through the deterrent of foot patrols and the presence of cameras together with the issue of PCNs to drivers contravening parking and traffic controls. National and London legislation set out the requirements, obligations and processes for civil traffic enforcement and PCN and associated charges are set by London Councils. This Council sets and publishes their policy on various aspects of the enforcement regime including grace and observation periods, permit entitlement and tariffs and criteria for removing vehicles and enforcement priorities.

4.4 Legislation also sets out a defined process for a vehicle keeper to make representation against a PCN and, if that representation is rejected by the Council, a procedure for appeal to an independent adjudicator.

4.5 A Council may provide directly or contract various aspects of the enforcement regime including patrols; CCTV camera monitoring; the efficient and transparent issue and processing of PCNs; receipt, processing and archiving of related post; production of statutory documents. The legislation requires the Council directly to consider and determine representations by those who wish to challenge the validity of the PCN they have received.

4.6 The London Borough of Camden conducted a survey looking at the operation of on-street enforcement. Of the responses received, only the London Borough of Tower Hamlets operates an on-street enforcement service in-house, with vehicle removals being handled by a contractor. While several boroughs who outsource their parking enforcement have investigated the option of bringing the service in-house, no authority has returned to an in-house enforcement model from an external contractor to date.
4.7 The proposed contract requires regular review of deployment levels, effectiveness and cost via regular updating of the business plan. Similarly, the Council strikes a balance between deployed contract resources, compliance levels and income. This combination of regular review and flexibility means that the proposed contract will be sustainable over its 5 year duration. Formal reviews at break points included at year three and year four will enable all parties to review their positions against contract performance and policy development.

4.8 The performance of service delivery to residents & customers will improve from the introduction of the new contract via the use of the latest proven technology, systems and equipment. This includes representations (appeals) online and use of virtual permits. Customers should also benefit from more accurate and timely issue and processing of PCNs leading to fewer errors, potentially reducing the need for keepers to make representations online and pursue appeals. This should also lead to more effective use of staff resources.

4.9 Construction of the contract and the evaluation process have concentrated on enabling improvements in customer satisfaction, London living wage, flexibility, more precision in notice issue and processing, capability to expand enforcement activity, embracing technological innovation and enhanced monitoring and reporting. Appendix 1 sets out these aspects in more detail and compares current and proposed service scope.

4.10 The strategy for any possible transition was considered before the procurement process commenced with Parking Enforcement staff engaging with the current contractor in formulating a suitable exit and transfer plan should this be required.

4.11 Additionally, each tenderer is required to deliver a suitable mobilisation plan that would support any transition (should this be required) to support a smooth transfer and service continuity.

4.12 Naturally, Parking Enforcement (and associated LBN service areas) would oversee any potential transition and manage this carefully to minimise impact.

5 Policy Implications & Corporate Priorities

5.1 Although the majority of the current workforce is likely to transfer under the TUPE provisions, new recruitment will aim to target employment of Newham residents. Appendix 1 sets out these aspects in more detail.

5.2 This report seeks to ensure that all contracted staff are paid the London Living Wage.

5.3 Further development in relation to community wealth building will be applied to future delivery models or policy decisions as directed.

6 Alternatives considered

6.1 The alternatives considered are set out in the Options assessment presented to Cabinet on 4th December 2018. As part of the initial approval process to look at the possibility of transferring the entire service “in-house” however, this was considered not financially or operationally feasible at this time.
7 Consultation

7.1 Councillor Ali, Cabinet Member for Environment and Highways has been consulted formally during the tender process. The project comprised representatives of Legal, Finance, Procurement, HR, ICT and the client, Parking (Enforcement) Commissioning and met on a monthly basis, this provided the forum for formal/informal consultation and service development. There was no other direct consultation.

8 Implications

8.1 Financial Implications

8.1.1 The current Parking Enforcement contract is due to expire on 31st July 2019 therefore this paper seeks approval and award, in line with the recommendation section 2.1.

8.1.2 The existing contract covers all of the service however in December 2018 Cabinet agreed to bring parts of the service back In-House including Stratford Multi Storey Car Park (SMSCP); Car Pound Management and CCTV Operations, this equates to 28 FTE’s costing £1m. The new Contract will now only cover the On- and Off- street enforcement and IT element.

8.1.3 The following table show the full year costs of the new contract and the in house services and the full year budget available:

<table>
<thead>
<tr>
<th>Expenditure Type</th>
<th>£0</th>
</tr>
</thead>
<tbody>
<tr>
<td>On and off street enforcement</td>
<td>3,034</td>
</tr>
<tr>
<td>IT element</td>
<td>329</td>
</tr>
<tr>
<td>Operating Stratford MSCP</td>
<td>406</td>
</tr>
<tr>
<td>Management of Car Pound</td>
<td>292</td>
</tr>
<tr>
<td>CCTV Costs</td>
<td>349</td>
</tr>
<tr>
<td><strong>Total Costs</strong></td>
<td><strong>4,410</strong></td>
</tr>
<tr>
<td><strong>Current Budget Available</strong></td>
<td><strong>4,509</strong></td>
</tr>
<tr>
<td><strong>Reduction in Costs</strong></td>
<td><strong>99</strong></td>
</tr>
</tbody>
</table>

8.1.4 The contract starts from 1 August 2019 and therefore a part year effect of this saving will be achieved in 2019/20.

8.1.5 During the tender process, all avenues were explored to achieve value for money and identify efficiencies where possible, this has led to a reduction in the current cost of £40k of the SMSCP.

8.1.6 In addition there are TUPE implications that have been considered and evaluated to ensure the Council are able to deliver the services within the funding available.

8.1.7 There is a corporate requirement for all contracts being renewed, to achieve a 2% saving, this would equate to £90k in this case and the table above confirms there is sufficient surplus budget to meet this.
8.2 Legal Implications

In line with the Councils Constitution and Contract Standing Orders this report seeks approval to award Parking Enforcement Services and associated hardware and software technology by lot 1 and 2 award following appropriately tendered OJEU compliant procurement arrangement. The decisions sought are subject to Council Call In Procedure and standstill under procurement regulations.

8.2.1 The Road Traffic Regulation Act 1984 (RTRA 1984), places a duty on the Council to secure the expeditious, convenient, and safe movement of vehicular and other traffic (including pedestrians), and to provide suitable and adequate parking facilities on and off the highway. Parking controls and enforcement are covered under various legislation and guidance including Greater London (Powers) Act 1974, Road Traffic Regulation Act 1984, London Local Authorities Acts 1996 and 2003.


8.2.3 Parking offences were decriminalised under the Road Traffic Act 1991. This enables local authorities to establish Special Parking Areas (SPAs). Within these areas, the local authority (or their representatives) can charge for and enforce all non-endorseable parking restrictions. Further powers in this area derive from the London Local Authorities Acts 1996 and 2000 and the Greater London Authorities Act 1999. The whole of Newham was designated a SPA in 1994. The Council is therefore responsible for on-street parking controls and their enforcement across most borough roads.

8.2.4 The Council is restricted to using monies derived from its enforcement activities by s55 RTRA 1984. This Legislation requires separate accounts to be maintained for each of parking, bus lane and moving traffic contraventions. Any surpluses generated can only be applied to specified purposes including further parking provision, highway improvement and maintenance and public transport support.

8.2.5 In connection with the procurement activity, Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) may apply and the Council supported the function by providing appropriate anonymised data to suppliers ahead of tender submissions. TUPE is likely to apply for services the Council will be bringing in house for self-delivery.

8.3 Equalities Implications

8.3.1 This service delivery provision aligns to the EqIA associated with the
Keep Newham Moving programme\(^1\). Specifically, the introduction and maintenance of Restricted Parking Zones (RPZs) which are enforced by this service contribute to the positive judgement of the following protected characteristics.

8.4 **Other Implications relevant to this report:**

8.4.1 **Staffing Implications**

8.4.2 There are specific staffing implications for the Council from the award of these contract(s), in particular, the application of TUPE Regulations 2006 for the transfer of employees of current contractors deemed to be in the assigned group for work being carried out that is to transfer into the Council’s designated service area from 1 August 2019. Current Parking Enforcement elements of the contract are being moved into the Council’s Parking Enforcement team for in house delivery from 1\(^{st}\) August 2019. These areas are:

- CCTV Control (identification of parking interventions); Image review, capture and input;
- Management of the vehicle pound and;
- Management of the Stratford Multi Storey Car Park

8.4.3 There are TUPE implications between the Lot 1/Lot2 appointed and current contractors. Incumbent contractors have provided TUPE information; this was issued to all Tenderers with the contract documents.

8.4.4 The new systems and contract requirements will change the style of contract management and client structure. Therefore a review of the current arrangements is in progress and any proposed changes will be progressed through the approved re-organisation procedures

8.5 **Procurement Implications**

8.5.1 The Strategic Procurement Unit has been working closely with the Service and has supported the approach

8.5.2 The award of contract(s) support the following as set out within the Council Corporate Plan:

- The Principle ‘Efficient delivery and value for money’
- Priority 4: An environment for all - an attractive borough which encourages active lifestyles, social integration and civic responsibility, stopping issues such as illegal parking in the borough.
- Priority 3: Community Wealth Building a strong economy that supports local businesses, nurtures talent and provides opportunities for all, whilst ensuring the contractor(s) pay London Living Wage and utilise

\(^1\) See Equality Impact Assessment - Keeping Newham Moving - A New Deal for our Roads (December 2016) section 5.
Workplace (LBN’s job brokerage) to provide details of job opportunities for local residents and supply chain opportunities for local businesses

8.5.3 For full disclosure, the award of contract(s) proposed are subject to the Councils Contract Standing Orders Rule 9.1.2 which states The Checkpoint procedure should be undertaken Consider the results of a tender exercise prior to an award being made under the Mayor’s executive powers, a specific delegation to an Officer of the Council or under the Chief Officer Scheme of Delegation, for Supply and Services contracts above the EU threshold, and, at the time of drafting, the Checkpoint Gateway review process has not been concluded for the proposed contract awards recommended within this report

8.5.4 As the procurement process followed the Open procedure as outlined within the Public Contracts Regulations 2015, should the decision to award the contract(s) be agreed, the council will be required to:-

- Send a “standstill notice” (also referred to as an “award decision notice” or a “Regulation 86 notice”) all tenderers and any candidates advising of the intention to award the contract(s)
- Adhere to a standstill period
- Publish an Award Notice in Official Journal of European Union
- Publish an Award Notice in Contracts Finder

8.5.5 The Strategic Procurement Unit will continue to work with the service to conclude the award of contract(s) subject to the recommendations within this report being agreed

9 Background Information used in the preparation of this report

9.2 Appendix 1: Service Scope

Appendix 2: Evaluation report (Exempt information)

9.3 Checkpoint Panel clearance for Civil Traffic Enforcement and Associated Services (Parking Contract)