

Policy Committee

12 June 2023



Reading
Borough Council
Working better with you

Title	Civil Enforcement Contract (Parking Services) – Delegated Authority to Spend and Award Contract
Purpose of the report	To make a decision
Report status	Public report
Report author	Helen Taverner
Lead councillor	Councillor Ennis
Corporate priority	Our Foundations
Recommendations	<p>The Committee is asked:</p> <ol style="list-style-type: none">1. That the recommended procurement route and process as described within the report is noted.2. That the Interim Executive Director for Economic Growth and Neighbourhood Services be granted delegated authority in consultation with the Leader of the Council, the Director of Finance and the Assistant Director of Legal and Democratic Services to enter into a contract(s) and spend to provide civil enforcement services with the most economically advantageous tenderer(s).

1. Executive summary

- 1.1. The purpose of this report is to inform the Committee of the ongoing procurement process for the Civil Enforcement (Parking) Contract(s) to be implemented in November 2023 and following a competitive procurement process to seek delegated authority to enter into a contract with the most economically advantageous tenderer in accordance with the Public Contracts Regulations 2015.

2. Policy context

- 2.1. The Council's new Corporate Plan has established three themes for the years 2022/25. These themes are:
 - Healthy Environment
 - Thriving Communities
 - Inclusive Economy
- 2.2. These themes are underpinned by "Our Foundations" explaining the ways we work at the Council:
 - People first
 - Digital transformation
 - Building self-reliance
 - Getting the best value
 - Collaborating with others
- 2.3. Full details of the Council's Corporate Plan and the projects which will deliver these priorities are published on the [Council's website](#). These priorities and the Corporate Plan demonstrate how the Council meets its legal obligation to be efficient, effective and economical.

- 2.4. The control of parking in Reading Borough is based upon the policy objectives of RBC which include:
- 2.4.1. To restrain the use of vehicles, particularly in the business locations, at the busiest times, without undermining the economic life of the town.
 - 2.4.2. To provide adequate short-stay parking to support shops, commercial and leisure activities.
 - 2.4.3. To protect the needs of residents, businesses and visitors, including through the use of permit parking schemes.
 - 2.4.4. To use town centre parking charging strategies to discourage growth in the use of the car and encourage the use of public transport and other modes of travel, without undermining the economic life of the urban areas.
 - 2.4.5. To protect the environment.
 - 2.4.6. To improve the conditions for movement of pedestrians and cyclists.
 - 2.4.7. To control on-street and off-street parking.
- 2.5. The responsibility for parking management within RBC sits within Parking Services, which is part of the Directorate of Economic Growth and Neighbourhood Services. There is a desire with Parking Services and within the wider Directorate, to review and improve the delivery of parking and enforcement services. This includes developing the way services are delivered to ensure this is efficient, effective and delivers the greatest value to RBC, its visitors and residents, and the local economy.

3. The Proposal

3.1. Current Position

- 3.1.1 Currently, RBC outsources the provision of its Civil Enforcement Services and its Civil Enforcement PCN and Permit Software and Associated Hardware, through one contract. This contract is with NSL Ltd, who in turn, sub-contracts provision of the IT Services to ICES Ltd. This contract has been running for ten years following several extensions and will expire on 31 October 2023.

3.2. Options Proposed

- 3.2.1. The proposal is to award new contracts for this service from 1st November 2023 for a period of 4 years with the option of extending the contract for a further 3 + 3 years subject to performance, with a 12-month notice period.
- 3.2.2. A small number of functions are proposed to move in-house, primarily delivery of customer services in relation to informal PCN challenges to allow for RBC to have full control of the customer journey ensuring it aligns with RBC aims and values.
- 3.2.3. To allow for the flexibility to allow changes to the delivery of services to mirror RBC's developing goals for service improvement the contracts are split over three lots comprising:
- 3.2.3.1. Lot 1: Civil Enforcement Services - This Lot is for the provision of an on-street and off-street civil parking enforcement to include provision of appropriate staff and technology to undertake enforcement activities and the management of RBC's pay and display machines, including cash collection.
 - 3.2.3.2. Lot 2: Civil Parking Enforcement PCN and Permit Software and Associated Hardware - This Lot is for the provision of a parking management back-office System for the issuing of Penalty Charge Notices (PCNs) and permits and

receiving payments. The contract also includes providing suitable hardware to enable on-street and off-street enforcement staff to issue PCNs.

3.2.3.3. Lot 3: Combined bid - This Lot is for the provision of both the Lot 1 Civil Enforcement Services and the Lot 2 Civil Parking Enforcement PCN and Permit Software and Associated Hardware. Bids for Lot 3 can be submitted on the basis of either a sole bidder who self-delivers both Lot 1 and Lot 2 services or a joint bid from two organisations, one delivering Lot 1 services, the other delivering Lot 2 services, who, when working together, can leverage their commercial relationship to deliver additional benefits and value to RBC.

3.2.4. The process for this procurement exercise is ongoing as per timetable in Section 11 below.

3.3. Other Options Considered

3.3.1. Continue with **one contract** for all services – this option would not allow for direct relationships to be formed with all RBC suppliers, leading to ‘arms length’ relationships with sub-contractors that are not as responsive to the agile way in which RBC Parking Services needs to work to develop and improve in this area. This is not recommended as it will not improve the current way of working nor be flexible enough for RBC’s ambitions.

3.3.2. **In house** – There is an option to provide these services directly by Reading Borough Council, however the initial capital outlay, time to implement and on-going costs are prohibitive at this time and would exceed the estimated costs of the contract, it is therefore not a recommended option. However work will continue to fully investigate the possibility of this happening in the future should it become advantageous to do so.

4. Contribution to strategic aims

4.1. This is a RBC wide service that supports the movement of traffic, including pedestrians, cyclists, public transport, delivery vehicles as well as private cars. These contracts will allow the Parking Services Manager to deliver a cost effective and efficient service to all those travelling in the RBC area.

4.2. **Healthy Environment** – this service seeks to ensure that the highway is available for all to use as designed and that congestion is reduced by enforcing the regulations (through the Traffic Regulation Order process) made by RBC. This, for example, helps to ensure sustainable travel routes are not blocked by inconsiderate parking, and that parking places for electric vehicles remain available for those vehicles encouraging use of alternative fuels and reducing emissions.

4.3. **Inclusive Economy** – ensuring desired turnover of parking places in our town centre and other economic hubs supports the use of retail, leisure and work premises allowing communities to thrive. A well-managed parking service will enhance Reading’s attractiveness to businesses and customers alike.

4.4. **Thriving Communities** – Enforcement of residential parking zones, and continuing provision of resident parking zones via permit schemes will ensure communities are able to thrive within their neighbourhoods. Enforcement at schools and other community locations seeks to improve the environment and encourages communities to thrive.

4.5. **TEAM Reading Values** - the contract makes the following contributions to the TEAM Reading values:

4.5.1. Together – These contracts allow for effective delivery of the service through partnership working, both internally across directorates and externally with our Contractor(s).

4.5.2. Efficiency – These contracts provide the most efficient model for delivering the service.

- 4.5.3. Ambitious – The contracts allow RBC to realise its ambition to deliver a modern, digital, customer focused Parking Service.
- 4.5.4. Make a Difference – The contracts makes a positive difference to residents and the travelling public in the RBC area.

5. Environmental and climate implications

- 5.1. The Council declared a Climate Emergency at its meeting on 26 February 2019 (Minute 48 refers).
- 5.2. The tender documentation contains the requirement for bidders to ensure consideration of environmental impacts of the operations being carried out, including a 'pass/fail' Environmental Management quality question. RBC will expect to see positive consideration of matters such as the movement of personnel around the RBC area in a sustainable way and the energy efficiency of any buildings to be used as part of contract delivery.
- 5.3. Delivery of the services themselves (enforcement of traffic regulation orders) supports the transport network with a focus on a more sustainable travel footprint, reduces congestion and decreases reliance on single occupancy car journeys.

6. Community engagement

- 6.1. There is no relevant community engagement for this contract; engagement on all traffic restrictions enforced or permit zones introduced takes place as part of the statutory Traffic Regulation Order process and is not in scope.

7. Equality impact assessment

- 7.1. Under the Equality Act 2010, Section 149, a public authority must, in the exercise of its functions, have due regard to the need to:
 - eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 7.2. An Equality Impact Assessment is not relevant at this stage; all contracts let include the requirement to comply with all relevant legislation and RBC policy. All functions carried out by contractors will have Equality Impact Assessments carried out before commencement of any contract activities.

8. Other relevant considerations

- 8.1. There are no other relevant considerations.

9. Legal implications

- 9.1. The procurement exercise is subject to the Public Contract Regulations 2015, and as such the principles of non-discrimination, equal treatment, transparency, mutual recognition and proportionality will be applied.
- 9.2. In accordance with the Public Contract Regulations 2015 and the Council Contract Procedure Rules, the opportunity will be advertised on the Council's electronic tendering portal and via 'Contracts Finder'.

- 9.3. It is intended to enter into contracts based upon the most economically advantageous tenders in accordance with the criteria stated in the specification.
- 9.4. Two contracts will be entered into between the successful tenderers and Reading Borough Council.
- 9.5. Under the constitution of the council for contracts above £500k, the authority to award is either by a formal decision of Council or Committee, or by an officer with an appropriate delegated Authority as set out in the Delegations Register or delegated specifically by a formal decision of Council or Committee. This contract breaches those delegation levels and so requires permission to be sought from this Committee.

10. Financial implications

- 10.1. The estimated cost associated with the contract is approximately £2.5m to £3m pa across all lots, with a total value over the contract period including extensions c£17.5m. This is based on estimates using our most recent contract, benchmarking and soft market research. The cost can be met from within the Parking Services budget (4725).
- 10.2. Benchmarking Results conducted by 30 local authorities in 2022 show a wide variation in costs of this type of contract – it should be noted that it is very difficult to find exact 'like for like' contracts as each Authority chooses which elements of their service to outsource in this way. These ranged from £1m to £10m per year; this reflects the local arrangements in place and the market conditions in that local area. The contract is highly specialised with a limited pool of suppliers. Previous procurement exercises have resulted in a wide variation in price from potential bidders. The procurement intends to ensure value for money by a suitable balance between price and quality.
- 10.3. There is a risk that the bids may come in at a higher price than anticipated, particularly given the current financial climate (cost of living crisis / increasing cost of vehicles / property / people). The contracted out services are fundamental in delivering approx. £6m per year income from parking related activities and so would remain affordable even at a higher price.

11. Timetable for implementation

- 11.1. The Procurement timetable yet to be completed is shown below:

Procurement activity	Target date
<i>Internal Award authorisation by</i>	Friday 16 th June 2023
<i>Intention to Award Letters to all Suppliers</i>	Monday 19 th June 2022
<i>Standstill period starts</i>	Tuesday 20 th June 2023
<i>Standstill period ends</i>	23:59 on Thursday 29 th June 2023
<i>Award Letter sent</i>	Friday 30 th June 2023
<i>Contracts signed by</i>	Friday 14 th July 2023
<i>Start date for contracts</i>	Tuesday 1 st August 2023
<i>Lot 1 services commencement date</i>	Wednesday 1 st November 2023
<i>Lot 2 services go live date</i>	Wednesday 1 st November 2023

12. Background papers

- 12.1. None.

FINANCIAL IMPLICATIONS

The financial implications arising from the proposals set out in this report are set out below:-

1. Revenue Implications

	2021/22 £000	2022/23 £000	2023/24 £000
Employee costs			
Other running costs	£2.5m	£2.7m	£2.9m
Capital financings costs			
Expenditure	£2.5m	£2.7m	£2.9m
Income from:			
Fees and charges			
Grant funding (specify)			
Other income			
Total Income			
Net Cost(+)/saving (-)	£2.5m	£2.7m	£2.9m

The net cost of the proposal can be funded from the Parking Services/4725 budget.

These are estimates, as the awarded procurement price could be higher, however we would award the most advantageous (lowest price) and sustainable service.

If the price is over the above estimated costs, we request a delegated sign off for approval at the appropriate level.

2. Capital Implications

Capital Programme reference from budget book: page line	2021/22 £000	2022/23 £000	2023/24 £000
Proposed Capital Expenditure			
Funded by			
Grant (specify)			
Section 106 (specify)			
Other services			
Capital Receipts/Borrowing			
Total Funding			

3. Value for Money (VFM)

Benchmarking Results conducted by 30 local authorities in 2022 show a wide variation in costs of this type of contract – it should be noted that it is very difficult to find exact 'like for like' contracts as each Authority chooses which elements of their service to outsource in this way. These ranged from £1m to £10m per year; this reflects the local arrangements in place and the market conditions in that local area. The contract is highly specialised with a limited pool of suppliers. Previous procurement exercises have resulted in a wide variation in price from potential bidders. The procurement intends to ensure value for money by a suitable balance between price and quality.

4. Risk Assessment

There is a risk that the bids may come in at a higher price than anticipated, particularly given the current financial climate (cost of living crisis/increasing cost of vehicles/property/people). The contracted-out services are fundamental in delivering approx. £6m per year income from parking related activities and so would remain affordable even at a higher price.