

LONDON BOROUGH OF CROYDON

To: Croydon Council website
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STATEMENT OF EXECUTIVE DECISIONS MADE BY THE CABINET MEMBER FOR TRANSPORT AND ENVIRONMENT ON 23 SEPTEMBER 2016

This statement is produced in accordance with Regulation 13 of the Local Authorities (Executive Arrangements) Meetings and Access to Information) (England) Regulations 2012.

The following apply to the decisions listed below:

Reasons for these decisions: are contained in the attached report

Other options considered and rejected: are contained in the attached report

Details of conflicts of Interest declared by any Cabinet Member: None

Note of dispensation granted by the head of paid service in relation to a declared conflict of interest by that Member: None

The Leader of the Council has delegated to the Cabinet Member the power to make the executive decisions set out below:

CABINET MEMBER'S DECISION REFERENCE NO. 6016TE

KEY DECISION No. 6016TE

DECISION TITLE: Extension of contract for the supply and installation of pay and display machines

The Cabinet Member for Transport and Environment, in consultation with the Cabinet Member for Finance and Treasury,

RESOLVED to approve the award of contract extension for supply and installation of pay and display machines to Parkeon for one year to November 2017, up to a maximum contract extension value of £4m.

Date: 04/10/16

For General Release

REPORT TO:	Cabinet Member for Transport and Environment
AGENDA ITEM:	N/A
SUBJECT:	Extension of contract for the supply and installation of pay and display machines
LEAD OFFICER:	Jo Negrini, Chief Executive Andy Opie, Director of Safety
CABINET MEMBER:	Councillor Stuart King, Cabinet Member for Transport and Environment and Councillor Simon Hall Cabinet Member for Finance and Treasury
WARDS:	All

CORPORATE PRIORITY / POLICY CONTEXT / AMBITIOUS FOR CROYDON

This report recommends that the Council exercise the extension option in its contract for supply and installation of pay and display machines. The contract will enable the Council to deliver an investment programme which will:

- Provide customers with a range of payment methods at pay and display locations
- Reduce operational cost within parking services
- Aid regeneration within the Town and District Centres and decrease street furniture clutter by reducing the number of pay and display machines
- Improve quality and customer satisfaction with local public services
- Ensure the Council is able to recover all income due from both on and off-street parking
- Reduce acquisitive crime

The programme supports the liveability strategy priority to build a place that is easy and safe for all to get to and move around in.

FINANCIAL IMPACT:

Extension of the Council’s existing contract for supply and installation of pay and display machines has been assessed as offering greater value for money than alternative sourcing routes. The contract operates on the basis of no guarantee of volume or spend, with individual contract orders placed in line with the financial regulations, subject to the availability of agreed budgets.

Through the contract extension, the Council will be able to provide a combination of cashless, coin payment, contactless and credit/debit card facilities. The first order to be placed under the extension will deliver an investment programme that will reduce loss of parking income from theft and machine failure, whilst delivering an improved range of payment options for customers including ensuring facilities are able to accept the new £1 coin.

KEY DECISION REFERENCE NO.: 60.16.TE This is a key decision as defined in the Council's Constitution. The decision may be implemented from 1300 hours on the expiry of 5 working days after it is made, unless the decision is referred to the Scrutiny & Strategic Overview Committee by the requisite number of Councillors.

The Leader of the Council has delegated to the nominated Cabinet Member the power to make the decisions set out in the recommendations below

1. RECOMMENDATION

- 1.1 The Cabinet Member for Transport and Environment, in consultation with the Cabinet Member for Finance and Treasury, is recommended to approve the award of contract extension for supply and installation of pay and display machines to Parkeon for one year to November 2017, up to a maximum contract extension value of £4m.

2. EXECUTIVE SUMMARY

- 2.1. In 2011, following an OJEU compliant tender under the open procedure, the Council awarded a contract to Parkeon for the supply and installation of pay and display machines. The contract was let for an initial term of five years, with an extension option of one year at a maximum value of £5m over the full term. In September 2011, for the purposes of the Council's immediate requirements, the Corporate Services Committee recommended to the Deputy Leader (Statutory) that the Council award a contract with spend up to a maximum value of £1m for delivery of a pay and display machine replacement programme (CSC A101/11).
- 2.2. The Council is developing a detailed programme to replace and upgrade its existing parking machine stock to ensure capability to accept the new £1 coin which is due to be issued into circulation on 1 April 2017. Furthermore, this programme will deliver a range of benefits by offering a choice of payment and ensuring accessible systems.
- 2.3. In order to support delivery of this programme, a range of sourcing options were assessed. Following review of the options appraisal, it is recommended to invoke the one year extension option within the Council's existing contract for supply and installation of pay and display machines to take advantage of the competitive rates secured within the contract. The value of the contract extension will be up to £4m, which brings the total maximum potential spend against the contract to £5m over its six year term to November 2017. No volume or value of work is guaranteed under the terms of the contract, with individual orders agreed in line with the Council's financial regulations against agreed budgets.

2.4. The content of this report has been endorsed by the Contracts and Commissioning Board.

CCB Approval Date	CCB ref. number
27/08/2016	CCB1168/16-17

3. DETAIL

3.1. Croydon Parking Services manages a multi-million pound parking operation, encompassing both on and off-street parking spaces, including the management and control of one multi storey, seven town centre and fourteen district centre surface car parks, plus 18,500 on-street parking bays. The Council operate both mains powered and solar powered pay and display machines both on and off-street across the borough. The majority of Croydon's pay and display machines have far exceeded their life expectancy of 7 years. For example:

- Metric Auto Slot mains powered machines have been in operation for 25 years plus, accounting for 45% of the Council's parking stock
- Metric Accent and Aura mains and solar powered machines have been in operation for 16 years plus, accounting for 16% of the Council's parking stock

3.2. These machines are subject to an exceptionally high level of breakdown due to their age, and replacement parts are no longer available from the manufacturer or readily available from alternative suppliers. Equipment failure has resulted in a significant loss of revenue due to machines being 'out of service' and a reduction in the quality of customer service. Furthermore, due to their limited design security features, there are exceptionally high levels of criminal damage and theft, resulting in lost income.

3.3. The machines cannot be modified to accept the new £1 coin which will be in circulation from April 2017, nor can they accept contactless card payments or provide credit and debit card facilities.

3.4. In addition to the older machines, there are currently 346 solar powered and 1 mains powered machines in operation within the borough, installed in 2012. These machines are operationally reliable and can be modified to accept the new £1 coin as well as contactless card and credit and debit card payments.

Investment programme

3.5. The Council has explored options to renew the existing parking machine stock to ensure that Parking Services delivers the most effective outcomes for the residents of Croydon and that parking machine stock is fit for purpose. To continue with the level of progress Parking Services has made in recent years in regards to its infrastructure and overall operation, it has been recommended to deliver an investment programme which will upgrade the Council's parking machine stock. This provides an opportunity to rationalise and reposition the pay and display machine network and introduce added functionality where required. Funding for the investment programme and any further contract spend will be

met from the Council's capital programme. The options explored include retention of the existing RingGo pay by phone service and installing, or converting as appropriate, new solar powered pay and display machines with facilities for coin, contactless card and credit/debit card payments, including capability to accept the new £1 coin

- 3.6. These changes will provide a choice of payment for customers including coin, contactless, credit and debit card and payment by telephone, ensuring the system is accessible to all users. Furthermore, it is anticipated that the approach will reduce operational cost, by enabling the Council to offer card payments, limiting opportunities for fraud and theft and reducing the volume of coins that operators have to collect, transport, sort, count and bank.

Sourcing options

- 3.7. To deliver the planned investment programme, the Council requires a contractor which can replace or convert existing parking machine stock, removing and disposing of outdated stock and providing ongoing maintenance support across the borough. The Council also has an ongoing requirement for a flexible contract which enables the Council to source new or replacement machines as needed for new developments.
- 3.8. To meet this need, the Council has reviewed a number of options, including running a OJEU compliant tendering process to award a new contract, calling off from an existing framework agreement let by a Professional Buying Organisation and exercising the extension option available within its existing contract for supply and installation of pay and display machines.
- 3.9. In September 2011, the Council awarded a contract to Parkeon at a value of £1m for delivery of a Pay and Display Machine Replacement Project. The original tender and the contract award notice, as advertised in the Official Journal of the European Union (OJEU), identified that the Council was seeking to procure a provider who would be able to supply and install pay and display machines for the replacement project and also on an ad-hoc basis over the life of the contract. The contract was advertised at an initial term of five years with an extension option of one additional year and also allowed for spend against the contract up to £5m (ref: 2011/S 206-335106). The contract was awarded in September 2011 and commenced in November 2011. Spend to date against the contract is £1m.
- 3.10. The Council has benchmarked the pricing framework within its existing contract against market prices and those offered through the ESPO Parking Management Solutions framework. The Council has determined that it is able to secure more favourable prices through its existing contract. Furthermore, the Council has been able to negotiate preferential payment terms.
- 3.11. Use of the Council's existing contract also provides assurance regarding cost and deliverability of the initial investment programme, which cannot be guaranteed when running a new tender or calling off from a framework.
- 3.12. The contractor, Parkeon, has an operational base in Croydon and has confirmed that all staff working on this contract are paid London Living Wage or above.

- 3.13. The contract will be managed by Parking Services, with regular operational and strategic meetings held to ensure delivery of the investment programme and to review overall contract performance.
- 3.14. Additional support works related to the investment programme will be undertaken by the Council's existing contractors. Highways works will be undertaken by the Council's term maintenance contractor Kier and works relating to street lighting signage will be undertaken under the Council's PFI agreement with Skanska.

4. CONSULTATION

- 4.1 As the investment programme is developed and delivered, the Council will engage with local communities affected by associated works.

5 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

1 Revenue and Capital consequences of report recommendations

There are no direct financial implications arising from this report as it is only seeking to extend the contract at this stage.

The cost of any new machines purchased as a result of this contract extension will need to be funded from the capital programme. At this stage the capital programme does not contain a specific capital project for these costs. Once the replacement plan and associated cost is developed a bid for capital funding will need to be developed and made to the growth board.

2 The effect of the decision

There are no direct implications arising from this report. However when the decision to make a purchase is made approval for capital funding must be achieved.

3 Risks

If parking machines are not upgraded or replaced the service will not be able to operate effectively which will result in lost income and an increase in parking contraventions.

4 Options

Do nothing is not an option and at this stage due to the time available the option of an exercise to appoint a new supplier is not considered possible.

5 Future savings/efficiencies

Enhancing the parking machines and increasing the number of payment options will ensure the Council is able to collect a higher level of income as well as reduce the risk of lost income arising from machine thefts.

Approved by: Lisa Taylor, Assistant Director of Finance and Deputy S151 Officer

6. COMMENTS OF THE COUNCIL SOLICITOR AND MONITORING OFFICER

- 6.1 The Acting Council Solicitor to the Council comments that the procurement process as described in this report is in accordance with the Council's Tenders and Contracts Regulations and seeks to support the Council's duty to achieve best value pursuant to the Local Government Act 1999.

Approved for and on behalf of Jacqueline Harris-Baker, Acting Council Solicitor and Acting Monitoring Officer.

7. HUMAN RESOURCES IMPACT

- 7.1 There is no immediate HR impact arising from this report.

Approved by: Jason Singh, Interim HR Business Partner on behalf of Heather Daley, Director of Human Resources.

8. EQUALITIES IMPACT

- 8.1 The contract contains a provision ensuring that alternative methods of payment will be available for users without mobile phone technology or credit / debit cards, where specified by the Council. The machines will also be able to be programmed to accept foreign currency. The display options available through the contractor are user friendly and can offer different language options to customers.
- 8.2 The initial investment programme to be delivered through the contract will be subject to a full equality analysis. This will ensure that pay and display machines are sited in a safe, convenient and accessible location, including for wheelchair users. The proposed machines will fully comply with the DfT and Equality Act requirements to ensure that users with a disability, including those in wheelchairs and those with limited dexterity or strength should be able to access the machine, make payment and remove the parking ticket where required. By providing choice of payment i.e. coin, contactless, credit and debit card and payment by telephone, the system will be accessible to all users.

9. ENVIRONMENTAL IMPACT

- 9.1 Through the investment programme, the Council is exploring options to reduce the number of pay and display machines within the borough to be replaced by a more efficient model that runs on solar power, which supports the Council's initiatives by creating a more sustainable environment, one that is more attractive and clear of street furniture.
- 9.2. The machines available through the contract use a renewable energy source have a reduced environmental impact due to the nature of the power source and removal of the need for costly wiring or disruptive excavations of the pavements. The solar panel recharges the sealed lead acid battery which is rechargeable and lasts between 5 to 7 years. This technology requires ambient light only, allowing the machines to operate efficiently even on cloudy, rainy days unlike

traditional pay and display machines, which requires connection to the mains electricity supply. It is estimated that there is an annual saving of 16lbs Of CO2 emissions per machine compared to a mains operated machine.

9.3 The Council is also exploring further environmentally conscious options for the investment programme, including plain paper tickets, rather than self-adhesive.

9.4 Where machines are removed, the contractor is obliged to dispose of these machines using an authorised contractor operating under the Waste Electrical and Electronic Equipment (WEEE) Directive, which governs how manufacturers and retailers in European countries behave in regards to recycling. For disassembly operations, the treatment facility will comply with the minimum requirements specified in the DEFRA document: Guidance on Best Available Treatment Recovery and Recycling Techniques (BATRRT) and treatment of Waste Electrical and Electronic Equipment (WEEE). As a result of this complex mix of product types and materials this will require the removal of certain substances and components, some of which are hazardous, including lead batteries.

10. CRIME AND DISORDER REDUCTION IMPACT

10.1 The contract will enable the Council to upgrade its aging parking machine stock, which, due to limited security features, have been susceptible to high levels of criminal damage and theft, resulting in lost income.

11. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

11.1 The Council has a requirement for a contractor able to supply and install pay and display machines in order to deliver its initial investment programme. The Council's existing contract for these services is due to expire in November 2016 and it is recommended to exercise the one year extension option to provide assurance that key parking investment programmes can be delivered.

12. OPTIONS CONSIDERED AND REJECTED

12.1 The Council considered undertaking a new tendering exercise to secure a contractor which could supply and install pay and display machines. Having undertaken a benchmarking exercise, it has determined that more favourable pricing and payment terms can be secured through its existing contract. Furthermore, there would be reduced assurance regarding deliverability of the initial investment programme. For these reasons, this approach was rejected.

CONTACT OFFICER:

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BACKGROUND PAPERS - LOCAL GOVERNMENT ACT 1972: None

APPENDIX: None