Replacement of car parking pay and display machines

The Reason for the Decision
To replace the existing car parking pay and display machines with new pay and display machines.

Summary of options considered
- To replace the pay and display machines due to their age and condition. The existing machines are out of date in relation to methods of payment and reliability.
- Not to replace the pay and display machines.

Recommendations
It is recommend to replace the existing pay and display machines through the appointment of tenderer T1 as the preferred bidder in the tender exercise. This requires the placing of an order valuing up to £181,949.00 for 53 new pay and display machines in total.

Financial / Resource Implications
The proposal is to replace 38 pay and display machines for council owned car parks at a cost of £130,454.00. The proposal is to also purchase a further 15 pay and display machines at the same time, to benefit from economies of scale, on behalf of third party clients for a cost of £51,494. The Council will enter into a contract for the managed clients to repay the council the cost of these machines over a 12 month period. This is the cost of machines only, the installation and signage required is subject to a separate tender exercise and decision request at a later date and is within the budget allocation of £350,000 to purchase and install the machines.

This procurement has been structured to provide the Council with:
- Service levels that increase customer satisfaction levels;
- Add customer payment options
- Maintain reliable revenue flow

Legal / Governance Implications
The tender process was carried out through the ESPO 509 procurement framework which is compliant with the European procurement rules and the Treaty obligations of transparency,
equality of treatment and non-discrimination as well as the Council’s Contract Procedure Rules.

The procurement exercise has been undertaken in line with Council’s financial regulations and all relevant legislation. The Contract entered into by the Council and the Contractor shall set out the legal obligations of the Council and the Contractor.

Community Safety Implications

None arising from this report

Health and Safety and Risk Management Implications

N/A

Equality Duty considered / Impact Assessment completed

Equality Impact Assessment Completed

Wards Affected

All Wards

The contribution this decision would make to the Council’s priorities

The decision contributes towards the Council Priority of, “Creating a Sustainable Business”.

Is this a Key Decision

Yes

Portfolio Holder

Councillor Michael Heaslip

Lead Officer

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Report Implications (Please delete where applicable).

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Background papers:

- Pay and display tender analysis and report available on request.
- Tender documents issued to tenderers available on request.
- Tender responses from tenderers available on request.
- Appendix 1 – Tender score analysis
- Appendix 2 – Equality Impact Assessment
1.0 **Introduction**

1.1 A car park management service review was provided in October 2015 detailing many elements of the parking service but specifically the recommendation to replace the pay and display machines due to their poor reliability, lack of new payment methods and low quality visual appearance.

1.2 During December 2015 and January 2016 procurement services and parking services tendered out the replacement of the pay and display machines for Allerdale Borough Councils parking service.

1.3 The tender process was operated under The Chest local government procurement process and supervised by the Allerdale procurement officer within a context of the existing ESPO framework 509 agreement. ESPO is a customer-focused, public sector owned professional buying organisation. Established in 1981, ESPO has the purchasing power to achieve savings to pass on to customers. Framework 509 - PAY and DISPLAY SOLUTIONS - covering the supply, installation and maintenance of Pay and Display ticket machines and associated services.

1.4 The ESPO framework agreement seeks to offer local authorities a simple way to procure commonly purchased goods and services within the public sector. Borough councils are free to “call off” and purchase pay and display machines directly from the framework but Allerdale Borough Council decided to seek best value by tendering out to the market directly using ESPO as a specification framework.

2.0 **Background**

2.1 The Council manages and operates 25 commercial off street car parks owned by itself and operated on behalf of third party landowners. The use of pay and display (P&D) across most of the borough is the primary method of cash charging and has been the established method of revenue collection for a number of years.

2.3 P&D is a widespread and long established method of charging for parking by local authorities in particular, as well as the private sector. The Council use Civil Enforcement Officers (CEO’s) to enforce payment and issue Penalty Charges Notices (PCN’s) to people who contravene parking regulations.

2.4 The replacement of P&D machines is now required due to their age and condition. The new machines will provide for a more reliable service and wider range of payment methods including credit and debit card payment including contactless payments.

3. **Development of Tender and responses analysis**

3.1 The tender was developed as follows:

3.1.1 A review of the ESPO 509 framework was undertaken with a view to creating an initial working budget for consultation with SMT and members to scope the potential value of the procurement exercise.
3.1.2 Informal discussions were undertaken with the two market leaders (anecdotally T1 and T2 operate around 80% of the local authority market)

3.1.3 An output based specification was developed that clearly described the Council's requirements and was communicated to the Strategic Management Team (SMT) and the Portfolio Holder for Locality Services.

3.1.4 During December 2015 and January 2016 procurement services and parking services tendered out the replacement of the pay and display machines for Allerdale Borough Councils parking service.

3.1.5 The tender process was operated under The Chest local government procurement process and supervised by the Allerdale procurement officer within a context of the existing ESPO framework 509 agreement. Thus a PQQ system was not required.

3.1.6 The ESPO framework agreement seeks to offer local authorities a short cut to procure commonly purchased goods and services within the public sector. Borough councils are free to “call off” and purchase pay and display machines directly from the framework but Allerdale Borough council decided to seek best value by tendering out to the market directly using ESPO as a specification framework.

3.2 The tender evaluation results are provided in Appendix 1.

4.0 Finance/Resource Implications

4.1 The financial implications of this tender are as follows:

4.2 The proposal is to replace 38 pay and display machines for council owned car parks at a cost of £130,454.00.

4.3 The proposal is to also purchase a further 15 pay and display machines at the same time to benefit from economies of scale on behalf of third party clients for a cost of £51,495.00.

4.4 The managed clients will repay the council the cost and installation of these machines over a 12 month period.

4.5 The costs in 4.2 and 4.3 are the costs of the machines ONLY. The installation of the machines and signage required is subject to a separate tender exercise and decision request at a later date.
5.0 Legal Implications and Risks

5.1 The legal implications and risks are that any tenderer may provide equipment which does not comply with the tender specification and may not be fit for purpose.

5.2 The Council would then be required to possibly use legal recourse to defer financial payment of the machines or undertake litigation against the winning tenderer for some form of breach of contract to remedy any such faults or breach of specification.

5.3 In tendering through the ESPO 509 framework the procurement process complies with the European procurement rules and the Treaty obligations of transparency, equality of treatment and non-discrimination as well as the Council’s Contract Procedure Rules.

5.4 The procurement exercise has been undertaken in line with Council’s financial regulations and all relevant legislation. The Agreement entered into by the Council and the Contractor shall set out the legal obligations of the Council and the Contractor in relation to the operation of any market on behalf of the Council.

6.0 Recommendations

6.1 It is recommend to replace the existing pay and display machines through the appointment of tenderer T1 as the preferred bidder in the tender exercise. This requires the placing of an order valuing up to £181,949.00 for 53 new pay and display machines in total (of which £51,495.00 for 15 new pay and display machines for purchase on behalf of third party clients who will enter into a 12 month loan to repay the cost of the machines and installation).

7.0 Options

7.1 Two options exist: Status Quo – Do nothing or replacement of the pay and display machines, see 6.1 for the recommendation.

7.2 The existing pay and display machines are not fit for purpose and currently do not provide acceptable customer service due to reliability and methods of payment.

7.3 The new pay and display machines will be more reliable and much less prone to break-downs; which will ensure a higher continuity flow of revenue, allow for additional facilities (such as credit card payments) and tariff band overpayments.

7.4 A status Quo – Do nothing decision would continue with the cost of daily repairs of faulty machines and lost revenue due to breakdowns, along with negative customer service issues.

Charles Holmes
Head of Community Services