

REVENUE EXPENDITURE BUSINESS CASE

Parking Machine/terminal, maintenance, data and transmission contract



EXECUTIVE SUMMARY

The Executive Summary is a short summary of the Business Case and should be the last section you complete, this will enable you to extract or only the key facts from relevant sections i.e. 'project on a page'. The summary is a 'snapshot' of the business case which will need to tell the story and sell the proposal.

Plymouth City Council currently have over 180 parking machines that were supplied, installed, and maintained by IPS UK Ltd and Flowbird UK Ltd.

The machines generate an income in excess of £2m per annum to the parking trade account, from both on street and off street locations including Card and Cash facilities.

The machines currently in place age from 1 to 22 years and require a significant amount of maintenance each year to keep operational, this includes twice yearly servicing and on call reactive maintenance plan.

An annual contract is therefore required to support this function in order maintain the service to customers and to protect the income and assets for the Council.

The contract proposal will be to award a 5-year contract based on 1+1+1+1+1 with a break clause at the end of each year to allow for any dynamic change in the service provision.

SECTION I: PROJECT DETAIL

Project Value REVENUE	£1 875 000 (£375000 pa)	Contingency (show as £ and % of project value)	
Programme	Highways Maintenance	Directorate	Place
Portfolio Holder	Councillor Jonathan Drean	Service Director	Phillip Robinson
Senior Responsible Officer (client)	Mike Artherton	Project Manager	Darren Stoneman
Address and Post Code	Ballard House West Hoe Road Plymouth PL1 3BJ	Ward	Citywide

Current Situation: *(Provide a brief, concise paragraph outlining the current situation and explain the current business need, problem, opportunity or change of circumstances that needs to be resolved)*

Plymouth City Council currently have over 180 parking machines that were supplied, installed, and maintained by IPS UK Ltd and Flowbird UK Ltd.

The machines generate an income in excess of £2m per annum to the parking trade account, from both on street and off street locations including Card and Cash facilities.

The machines currently in place age from 1 to 22 years and require a significant amount of maintenance each year to keep operational, this includes twice yearly servicing and on call reactive maintenance plan.

When the machines were purchased, there was no consideration or procurement exercise for a contract to support the maintenance activity throughout the life of the machines or to cover the ancillary costs associated with the day-to-day operations of the machines and the back office reporting systems.

The machines in question come with a 12-month post installation warranty and all machines are now outside of that period, however due to the previous maintenance programme they still operate effectively and will continue to do so for the next 3-5 years.

With advances in technology and the expectation of consumers, we would expect to run a procurement exercise to replace these machines over the next 3-5 years.

Ensuring the Council has formal contractual arrangements in place for maintenance and back office support for the current assets will protect the income to the city over the period for the interim period by ensuring a robust and compliant parking machine network.

Proposal: *(Provide a brief, concise paragraph outlining your scheme and explain how the business proposal will address the current situation above or take advantage of the business opportunity) and (What would happen if we didn't proceed with this scheme?)*

The scheme will aim to deliver a compliant contract through an existing framework to support the maintenance and operation of this asset.

This scheme will ensure that for the projected lifetime of the machines an adequate and compliant machine maintenance regime is in place, reactive maintenance undertaken, data transmission maintained, payment options supported and back office and management information systems provided.

The parking machine industry is manufacturer specific, with no ability for one provider to manage and maintain competitor's equipment, and currently no alternative independent solution available.

Software and transmission data are also machine/supplier specific and there are no alternatives options.

The risk with not formalizing contractual arrangements is significant in the inability for Plymouth City Council to protect the parking income stream, the inability to deliver a viable, managed highway network and prevent the enforcement of the Road Traffic Act and Traffic Management Act.

Milestones and Date:		
Contract Award Date	Start On Site Date	Completion Date

SECTION 2: PROJECT RISK, OUTCOMES AND BENEFITS

Risk Register: The Risk Register/Risk Log is a master document created during the early stages of a project. It includes information about each identified risk, level of risk, who owns it and what measures are in place to mitigate the risks (cut and paste more boxes if required).

Potential Risks Identified		Likelihood	Impact	Overall Rating
Risk	Failure to agree contract	Low	Medium	Low
Mitigation	Contract through existing framework	Low	Low	Low
Calculated risk value in £ (Extent of financial risk)	£0			

Outcomes and Benefits

List the outcomes and benefits expected from this project.

(An **outcome** is the result of the change derived from using the project's deliverables. This section should describe the anticipated outcome)

(A **benefit** is the measurable improvement resulting from an outcome that is perceived as an advantage. Benefits are the expected value to be delivered by the project, measurable whenever possible)

Financial outcomes and benefits:	Non-financial outcomes and benefits:
This will maintain revenue income levels for Plymouth City Council and ensure that its parking asset remain compliant with any future changes in legislation	The levels of service to our residents, visitors and businesses will be maintained as we are able to offer a reliable, modern and reactive parking system

Low Carbon

What is the anticipated impact of the proposal on carbon emissions	None
How does it contribute to the Council becoming Carbon neutral by 2030	Parking plays a key part in managing the highway and this will continue to support the management of traffic reducing congestion and potentially allow emission based tariffs
Have you engaged with Procurement Service?	Yes
Procurement route options considered for goods, services or works	<p>In line with the Council's Contract Standing Orders Section 3, the following procurement route options have been considered.</p> <p>Procurement Options</p> <p>In line with the Council's Contract Standing Orders, this requirement is classed as a High Value / High Risk Procurement, and as such, the estimated value exceeds the relevant Public Contract Regulations threshold and is subject to the full public procurement regime as set out in the Public Contract Regulations 2015 (PCR 2015) and Public Procurement (Amendment etc.) (EU Exit) Regulations 2020.</p> <p>Of the six EU procurement procedures available, two procurement procedures are appropriate and have been considered for this particular requirement as follows:</p>

Open Procedure

With the Open Procedure, any interested bidder may submit a bid. The Council is free to use this procedure, which can be applied to both contracts and framework agreements. However in some cases it can be beneficial to choose a procedure (such as the Restricted procedure) where the number of bidders can be reduced at the selection stage based on their capability and capacity, especially if the Council does not have enough resources (such as time) to conduct a full Open Procedure.

The Open Procedure is best used where the requirements are typically straight forward, with a relatively simple selection and award process, or it is anticipated that only a small number of suppliers will respond to the advertised Contract Notice.

The practicality of the Open Procedure will depend upon the potential number of bids received and the nature of the evaluation criteria. If the Council receives a large number of bids, the evaluation of all compliant bids is likely to be time consuming.

Restricted Procedure

This is a two-stage procedure. Stage 1 is a pre-selection stage (SQ) and its purpose is to select a shortlist of five (or more) suppliers which are likely to meet the tender requirements. Stage 2 is the tender stage where shortlisted suppliers which meet the SQ stage are then invited to tender, and is used to determine a successful supplier to whom a contract will be awarded. A minimum of five suppliers must be invited to tender (Stage 2) and in any event the number of suppliers invited shall be sufficient to ensure genuine competition. The Restricted Procedure should be used for procurements where market analysis has indicated a large number of bidders are likely to be interested in participating. In this case it is beneficial to use this procedure where the number of bidders can be reduced at the selection stage based on their capacity, capability and experience to perform the contract. Like the Open Procedure the Council are free to use this procedure, in any circumstances and for any type of contract. The contract will be awarded to the most economically advantageous tender (MEAT).

Timescales to Consider

Time limits for the receipt of tenders must take account of the complexity of the contract requirement and the time required for the market place to compile and submit tenders.

For the Open Procedure, the minimum time limit for the receipt of tenders is 35 days from the date on which the contract notice is sent for publication within the Find a Tender Service (FTS).

Time limits for receipt of tenders may be reduced by five days where submission by electronic means is allowed.

If requirements are urgent, and a longer time limit is impractical as a result then the tender period may be reduced to 15 days.

For the Restricted Procedure, the minimum time limit for Stage 1 – receipt of SQ is 30 days from the date on which the contract notice is sent for publication within the Find a Tender Service (FTS).

	<p>If requirements are urgent, and a longer time limit is impractical as a result then the tender period may be reduced to 15 days.</p> <p>For Stage 2 – Tender Stage, the minimum time limit from Invitation to Tender to receipt of Tenders is 30 days.</p> <p>Time limits for receipt of tenders may be reduced by five days where submission by electronic means is allowed.</p> <p>If requirements are urgent, and a longer time limit is impractical as a result then the tender period may be reduced to 10 days.</p> <p><u>Other Options</u></p> <p>In line with the Regulation 33 of the UK Public Procurement Regulations, and the Council’s Contract Standing Orders there is also the option to use Predetermined UK/EU compliant Framework Agreements.</p> <p>The following framework has been considered:</p> <p>Eastern Shires Purchasing Organisation (ESPO) Framework 509_19 – Parking Management Solutions</p> <p>This framework is a nationally procured framework, and provides the Council with the ability to direct award via a single action tender (if appropriate to do so), or undertake a further competition. It offers a quick, simple and competitive route to purchasing which is divided into Lots for Pay & Display Solutions, Pay on Foot Solutions and Parking Management Information Systems.</p> <p>Lot – 2: Pay on Foot Solutions is the most appropriate for this this requirement and covers the supply, installation and maintenance of Pay on Foot products and services. These include entry/exit lanes, barriers, pay stations, and control centres. Technologies such as ANPR are also available for purchase.</p> <p>Some of the benefits from using this option are:</p> <ul style="list-style-type: none"> • Quick and easy to use - Compliant with UK/EU procurement legislation, so no need to run a full procurement process. • Access to specialist knowledge and advice on all aspects of the use of this framework. • Access to the market leading suppliers and their latest products. • Suppliers listed on the framework were assessed during the procurement process for their financial stability, track record, experience and technical & professional ability, before being awarded a place on the framework. • Pre-agreed terms & conditions - Pre-agreed under the framework to underpin all orders, and provide peace of mind.
<p>Procurements Recommended route.</p>	<p>Undertake two Single Action Tenders (one with each organization) through the following framework:</p> <p>Eastern Shires Purchasing Organisation (ESPO) Framework 509_19 – Parking Management Solutions</p> <p>If there is, a change in circumstances and the recommended procurement route cannot be undertake or no longer represents best value for the Council any subsequent procurement route</p>

	undertaken will be in accordance with the Council's Contract Standing Orders and Procurement Law.
Who is your Procurement Lead?	Paul Williams – Category Lead – Transport, Waste & Environment.
Is this business case a purchase of a commercial property	No
If yes then provide evidence to show that it is not 'primarily for yield'	
Which Members have you engaged with and how have they been consulted (<i>including the Leader, Portfolio Holders and Ward Members</i>)	Councillor Jonathan Drean, Portfolio Holder for Transport

SECTION 4: FINANCIAL ASSESSMENT

Breakdown of project costs including fees surveys and contingency	22/23	23/24	24/25	25/26	Future Yrs.	Total
	£m	£m	£m	£m	£m	£m
IPS	145000	165000	165000	165000	165000	805000
Flowbird	230000	210000	210000	210000	210000	1070000
Total Revenue spend	375000	375000	375000	375000	375000	1875000

Breakdown of proposed funding	22/23	23/24	24/25	25/26	Future Yrs.	Total
	£m	£m	£m	£m	£m	£m
Parking revenue	375000	375000	375000	375000	375000	1875000
Total funding	375000	375000	375000	375000	375000	1875000

Which external funding sources been explored	None this is a revenue generated expenditure
Are there any bidding constraints and/or any restrictions or conditions attached to your funding	none
Tax and VAT implications	VAT is a standard addition in these contract costs
Tax and VAT reviewed by	Sarah Scott

REVENUE COSTS AND IMPLICATIONS

Cost of Developing the Capital Project (To be incurred at risk to Service area)	
Total Cost of developing the project	0
Revenue cost code for the development costs	0
Revenue costs incurred for developing the project are to be included in the capital total, some of the expenditure could be capitalised if it meets the criteria	N
Budget Managers Name	Mike Artherton

Ongoing Revenue Implications for Service Area							
	Prev. Yr.	21/22 £	22/23 £	23/24 £	23/24 £	25/25 £m	Future Yrs.
Service area revenue cost							
Other (eg: maintenance, utilities, etc)			375000	375000	375000	375000	TBC
Loan repayment (terms agreed with Treasury Management)			0	0	0	0	0
Total Revenue Cost (A)			375000	375000	375000	375000	TBC
Service area revenue benefits/savings							
Annual revenue income (eg: rents, etc)			0	0	0	0	0
Total Revenue Income (B)			0	0	0	0	0
Service area net (benefit) cost (B-A)			0	0	0	0	0
Has the revenue cost been budgeted for or would this make a revenue pressure	Yes this is a standard annual revenue cost						
Which cost centre would the revenue pressure be shown	N/A		Has this been reviewed by the budget manager			Y	
Name of budget manager	Mike Artherton						

Version Control: (The version control table must be updated and signed off each time a change is made to the document to provide an audit trail for the revision and update of draft and final versions)

Author of Business Case	Date	Document Version	Reviewed By	Date
Darren Stoneman	01/04/2022	v 1.0	M Artherton	01/04/2022
	00/00/2021	v 2.0		00/00/2021

SECTION 6: RECOMMENDATION AND ENDORSEMENT

Recommended Decision

It is recommended that the Leader of the Council:

- Approves the Business Case
- Allocates £1875000 for the project

<ul style="list-style-type: none"> • Authorises the procurement process • Delegates the award of the contract to Service Director for Street Services. 	
Cllr Mark Shayer, Cabinet Member for Transport	
Either email dated:	Service Director
	Either email dated: <i>date</i>
Or signed: 	Signed: 
Date: 22/08/22	Date: 07/07/22
	Service Director
	<i>[Philip Robinson, Street Services]</i>
	Either email dated: <i>Date 04 July 2022</i>
	Signed:
	Date: