

Report of: Business Support Manager

Report to: Director of Environment and Housing

Date: 5th December 2014

Subject: Award of contract for the issuing of Fixed Penalty Notices (FPNs) in relation to environmental enforcement work predominantly in the City Centre. Ref 9P3M-P9Y91D

Are specific electoral Wards affected?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, name(s) of Ward(s): City and Hunslet		
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<p>If relevant, Access to Information Procedure Rule number:</p> <p>Appendix number: 1</p> <p><i>Note:- that by virtue of Access to Information Rules 10.4.(3) Appendix 1 is restricted as confidential. This is on the basis that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information) which, if disclosed to the public, would, or would be likely to prejudice the commercial interests of that person or of the Council.</i></p> <p><i>It is considered that the public interest in maintaining this information as exempt outweighs the public interest in disclosing the information, as disclosure may prejudice the outcome of the procurement process, whilst the details of the tender proposals within the appendices also contain the financial details/business affairs of individual companies.</i></p>		

SUMMARY OF MAIN ISSUES

1. In April 2013 a pilot exercise was commenced whereby the issue of Fixed Penalty Notices (FPNs) for littering and dog fouling was undertaken by an external provider.
2. The work focussed mainly on the city centre but also some 'hot spot' areas in the WNW Locality area.
3. The initial pilot scheme was extended via Director approval in October 2013 to allow a fuller assessment of the pilot to be carried out – this looked at the operational impact of the pilot as well as financial and other implications.

4. Following the review of the pilot and after a range of stakeholder consultation a new competitive procurement has been conducted to provide a formal contract for the issuing of FPN's in relation to environmental enforcement work predominantly in the City Centre
5. The new procurement was designed to offer a 2 year contract with the option to extend by two further one year instalments – potentially four years maximum in total.
6. Competitive tenders have been received and evaluated on a quality only basis. 3GS is the organisation recommended by the evaluation panel to be awarded the contract, based on delivering the best overall option for LCC as determined by the evaluation criteria.

RECOMMENDATIONS

7. The Director of Environment and Housing is recommended to note the content of this report and approve the award of contract for the issuing of Fixed Penalty Notices (FPNs) in relation to environmental enforcement work predominantly in the City Centre to 3GS.
8. The Director is to be satisfied that the award of this contract has been the result of a fair and transparent process and with a view to achieving best value for the Council.

1 PURPOSE OF THE REPORT

- 1.1 Contract Procedure Rule 18.4 requires that a decision to award is made by the relevant Officer through the delegated decision process. The delegated decision process should outline why any tenders were disqualified and the reasoning for the selection of the contractors.
- 1.2 The purpose of this report is to brief the Director on the process adopted for the procurement and advise of the outcomes it has achieved in order to demonstrate that a fair and transparent process has been followed. The report further seeks to request approval for the award of the contract to 3GS.

2 BACKGROUND INFORMATION

- 2.1 The city centre of Leeds is in many ways the 'shop window' to the city and is often the first and lasting impression that people have of Leeds. The city centre is a major cultural hub with many leisure and visitor attractions. Keeping the city centre clean and welcoming is a key priority for both the City Council and also key stakeholders such as city centre business operators.
- 2.2 Councils have powers to tackle littering by the use of FPNs which are issued to people who drop litter. The imposition of an FPN is an alternative to court action and involves the resolution of the issue upon payment of a standard fee. A range of field based Council staff have had the power to issue FPNs for many years.
- 2.3 In recent years however the Council has seen the number of FPNs issued by its own staff decline.

- 2.4 In April 2013 a pilot exercise was started via an external provider, 3GS, whereby dedicated resources were deployed with the sole aim of clamping down on people dropping litter. The pilot was undertaken on a 'no cost to the Council basis', the operating costs of 3GS being met via income derived from FPN fees.
- 2.5 The main aim of the trial was twofold. Firstly to see if a programme of concerted action could bring about visible improvements by way of reduced littering. Secondly the trial was an attempt to see if a self-financing arrangement could be achieved (albeit via a private provider) such that the Council did not have to commit its own revenue resources to this area of work.

3 MAIN ISSUES

3.1 Main features of the contract

- 3.11 Following a slightly longer than anticipated operational period the conclusion is that pilot has succeeded in its two main aims with there being a clear sense from stakeholders that the streets are cleaner and less litter is being dropped. The current provider has also managed to sustain its operation on the income derived from FPN fee income.
- 3.12 Following stakeholder consultation, including with the Trade Unions and the Executive Board Member it was recommended that the work be continued on an ongoing basis and that best value is secured by means of a full procurement exercise.
- 3.13 The contract will be let for 2 years with extension options of 2 x 12months. The procurement followed an open procedure with bidders being asked to submit a pre-qualification questionnaire and tender concurrently.
- 3.14 The contract was evaluated 100% on quality due to it being a fixed priced contract. A fix priced was used due to the legislative limits that exist on fine levels and the Council wanting to limit profits through enforcement action to a reasonable level.
- 3.15 A licence for shared accommodation will run concurrent with the contract.

3.2 Pre-Qualification Stage

- 3.2.1 The PQQ issued assessed the ability of organisations in respect to financial status, technical ability and professional integrity. Only organisations passed at this stage would be evaluated at the tender stage.
- 3.2.2 PQQ's were received and evaluated for: NSL, Kingdom and 3GS.

3.3 Tender Stage

- 3.3.1 All 3 companies passed the PQQ stage
- 3.2.3 An evaluation panel of Officers from the Environmental Action Service was established.
- 3.2.4 Evaluation was conducted on a consensus basis with the panel reaching an agreed score for each aspect of the evaluation criteria, at a meeting following independent review. Scoring was on a 0-10 basis and no minimum threshold was set. Appendix 1 outlines the tender result showing that 3GS scored the highest.

4 CORPORATE CONSIDERATIONS

4.1 Consultation and Engagement

- 4.1.5 Throughout the pilot a dialogue has been maintained with key stakeholders particularly within the city centre area where the majority of patrols take place. Dialogue has also been maintained with Trade Unions and Elected Members including the Executive Board Member. Updates have also been submitted to the Council's Corporate Leadership Team.
- 4.1.6 The Trade Unions have maintained a view that this work is better performed in-house, rather than by an external provider. In response to this it is considered that when all costs are taken into consideration the delivery via the proposed method of an external provider represents best value to the Council. It is also considered that the proposed approach allows better focus on the specific task of enforcement without the distraction of being allied to other duties via a wider job description.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 An equality impact assessment has been completed and has identified no significant implications for equality, diversity, cohesion or integration.

4.3 Council Policies and City Priorities

- 4.3.1 It is paramount that procurements in the authority are undertaken with a view to ensuring openness, transparency and fairness. This procurement has been undertaken through a formal competitive exercise and the proposed appointment is based on an evaluation of the quality of the enforcement service they can provide. All appropriate governance arrangements have been followed.
- 4.3.2 The issues being discussed in this report and the contract to be awarded all have specific implications with regard to keeping the city centre clean and litter free. It supports our wider ambition to be the best city and the best council. Street cleanliness is also one of the Council's stated top 25 priorities.
- 4.3.3 Though the work will be delivered through an external provider the requirement to comply with a range of Council procedures will remain – in particular the Code of Conduct and the Compliments and Complaints procedure.

4.4 Resources and Value for Money

- 4.4.1 The approach taken is one whereby the service provided is at no cost to the Council. 3GS Ltd will carry the main financial risk of income received not covering their operating costs. There is some potential for a small financial surplus to be returned to the Council if the number of FPNs and court cases continues at levels experienced during the pilot. Any surplus will be recycled into street cleaning and other associated activities.

4.5 Legal Implications, Access to Information and Call In

- 4.5.1 Officers from procurement and legal services have been consulted throughout this tendering exercise and as such all legislative requirements have been adhered to. The decision to commence to appoint 3GS Ltd as the successful contractor is an Administrative Decision and can be made by the Director acting under delegated authority.

4.6 Risk Management

- 4.6.1 A risk register has been drawn up and two main risks are identified. Firstly that the scheme is not able to operate on a self-financing basis i.e. no cost to the Council. Secondly that the scheme will generate significant adverse stakeholder reaction.
- 4.6.2 Whilst these two main risks will be kept under review it is believed that the trial period has clearly shown that the financial and reputational risks can be successfully mitigated.

5 CONCLUSIONS

- 5.1 It should be concluded from this report that a fair, open and transparent procurement has been undertaken. As this is a fixed priced contract, evaluation was based on quality and 3GS have demonstrated that they offer the best option in this respect.

6 RECOMMENDATIONS

- 6.1 The Director for Environment and Housing is recommended to note the content of this report and approve the award of the contract for the issuing of Fixed Penalty Notices (FPNs) in relation to environmental enforcement work predominantly in the City Centre to 3GS.
- 6.2 The Director is to be satisfied that the award of this contract has been the result of a fair and transparent process and with a view to achieving best value for the Council

7 BACKGROUND DOCUMENTS¹

- 7.1 None.

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.