

<b>Item No.</b> 12.	<b>Classification:</b> Open	<b>Date:</b> 20 March 2012	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Gateway 1 - Procurement Strategy Approval Parking and Traffic Enforcement Services Contract	
<b>Ward(s) or groups affected:</b>		All wards	
<b>Cabinet Member:</b>		Councillor Barrie Hargrove, Transport, Environment and Recycling	

## **FOREWORD – COUNCILLOR BARRIE HARGROVE, CABINET MEMBER FOR TRANSPORT, ENVIRONMENT AND RECYCLING**

This report asks the cabinet to approve the procurement of three new contracts for parking services. I am satisfied that in agreeing this report cabinet will be making provision for the council to secure a contract which will both reduce costs and improve its current services in the long term.

### **RECOMMENDATION**

1. That the cabinet approve the procurement strategy outlined in this report for the parking and traffic enforcement services contract.

### **BACKGROUND INFORMATION**

2. The range of services currently delivered in the existing parking and traffic contracts include:
  1. Parking and Traffic Enforcement Contract
    - Deployment of on-foot civil enforcement officers (CEO)
    - Deployment of mobile civil enforcement officers, including enforcement on the council's housing estates
    - School crossing patrols
    - CCTV parking and traffic enforcement
  2. Vehicle removal and car pound contract
    - Removal and relocation of vehicles
    - Car pound operations
    - Estate parking enforcement
  3. Business Support Contract
    - Parking back office software supply and maintenance
    - Managing Penalty Charge Notice (PCN) payments and appeals
    - Managing parking permits
    - Cashless pay by mobile parking.
3. The current contracts were let in March 2001 with the contract starting on 01 July 2001 for a period of ten years with potential break points that the Council did not activate. The Cabinet approved a report Gateway 1 parking procurement strategy on 21 September 2010 which included an options appraisal for the future parking contract. This report resulted in the Council undertaking soft

market testing and discussing options for a joint contract with other local authorities.

4. A Gateway 1 and 2 report extending the Council's contract arrangements with its current contractor APCOA parking was approved by cabinet on 21 June 2011 and extended the contract arrangements for 12 months with the option of extending for a further 6 months, to allow sufficient time for the completion of the new tender process. Should this report be agreed a further Gateway 3 report taking the 6-month extension will be prepared.
5. The Council is to procure a replacement contract; details of the rationale for this and the implications of doing so are set out in the body of this report. As a result of extensive market testing in 2010/11, the market indicated that contracts with a minimum of three year extension periods allowed for the purchase of replacement on-street equipment to be written off over that period. We therefore propose a 4 year contract with a 3 year extension.
6. The current contract cost per annum is £5.47 million. The estimated annual cost of the new contract is £5.09 million for a period of seven years making a contract value of £35.63 million.

## **KEY ISSUES FOR CONSIDERATION**

### **Summary of the business case/justification for the procurement**

7. The Council is required by the Department for Transport to take on powers initially under the Road Traffic Act 1991 as amended and then Traffic Management Act 2004 to provide parking and traffic enforcement from April 1994.
8. In order to effectively enforce parking and traffic restrictions in Southwark as well as provide the school crossing patrol service, our current contractor employs some 193 staff members split as follows:
  - 85 CEOs
  - 44 CEOs, drivers and customer service staff providing clamp (Estates only), removal services on the highway, our private land (Estates) and deregulated car parks.
  - 50 part time School Crossing Patrols officers
  - 14 customer service staff providing IT, permit and correspondence service.

### **Market considerations**

9. There are four main contractors who hold all the contracts in London local authorities. Of these four, three have been providing parking services for more than ten years. In addition there are two smaller companies in the market.
10. There are no framework agreements available or other pan-London contracts that Southwark can be part of. Legal advice shows that it is possible for a Local Authority to allow another local authority to enforce and manage parking on their behalf but a joint approach requires one authority to pass all its enforcement services to another.

11. Officers have undertaken extensive market testing with the main UK parking enforcement suppliers. This soft market testing was carried out in collaboration with Lewisham Council's parking services. It was clear from this market testing that there is a good deal of interest both in the individual Council's service contracts as well as a joint collaborative approach. The market testing also highlighted that the current providers of services would prefer a single contract covering all parking activities.

#### **Additional duties of the contractor**

12. Discussions that have taken place with service providers have indicated that there are currently a number of services carried out by the client which could be provided by the parking contractor. Accordingly tenderers will be required to price additional services as listed below which are not provided directly by the contractor currently:
  - Parking infrastructure
  - Parking Representations and traffic appeals to the parking adjudicator
  - A wider role for CEOs.

#### **Maintenance of the parking infrastructure**

13. Currently the contractor is not responsible for maintenance of the parking infrastructure on street, the signs and lines which enable parking enforcement to take place. By making the contractor responsible not just for the delivery of the front line service but also the maintenance of items which make that service deliverable the contractor will have a very clear motivation to maintain the signs and lines to a high level and the service will be seamless.

#### **All formal appeals and appeals to parking and traffic parking adjudicator.**

14. The current parking contractor responds to all informal appeals against pcn's (approximately 12,000 p.a). All formal appeals are referred to the council's parking client team to undertake a review of documentation and evidence and communication with the customer prior to issuing a formal decision. This team consists of five staff and one manager and deals with approximately 13,000 cases p.a. Should the customer appeal the Council's decision to the London Parking Adjudicator, the team also deal with providing evidence to the tribunal (PATAS) approximately 3,000 p.a.. There are potential cost savings from giving greater responsibility to the contractor for the administration of this process, with the Council's client team retaining the formal legal responsibility for the appeal decision. In order to explore the scale of potential savings tenders will be sought for this service based upon either the Council retaining the service or placing it with the contractor.

#### **Wider role for CEO's**

15. .A wider role for CEOs was discussed in detail in the market testing which took place in December 2010. All of the service providers felt that value could be added through the expansion of the CEO role to include on-street licensing activities. It is proposed that the Council would restrict these licensing activities to reporting on items such as skips, scaffolds, hoardings, tables and chairs etc. It would involve the CEO confirming that the activity was licensed and that the

correct permit had been applied for and granted, reporting unlicensed activity, acting as a monitoring team for the enforcement officers within road network. All service providers felt this and some other fault reporting could be combined within the role without a detrimental effect on the prime role of parking enforcement.

16. It was clear from the market testing that all service providers felt that it was possible to benefit from volume discounts when it came to the business support services, single IT system, single call centre and a single team managing the back office processes.
17. As part of the consultation with the current market leaders in these types of services, discussions were carried out with respect to contract period. The longest possible contract was preferred as it allowed investment to be depreciated over the extended contract term and meant better investment in the contract by the contractor.

### **Future proofing the service (contract flexibility)**

18. The current parking contract was tendered based upon the supply of a fixed number of patrolling hours per week. Any increase or reduction in patrolling hours being dealt with by way of a variation on the contract with the attendant contractor claim for costs arising from the required change. Considering the changing environment of both greater compliance and technology the new contract will ensure that it has the mechanisms in place to reduce costs should there be a change in circumstances. The means of safeguarding changes in compliance rates is set out below

### **Changes in compliance rates**

19. The on-street operations pricing mechanism and specification in the new contract will specify that the deployed enforcement hours is likely to be varied, within pre-set limits, over the period of the contract, The ratio of deployed hours to on-street team managers will also be specified and a reduction of one complete team in deployed hours terms would also result in a corresponding reduction in team managers.
20. The cost of each deployed hour plus supervision will be specified in the schedule of rates together with the total price for the provision of the number of deployed hours specified.
21. The level of deployed hours will be set at quarterly review meeting over the lifetime of the contract, with the number of PCNs issued per deployed hour being the measure of whether the contract should be flexed up or down. Generally an average of more 1.5 PCNs being served per hour is an indication that additional resources are required; there is non-compliance. Conversely an average PCN rate of 0.25 per hour would indicate that deployment is no longer productive and should be withdrawn
22. Building flexibility into the contract in this way has the inherent risk that the contractor will price uncertainty into the contract to allow for potential costs of change over the lifetime of the contract.
23. In the back office operation the schedule of rates will cover all areas of the operation as a per/item charges. This will be expanded from the current contract

and therefore changes in the amount of enforcement will directly reduce the cost of individual items.

### **Information technology, investment and contract price changes**

24. In addition to the changes already highlighted it is expected that the new contract will make full use of new technology to deliver a digital parking environment, including for example:
  - Real on-street access for CEO to the parking permit database
  - Virtual permits linked to vehicle registration number rather than a paper permit
  - Automatic number plate recognition systems linked to both static and mobile CCTV systems.
25. As an option the Council will retain the ability to provide the investment in the IT to the contractor. This would result in lower costs through the contract period as the contractor would not be depreciating their up front investment.
26. It is expected that the contractor will be motivated by sharing of benefits from the introduction of new technology and the streamlining of processes both in the back office and in the on-street enforcement parts of the operation.
27. It is proposed that any saving in cost which is highlighted by the contractor will be subject to a sharing of benefit of 80:20 council: contractor split. In circumstances where a larger investment is required by the contractor different payment terms can be agreed up to 60:40.
28. These benefits will be agreed as projects through the parking board and delivered as projects throughout the year. However there is no need for these projects to only be initiated at a twice per annum project board and it is expected that the parking board executive will have the authority to approve any project which is proposed during the year and out of sequence with the meetings.

### **Proposed procurement route**

29. This report seeks the Cabinet's agreement to carry out the procurement process for the provision of a sole contractor to Southwark.
30. The procurement will follow an open OJEU compliant procedure; the process is seeking a minimum of 6 tenderers although such is the size of the UK on-street parking enforcement industry that running a closed process would limit the number of tenderers to below this number.

### **Options for procurement including procurement approach**

31. The previous Gateway 1 approved by Cabinet in September 2010 set out four options for delivery of this service. Cabinet agreed that two of the options would not be pursued i.e. an in house team (on the basis of cost) and a framework agreement as no London wide framework agreement exists.
32. It was agreed that either a joint contract with another local authority or a stand alone Southwark contract were to be considered following detailed inter-authority discussions and market testing.

33. Discussions began with Lewisham Council as they were on/working to a similar timescale to Southwark Council to replace their existing parking enforcement contracts
34. The market testing was carried out jointly with Lewisham Council; throughout the market testing it was clear that there is enthusiasm within the parking services industry for a joint local authority contract. The service providers felt that savings could be made in regards to the overall cost of the parking service through a single larger contract particularly in the back office notice process, correspondence process and permit process by having a single IT system and a joint parking back office.
35. The option of a joint contract with Lewisham Council has received considerable attention, however it has been judged that it is not the best way forward for the following reasons:
  - It is too complex and time consuming leading to increased procurement costs both in terms of officer time and also legal and other administrative costs
  - The parking market in the UK is centred around 4 main contractors who already have economies of scale, therefore the joint contract is unlikely to deliver significant savings
  - A full parking shared service where the Council services merge is not possible; Southwark could take over Lewisham's service and vice versa but the Council's cannot share the legal authority to enforce parking and traffic restrictions
  - The need to ensure contract flexibility in the light of falling pcn income.
36. As a result the Council has reviewed the options appraisal in the Gateway 1 Report from September 2010, an in house option has been rejected due to the cost of the service and the need for investment. No frame work exists.

### **Scale of contract**

37. From our market testing it was acknowledged that all providers preferred to have a single contract covering all parking activities. Officers have considered whether contracts could be let for local area parking enforcement and would not recommend that this route be followed for the following reasons.
  - Smaller local contracts increase the overall price of the contract as the main suppliers would not be bidding for a single contract. Plus the future cost savings which could be achieved from future capital investment as technology evolves would be restricted.
  - The system would be confusing to the public as they would be dealing with different parking enforcement contactors in some cases on opposite roads.
38. Southwark will therefore let its own single stand alone borough wide contract for the following reasons:

- A simpler streamlined contract letting process using the open OJEU process
- Lower procurement costs and officer time requirements
- A straightforward contractor/Council relationship focussed on delivery of a first class parking service to Southwark Council with no distractions
- Lower overall contract costs as a result.

### Identified risks and how they will be managed

39. Please see Appendix one. Officers have identified an initial high level risk register these are the high level risks involved in the procurement of a new parking enforcement contracts and those which may affect the financial performance of the Council's parking account. A full risk workshop jointly with Lewisham was held in December 2011.

### Policy implications

40. The recommendations contained within this report are consistent with the policies of the Transport Plan and associated Transport local implementation plan. The recommendations are also consistent with the Sustainable Community Strategy - Southwark 2016.

### Procurement project plan

41. Below is the proposed Southwark approval process;

Activity	Complete by:
Forward Plan (if Strategic Procurement)	28/03/2012
DCRB Review Gateway 1: Procurement strategy approval report (this report)	02/02/2012
CCRB Review Gateway 1: Procurement strategy approval report (this report)	16/02/2012
CMT Review Gateway 1: Procurement strategy approval report (this report) dates to be added	23/02/2012
Notification of forthcoming decision – Five clear working days (if Strategic Procurement)	12/03/2012
Approval of Gateway 1: Procurement strategy report (this report)	20/03/2012
Scrutiny Call-in period and notification of implementation of Gateway 1 decision date to be added subject to CCRB  <i>Note: You should allow a minimum of 8 clear working days. This is subject to the decision not being called-in. If the decision is called-in the timetable will need to be adjusted accordingly.</i>	04/04/2012
Completion of tender documentation	12/04/2012
Advertise the contract	16/04/2012

Activity	Complete by:
Invitation to tender	16/04/2012
Closing date for return of tenders	15/06/2012
Completion of evaluation of tenders	01/08/2012
Completion of any interviews	01/08/2012
DCRB/CCRB/CMT Review Gateway 2: Contract award report <i>Note: CMT review for full cabinet decisions only.</i>	August 2012
Notification of forthcoming decision (five clear working days)	11/09/2012
Approval of Gateway 2: Contract Award Report	18/09/2012
Scrutiny Call-in period and notification of implementation of Gateway 2 decision <i>Note: You should allow a minimum of 8 clear working days. This is subject to the decision not being called-in. If the decision is called-in the timetable will need to be adjusted accordingly.</i>	01/10/2012
Alcatel Standstill Period notice period 10days to be added	01/10/12 to 15/10/12
Contract award	15/10/2012
Contract start	01/01/2013
Contract completion date	31/12/2020

### TUPE implications

42. Depending on the final scope of the contract agreed some existing council staff may transfer under TUPE in the new contract period. Also there will be secondary TUPE between the current contractor and a new contractor if there is a change in supplier.
43. All TUPE issues will be addressed through ongoing liaison with the Legal employment sections of the council.

### Development of the tender documentation

44. The specification, PQQ and ITT documents will be developed by Southwark's Parking Enforcement team in conjunction with departmental procurement, legal contracts and finance teams. The Council intend to make use of the British Parking Association model contract as a starting point for its documentation.

### Advertising the contract

45. The contract will be advertised in the OJEU and at least two UK parking related trade journals, Parking News and Parking Review, as well as the local press.



## **Evaluation**

46. The procurement of the contract will be overseen by a project board led by the Finance Director and the Strategic Director of Environment and Leisure.
47. A departmental parking project team, consisting of department procurement and legal teams reporting to the parking procurement board with sign off required by the executive of the board at the completion of each stage.
48. Evaluation criteria will be agreed for the evaluation matrix which will be used to evaluate the return of tenders for award of contract.

## **Pre-qualification questionnaire (PQQ)/Tender evaluation**

49. As this will be an open procedure, tenderers will be asked to submit a PQQ alongside their tender proposals. The PQQ will be assessed prior to the tenderer's proposals being evaluated and will need to be passed in the same way as if this were a closed process.
50. The PQQ/tender evaluation criteria will be based around the tenderers' proposals meeting specified quality requirements such as, staff training, street visits, IT services, innovation, robustness and durability of equipment, the tenderers' expertise, the quality of the ongoing maintenance, support, innovation and price. The contract will be awarded to the most economically advantageous tender based on price (70%) and quality/innovation (30%).
51. The quality element of the tender evaluation will be by weighted score against the following criteria for tender evaluation:
  - Ability to deliver the service in compliance with the specification
  - Plans for the management and monitoring of the operations
  - Innovation in service delivery methods
  - Technical innovation
  - Internal performance management methods
  - Customer Service standards.
52. Evaluation criteria will be detailed to the contractors as part of the invitation to tender, there will be a minimum quality threshold beyond which price and quality will be evaluated. The Council will need to be confident that any tenderer are able to fulfil all core functions.
53. The draft quality evaluation will be equally weighted between parking and traffic enforcement services (service 1) and back office services (service 2). The additional services will not be considered as part of contract award in assessing quality but will be when assessing price. In assessing quality, the draft criteria that will be considered, which is subject to final review by the Council are attached, please see Appendix 2 for draft criteria.
54. Stage Two – Quality first, once the quality criteria have been passed then price will be evaluated. The pass marks for quality for service 1 and 2 are 184 and 290 respectively representing a 75% pass mark based on the method statements.

55. Price second, in the specification will be a cost schedule with definitions of what should be included, as well as a variety of call off rates and variable payments which may be made in regards to performance, innovation and cost saving. This will enable a cost analysis of the bidders' proposals.
56. Once the pricing has been reviewed at this point officers will be able to determine which are the most economically advantageous tenders, this will be determined by the pricing 70% and quality 30% in a weighted decision. Both services will be awarded to a single contractor. The wider role for the CEO cost will be compared to the in house delivery of this service.

### **Community impact statement**

57. The procurement is necessary to fulfil the Council's statutory obligations. Parking and traffic enforcement is an extremely sensitive issue but this procurement has no or very small additional impact on local people and communities, it is the continuation of existing services.
58. The enforcement of parking controls assists pedestrians, particularly those with impaired mobility to cross streets and contributes to an improved environment through the elimination of on-street commuter parking and the associated reduction of local and borough-wide traffic levels with improvements to local air quality and noise reductions.
59. The policies within the Transport Plan are upheld within this report and have been subject to an equality impact assessment (EqIA).

### **Sustainability considerations**

60. As part of this procurement the Council will seek to reduce the number of removal vehicles and at the same time improve emissions to meet Euro V emissions standards, whereas the current vehicles have a Euro 3 or 4 level status only.
61. Currently the Southwark contractor operates 3 Toyota Prius Hybrid vehicles. In the future contract they will be required to provide a number of vehicles equipped with automated number plate recognition technology (ANPR). The replacement vehicles CO2 emissions will be below 100gm/km and will therefore be congestion charge exempt. In addition the contractor currently operates a number of motorcycles; the future contractor will be expected to provide a mixture of conventional and electric vehicles to replace these.

### **Economic considerations**

62. Through the overall project plans (delivery and resource) the contractor will be encouraged to include a local economic benefit plan.
  - Advertising opportunities in local press, and a range of publications to reach small businesses, ethnic minority owned business and social enterprises
  - Asking contractors/suppliers to engage with borough-wide employment programmes such as Southwark Works and Building London Creating Futures to support unemployed residents' access to training, skills and sustainable employment

- Contractors/suppliers as part of their training programme will be encouraged to engage the local community with the offer of apprenticeship schemes
- Encouraging contractors/suppliers to use local companies in their sub-contracting and supply chain arrangements.

### **Social considerations**

63. SME's are not precluded from bidding for these contracts, but it is unlikely they would be able to provide the full range of services required.
64. London living wage (LLW) for service 1 (see Appendix 2) the delivery of enforcement services within Southwark, the council requires that any bid received must be based on the minimum wage paid being at or above the current London living wage level. Officers feel that with the inclusion of the LLW this will achieve best value for the Council as it will widen the opportunities for recruiting for the position of the wider role of the civil enforcement officer. The tasks outlined in service 2 may not be delivered within London and therefore are not subject to the same restriction, though if delivered within London the Council will require the contractor to deliver the London living wage as part of their submission.

### **Environmental considerations**

65. The PQQ will contain questions designed to ensure that all suppliers that are short listed have reached a suitable standard on environmental issues, and that they have not breached environmental law to the concern of the Council. The contract will require a reduction of CO2 emissions over the life of the contract (see also sustainability considerations).

### **Plans for the monitoring and management of the contract**

66. The contracts will be actively monitored by a revised Council parking team. A significant proportion of the payment mechanism will be based on the achievement of Key Performance Indicators centred around the following areas:
- Street visits and coverage
  - Staff retention
  - Penalty Charge Notice (PCN) quality
  - PCN recovery rates
  - Notification of licensable activity on the highway
  - Identifying and reducing costs
  - Annual Improvement Plans
67. A parking management board will be formed with the contractor's senior management sitting on it. This board will meet initially every three months but eventually this may reduce to twice a year. The board will be responsible for setting the parking budgets with the contractor for the forthcoming year along with any changes to remuneration and key performance indicators.
68. The parking board will receive updates on parking services and take recommendations for individual service improvements which will be the responsibility of the parking teams/contractor to take forward and complete as work packages.

69. Below this board there will be enforcement meetings with the contractor and a separate enforcement and back office meetings which will occur at least every two weeks in the early stages of the contract but may become monthly if performance is satisfactory.
70. The Southwark Council parking service will be reorganised to form a contract management function only with contract managers covering, business support, bailiff and traffic/enforcement services each with a monitoring/deputy reporting to parking services and development manager. This will reduce the overall number of staff in parking from eleven to seven with business support and bailiff service managers as the day to day running of parking appeals service cases transfers to the contractor.

### **Resource implications**

### **Staffing/procurement implications**

71. The procurement of this contract will be undertaken by the parking services manager with the assistance of Environment and Leisure procurement.
72. Parking services will have an additional resource to assist in the writing of the ITT and procurement process and costs will be covered by savings identified within the parking enforcement service procurement programme.

### **Financial implications**

73. As part of the budget and business planning exercise for 2012/15, indicative savings of £300k in 2013/14 and a further £240k savings in 2014/15 were proposed as a result of reduced costs from the procurement of new parking enforcement contract. In addition it is projected that there will be a further £225,000 saving in 2014/15 by introducing cashless parking charges to replace all pay and display machines on street. However, in reference to paragraph 14 this saving could be reduced if the council decides not to take the option of outsourcing some administration duties relating to the appeals process .
74. The current contract cost, including estate parking is £5.47 m per annum. It is expected that the new contract and the use of annual price indexation using the lower Consumer Price Index (CPI) rather than current Retail Price Index (RPI) will generate the required savings. The annual cost of the new contract is currently estimated as £5.09 million
75. The change of indexation in the contract may need to be ratified by the parking management board. One of the aims of the contract and a Key Performance Indicator will be the reduction of cost and the sharing of benefits throughout the contractual period.

### **Legal implications**

76. Please see the legal concurrent below.

### **Consultation**

77. Southwark Council are required to carry out parking and traffic enforcement in accordance with the Traffic Management Act 2004 as amended, and are expected to put in place a parking policy which is similar to those operated by

other London boroughs. Consultation takes place in regards to this through the Transport and Environment committee at London Councils. Network development carry out consultation with the public in regards to parking controls through the borough when new controlled parking zones are proposed or revised. The new transport plan has been completed in 2011 and contains an update on Southwark's parking and enforcement plan; this has been widely consulted upon.

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### **Strategic Director of Communities, Law & Governance**

78. This report seeks the Cabinet's approval to the procurement strategy for the parking and traffic enforcement services contract. At an estimated value of over £4 million for services, the procurement is a Strategic Procurement and therefore this approval is reserved to Cabinet under Contract Standing Orders.

The Cabinet are advised that the nature and value of these services are such that the contract is subject to the full application of the EU procurement Regulations and therefore must be tendered in accordance with those regulations. Paragraph 44 confirms that an advert is to be placed in OJEU and also other UK trade journals.

As noted in paragraph 64, the council expects that any bid received must be based on payment of London Living Wage. Section 3 of the Local Government Act 1999 allows the council to require payment of LLW where it believes that this will result in better value services being provided. The council's Cabinet, in agreeing its revenue budget report on 7 February 2012, noted that it included the introduction of clear plans to ensure that the London Living Wage (LLW) benefits not only the Council's directly employed staff but also those who work for the Council through contractors. The budget report was presented to Council Assembly on 29 February 2012 when the Council confirmed its commitment to LLW being included in new contracts where services/works are to be provided on council premises or in the London area, and where best value can be demonstrated on a case by case basis. As noted in paragraph 64 it is considered that the payment of LLW will achieve best value.'

### **Finance Director (NR/F&R/29/2/12)**

79. This report recommends that the cabinet approve the procurement strategy for the parking and traffic enforcement services contract.
80. The Finance Director notes the financial implications contained within the report, the lifetime costs of the contract and that future year's budgets would be subject to normal council budget setting procedures and member approval. The Finance Director also notes the indicative savings resulting from the new contract. Officer time to effect the recommendation will be contained within existing budgeted revenue resources.

### **Head of Procurement**

81. This report seeks the Cabinet's approval of the procurement strategy for a Parking contract to be let for up to seven years with a value of up to £35.63 million.

82. The report details the background to the current contract arrangements and sets out the services to be packaged within the proposed contract and notes that there are some optional service areas which tenderers will also be asked to price.
83. The British Parking Association model contract, widely used across parking authorities, will be used as the basis of the contract documentation and this alongside the wider ITT documentation will be developed by Southwark's Parking Enforcement team in conjunction with the departmental procurement and legal contracts sections.
84. As there is a limited market of parking providers, an open EU procurement process will be followed and it is expected that this will generate a minimum of six tenderers for the contract via both the OJEU and adverts in appropriate trade publications.
85. It is noted that a range of procurement options has been explored including a joint contracting arrangement with LB Lewisham. However on balance officers are of the view that the expected benefits of a joint procurement process did not outweigh the additional costs and complexities.
86. Consideration has been given to working to ensure that the new contract offers value for money and also provides the flexibility to meet changing circumstances through the inclusion of cost reduction mechanisms.
87. A workshop led by the corporate risk team has identified the key risks which could affect the procurement and sets out control mitigations. These risks will need to be actively managed throughout the procurement.
88. The report confirms the process that will be used at tender evaluation to select a provider to deliver this contract. The key selection criteria for both PQQ short listing and tender evaluation are set out in outline and these will be further developed and agreed by the project board. The report confirms that the tender evaluation will be in line with the Council's standard 70%:30% price: quality ratio.
89. The client section will be responsible for overseeing the procurement and monitoring the subsequent contract through regular meetings and service reviews. A range of relevant key performance indicators will be developed and included in the tender documentation.
90. Whilst the timescales are tight and sufficient resources and focus will need to be given to the procurement, the client has the option to extend the existing contract by a further extension of six months which should allow sufficient time for the tender process and TUPE arrangements to be completed.
91. The proposed procurement process to be followed will be compliant with Contract Standing Orders and OJEU requirements.
92. This matter has been reviewed by both the Environment and Leisure Departmental and Corporate Contract Review Boards and recommended changes have been incorporated into this final report.
93. This concurrent has been provided by the Head of Environment and Leisure Procurement.

## BACKGROUND DOCUMENTS

Background Documents	Held At	Contact
Gateway 1 – Initial Procurement Strategy Report	160 Tooley Street, London SE1 2QH	Nicky Costin 020 7525 2156
Gateway 1/2 – Parking and traffic enforcement contracts	160 Tooley Street	Nicky Costin 020 7525 2156
Parking Contracts	160 Tooley Street	Nicky Costin 020 7525 2156
Parking and enforcement policy	160 Tooley Street	Nicky Costin 020 7525 2156

## APPENDICES

No.	Title of appendix
Appendix 1	Identified risks
Appendix 2	Draft evaluation criteria

## AUDIT TRAIL

<b>Cabinet Member</b>	Councillor Barrie Hargrove, Transport, Environment and Recycling		
<b>Lead Officer</b>	Gill Davies, Strategic Director of Environment and Leisure		
<b>Report Author</b>	Des Waters, Head of Public Realm		
<b>Version</b>	Final		
<b>Dated</b>	9 March 2012		
<b>Key Decision?</b>	Yes	<b>If yes, date appeared on forward plan</b>	January 2012
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>			
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>	
Strategic Director of Communities, Law & Governance	Yes	Yes	
Finance Director	Yes	Yes	
Head of Procurement	Yes	Yes	
<b>Contract Review Boards</b>			
Departmental Contracts Review Board	Yes	Yes	
Corporate Contracts Review Board	Yes	Yes	
<b>Cabinet Member</b>	Yes	Yes	
<b>Date final report sent to Constitutional Team</b>			9 March 2012