

Item No.	Classification: Open	Date:29 June 2012	Decision Taker: Strategic Director of Environment and Leisure
Report title:		Gateway 3 – Variation Decision/Extension Approval of the two contracts Parking and Traffic Enforcement and the Business Support contract.	
Ward(s) or groups affected:		All	
From:		Head of Public Realm	

RECOMMENDATIONS

1. That the Strategic Director of Environment and Leisure approves the extension of the existing Parking and Traffic Enforcement and Business Support Contracts with APCOA parking UK Ltd for 9 months from 1 July 2012 to 31 March 2013.
2. The Strategic Director for Environment and Leisure notes that an estimated annual aggregated cost of the contracts for 12 months As detailed in the closed report.

BACKGROUND INFORMATION

3. The range of services currently delivered by APCOA in both of the existing parking contracts includes:-
 1. Parking 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
 - Vehicle removal and car pound contract
 - Removal and relocation of vehicles
 - Car pound operations
 - Estate parking enforcement
 2. Business Support Contract
 - Parking back office software supply and maintenance
 - Managing PCN payments and appeals
 - Managing parking permits
 - Cashless pay by mobile parking
4. The current two contracts commenced on 01 July 2001 for a period of ten years. In September 2010 Cabinet approved a report on 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.
5. In June 2011 Cabinet approved a Gateway 1 and 2 report extending the Council's contract arrangements with it's current contractor APCOA parking for 12 months from 1 July 2011 until 30 June 2012 with the option of extending for a further 6 months, to allow sufficient time for the completion of the new tender process. This particular report detailed that there were three separate contracts. However, after further investigation it has now been established that the parking enforcement and

clamp and removal pound management contracts were combined; therefore only two contracts are to be subject to this proposed extension being the Parking and Traffic Enforcement contract and Business Support.

6. On 20 March 2012 the cabinet approved a Gateway 1 – Parking and traffic enforcement services procurement report. This report approved a strategy to procure parking and traffic services through an open OJEU process to commence 1 January 2013.

KEY ISSUES FOR CONSIDERATION

Key Aspects of Proposed Variation

7. From June 2011 to December 2011 Council Officers worked diligently with Officers from Lewisham Council to see if there was an opportunity for both Council's to work together on a joint project. However, this proved too expensive with no guarantee of additional benefits for the council. Therefore in December 2011 it was decided to reduce risks by procuring an individual contract for Southwark Council alone. This decision led to a Gateway 1 report approving this new strategy which went to Cabinet on 20 March 2012.
8. Due to the change in strategy, and in order to complete the procurement process an extension of the Council's current parking and traffic enforcement service contracts with APCOA is required for a further 9 months. A revised timeline for the procurement is attached in Appendix 2.
9. The Strategic Director of Environment and Leisure notes the total value of the contract plus previous variations and proposed variation as detailed in the closed report.
10. The Strategic Director for Environment and Leisure notes the variation as detailed in the closed report.

Reasons for Variation

11. To allow the Council to continue to provide parking and traffic enforcement services until the EU compliant procurement process is completed.

Future Proposals for this Service

12. The Council will extend the existing parking service for 9 months from 1 July 2012 to 31 March 2013.

Alternative Options Considered

13. The Council will be out to tender during July 2012, so it considered the possible options available these were;

(a) Do nothing;

This would not be considered as an option as it would result in the Council having no contracts in place for parking enforcement.

(b) Bring the service in-house.

This option was discarded because to mobilise an in-house service for a period of nine months would not be achievable due to finding a location for a base and the transfer of staff along with the transfer of information to a new IT system.

(c) Join an existing Framework agreement.

There are no existing framework agreements in the parking service industry.

(d) Tender a new contract for a period of 12 months.

It would not be economical or attractive to the market to have a tender for a period of 12 months as there is not sufficient time to procure coupled with the set up costs which would be considerable.

(e) Single supplier negotiation with the incumbent service provider.

This is the best option as it will extend the contract for a period of nine months to enable a full procurement process to take place.

Identified risks for the extension

14. Considering the extension is for a period of nine months which will not be attractive to the market and coupled with the set up costs we feel the risk of challenge is small.
15. Additionally APCOA have several built interfaces with Council systems and it would be uneconomical to replicate these for a 9 month extension. Due to the specialist nature of the services which are contained within the current parking and traffic contracts it would not be attractive to the market to tender for such a small contract.
16. An OJEU process will have ended before the additional 3 month period to allow for mobilisation. This is timetabled to start in July 2012, concluding with Contract award in December 2012.
17. Following further discussions with APCOA parking UK Ltd around value for money we have agreed that the indexation that will apply to the contract costs for the further period will be CPI -0.5%; rather than the higher RPI indexation allowed for in the contract.

Policy implications

18. Parking and traffic enforcement policies will be unchanged by this report.

Contract management and monitoring

19. The parking services and development manager will monitor and manage the contract, to ensure compliance with the specification, control costs and ensure satisfactory performance.
20. Officers currently meet with APCOA on a weekly basis to discuss parking enforcement issues with a three weekly overview meeting which covers all aspects of the contract. Southwark Council have agreed Key Performance Indicators

(KPI's) for all of the various aspects of the contract and these are monitored on a weekly and monthly basis.

21. The current relationship between Southwark Council and APCOA is good. For the Parking and traffic enforcement contract APCOA's performance is satisfactory and they are achieving the levels of deployment required (which is a key KPI), their levels of street visits have reached the levels required and the contract outturn for March 2012 was 98%. The business support contract is achieving all of its KPI's.
22. The Strategic Director of Housing is aware of the extension to this contract as APCOA provide parking enforcement on the Council's housing land, during the extension period the Director of Housing will be seeking:-
 - Continuation with APCOA as parking enforcement contractor using clamping and removal from private land until the introduction of new Legislation, being the Freedoms Act probably at the start of October 2012. The Freedoms Act will outlaw the use of clamping and removal from private land.
 - A change control process with APCOA to provide a fixed cost service parking ticket (Penalty Charge Notice - PCN) based parking enforcement service after the start of October 2012 until the 31 March 2013.

Community Impact Statement

23. This is an extremely sensitive service though the procurement of this contract will have very little or no additional impact on local people and communities it will continue the Council's current policies in regards to parking and traffic enforcement. It is the continuation of an existing service.

Economic considerations

24. The parking service currently provides a surplus of approximately £2.75 million per annum to the Council which funds transport related expenditure in line with legislation.
25. Parking and traffic enforcement volumes have increased in quarters 3 and 4 of 2011/12 it is expected that this increase in volumes will be sustained into 2012/13 and is a reversal after three years of declining volumes attributed to the wider economy and changes in driver behaviour.
26. Careful consideration has been given to whether to attempt to reduce cost through the reduction in Civil Enforcement Officers deployed but with background of increasing enforcement activity it is not considered the right time to do so.

Social considerations

27. Whilst the Council is committed to the London living wage where this achieves greater value, it will not be considered as part of an extension to this contract The London living wage will be included in the contract to be let.

Environmental considerations

28. There are no identified sustainability issues in approval of this Gateway 3. There will be requirements for further enhancements in this area in the replacement contract.

Financial Implications

29. The Parking Services has been operating at a surplus for the past five years which is invested back to fund transport related expenditure in line with legislation. The contract costs for the services for 2011/12 is detailed in the closed version of this report.
30. Savings achieved within the last three years of the current contract are detailed in the closed report.
- Closure of parking shop - (including the introduction internet payments for permits)
 - Introduction of Representations on-line - The Strategic Director of Environment and Leisure notes the reduction in variable contract costs has resulted in APCOA's margin being reduced as detailed in the closed report.
 - Reduced Pay and Display maintenance costs by % - equates to
 - Reduced Cash Collection cost from pay and display machines by equates to

Legal Implications

31. The Cabinet decision in June 2011 anticipated that an additional period of 6 months might be needed to complete the tender of the new contract. For reasons given in paragraph 7 it is considered that an additional 3 months is required to complete the tender of the new contract.
32. The period from 01 July 2012 to 31 December 2012 is an extension which should be approved by way of a Gateway 3 (variation of contract) as the possible extension was anticipated.
33. As the additional period of 3 months to 31 March 2013 was not anticipated when the contract was originally extended, this period would ordinarily be approved by a Gateway 1 and 2 report, by the relevant chief officer. However as this report is from the Strategic Director of Environment and Leisure and is being brought sometime before the extension is to be effected, then it is considered more efficient to include the entire extension within this Gateway 3 report

Consultation

34. Consultation has taken between the Council's officers in Public Realm and Housing in regards to this extension and it has been agreed during their regular operational meetings, this is the continuation of an existing service.

Other implications or issues

35. None.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Communities, Law & Governance

36. This report seeks the approval of the Strategic Director of Environment and Leisure to a variation of the existing Parking and Traffic Enforcement Contract and the Business Support Contract which contracts are being performed by APCOA parking UK Ltd. This Report sets out the extent of the required variation and the reasons why the variation is necessary.
37. CSO 4.6.1 provides that the decision to allow the variation of this contract can be taken on the basis of a written report by the relevant chief officer or under his/her delegated authority in line with the department's scheme of management.
38. CSO 2.3 provides that a variation decision may only be made if the expenditure has been included in approved revenue or capital estimates or has been otherwise approved by, or on behalf of the Council. Paragraph 29 of this Report confirms how the proposed additional expenditure will be funded.
39. The EU Public Procurement Regulations 2006 as amended apply to this contract although, as the contract is a Part B service, the full extent of the regulations do not apply. However, recent case law and guidance from the EU commission has suggested that there should be adequate advertising to open the contract to competition. The Strategic Director is advised that in individual cases and particularly when special circumstances apply it may not be necessary to apply these procurement principles. As noted in paragraphs 5 and 6, a new procurement process is to commence shortly and it is anticipated that the new contract will be in place by 01 April 2013. The 2 contracts to be extended are therefore interim arrangements to enable the procurement process to complete. A gateway 1 and 2 report approved the interim arrangements for 12 months with an option to extend for 6 months. This report is a request to extend the interim service for the 6 months referred to in the report plus a further three months. There is a risk that the council could be challenged for not undertaking a procurement process for the interim service on the basis that the value of the interim service is over the EU threshold. However as those parties who might be interested in this interim service are able to bid for the longer term work, this risk is considered low.

Finance Director (NR/F&R/14/6/12)

40. This report recommends that the Strategic Director of Environment and Leisure approves the extension of the existing Parking and Traffic Enforcement and Business Support Contracts with APCOA parking UK Ltd for 9 months from 1 July 2012 to 31 March 2013 and notes that the extension period has an estimated cost which is detailed in the closed report.
41. The Finance Director notes the financial implications contained within the report, in particular the savings that have been achieved during the life of the present contract. Officer time to effect the recommendations will be contained within existing budgeted revenue resources.

Head of Procurement


42. The Strategic Director of Environment and Leisure is asked to approve the extension of two parking enforcement related contracts for a period of nine months

to 31 March 2013 to allow sufficient time for the proper procurement of new contract arrangements.

43. This report confirms that given the short period of time involved there are no alternative viable options that can be pursued other than the extension of the current arrangements.
44. The timescales involved appear to be reasonable and adequate resources are in place to enable the new procurement to be completed within this period.
45. The first six months of the extension were provided for when the contracts were previously extended whilst the need for the subsequent three months was not envisaged at that time. Nevertheless the risk of challenge is considered to be low as the reprocurement is to commence shortly and interested parties will have the opportunity to tender for the new contract.
46. The report confirms that the incumbent contractor's performance is good and that there is a good relationship between the parties. Savings have been made during the life of the current contracts and they are considered to continue to provide value for money.

FOR DELEGATED APPROVAL

Under the powers delegated to me in accordance with the Council's Contract Standing Orders, I authorise action in accordance with the recommendation contained in the above report.

Signature  Date 29/6/2012

Designation Head of Public Realm
for Director

BACKGROUND PAPERS

Background Papers	Held At	Contact
Gateway 1 – Parking and traffic enforcement services procurement contract	Road Network, parking and marina – 160 Tooley Street	Nicky Costin – 020 7252 2156
Gateway 1/2 – Parking and traffic enforcement contracts	Road Network, parking and marina – 160 Tooley Street	Nicky Costin 020 7525 2156
Parking Contracts	Road Network, parking and marina – 160 Tooley Street	Nicky Costin 020 7525 2156
Parking and enforcement policy	Road Network, parking and marina – 160 Tooley Street	Nicky Costin 020 7525 2156

APPENDICES

No	Title
Appendix 1	Contract register update
Appendix 2	Updated time line for procurement

AUDIT TRAIL

Lead Officer	Strategic Director of Environment and Leisure	
Report Author	Nicky Costin – Business unit manager, Road Network and Parking	
Version	Final	
Dated	29 June 2012	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Strategic Director of Communities, Law & Governance	Yes	Yes
Finance Director	Yes	Yes
Head of Procurement	Yes	Yes
Cabinet Member	No	No
Contract Review Boards		
Departmental Contract Review Board	Yes	Yes
Corporate Contract Review Board	Yes	Yes
Cabinet Member	No	No
Date final report sent to Constitutional Team		29 June 2012

APPENDIX 1 - CONTRACTS REGISTER UPDATE FORM – GATEWAY 3

Details	Original	Extension 1	Extension 2
Contract Name	Parking enforcement services and car pound	Parking enforcement services and car pound	Parking enforcement services and car pound
Contract Description	Parking and traffic enforcement services	Parking and traffic enforcement services	Parking and traffic enforcement services
Contract Type			
Fixed Price or Call Off	Fixed price and call off	Fixed price and call off	Fixed price and call off
Lead Contract Officer (name)	Nicky Costin	Nicky Costin	Nicky Costin
Lead Contract Officer (phone number)	020 7525 2156	020 7525 2156	020 7525 2156
Department	Environment and Leisure	Environment and Leisure	Environment and Leisure
Division	Public Realm	Public Realm	Public Realm
Procurement Route	OJEU Restricted process	Gateway 1/2 June 2011 Cabinet	Gateway 1/2 June 2011 Cabinet
EU CPV Code (if appropriate)			
Departmental/Corporate			
Supplier(s) Name(s)	APCOA parking UK Ltd	APCOA parking UK Ltd	APCOA parking UK Ltd
Contract Total Value			
Contract Annual Value			
Contract Start Date	01 July 2001	01 July 2011	01 July 2012
Initial Term End Date	30 June 2011	30 June 2012	31 March 2013
No. of Remaining Contract Extensions	None	One	None
Contract Review Date	Not applicable		
Revised End Date			
Comments			

Details	Original	Extension 1	Extension 2
Contract Name	Parking business support contract	Parking business support contract	Parking business support contract
Contract Description	Parking business support	Parking business support	Parking business support
Contract Type			
Fixed Price or Call Off	Fixed price and call off	Fixed price and call off	Fixed price and call off
Lead Contract Officer (name)	Nicky Costin	Nicky Costin	Nicky Costin
Lead Contract Officer (phone number)	020 7525 2156	020 7525 2156	020 7525 2156
Department	Environment and Leisure	Environment and Leisure	Environment and Leisure
Division	Public Realm	Public Realm	Public Realm
Procurement Route	OJEU Restricted process	Gateway 1/2 June 2011 Cabinet	
EU CPV Code (if appropriate)			
Departmental/Corporate			
Supplier(s) Name(s)	APCOA parking UK Ltd	APCOA parking UK Ltd	APCOA parking UK Ltd
Contract Total Value			
Contract Annual Value			
Contract Start Date	01 July 2001	01 July 2011	01 July 2012
Initial Term End Date	30 June 2011	30 June 2012	31 March 2013
No. of Remaining Contract Extensions	None	One	None
Contract Review Date	Not applicable		
Revised End Date			
Comments			

APPENDIX 2 - REVISED TIMELINE FOR PROCUREMENT

Activity	April 2013	Comments
	Completed by	
Prepare tender documents: Specification Evaluation methodology ITT Pricing schedule Method statement questions Data pack	15 July 2012	Requires micro plan to ensure all documents are completed and proof read before issuing
Place OJEU notice	16 July 2012	
Place Trade advert	17 July 2012	Must be after OJEU
Forward plan entry	September	GW2 decision
Tender return	11 Sep 2012	Allow 56 days (open procedure)
Tender opening	12 Sep 2012	Needs to be booked with CLG
Compliance check and reading pack distribution	13 Sep 2012	
Evaluation start (initial read)	27 Sep 2012	Allow 2 weeks
Deliberation meeting 1	28 Sep 2012	
Send out initial clarifications	01 Oct 2012	
Start drafting GW2	01 Oct 2012	
Clarification response deadline	07 Oct 2012	
Deliberation meeting 2	08 Oct 2012	
Presentation/ Clarification meetings	12 – 18 Oct 2012	Allow 1 week
Deliberation meeting 3	19 Oct 2012	
Send out final clarifications	19 Oct 2012	
Clarification response deadline	24 Oct 2012	
Final deliberation meeting	26 Oct 2012	
DCRB	09 Nov 2012	
CCRB	12 Nov 2012	Meeting on 15 th Nov
Deadline for agenda planning	19 Nov 2012	
Agenda planning	26 Nov 2012	
Deadline for final report	29 Nov 2012	
Cabinet	11 Dec 2012	
Publish decision	19 Dec 2012	
Alcatel standstill	21 Dec 2012	
Award contract	24 Dec 2012	
Mobilisation/ TUPE consultation	31 March 2013	May be less
Contract start date	01 April 2013	

