

Item No:	Classification: Open	Date: 23 November 2016
To	Strategic Director of Finance and Governance	
Report title	Gateway 3 - Variation Decision Extension of existing Parking enforcement and associated service contract	
Ward(s) or groups affected	All	
From	Strategic Director of Environment and Leisure	

RECOMMENDATION

1. That the Strategic Director of Finance and Governance approves the extension of the Parking and associated services contract for an additional period of three years from 1 April 2017. The estimated value of the contract extension is £10.65m (being £3.55m per annum), making a total estimated contract value of £23.35m.

BACKGROUND INFORMATION

2. In December 2012 Cabinet approved the Gateway 2 contract award for Parking Enforcement and associated services to APCOA Parking UK Ltd ('APCOA') for a period of four years with a three year extension dependent on performance.
3. In April 2013 the contract commenced. The contract has delivered savings to the council as well as a number of innovative uses of technology. The contract was recently commended as part of the 'Parking Team of the Year' award, at the British Parking Awards.
4. The contract is measured through series of KPIs every month. The contractor has complied with 95.83% of KPIs in 2015/16. Where KPIs have not been met, measures have been implemented to bring problematic areas back in line with contract expectations quickly and efficiently. Please see table in Appendix 1.
5. This report is requesting approval to extend the existing contract to 31 March 2020 in line with the express provisions contained in the original contract document.

KEY ISSUES FOR CONSIDERATION

Key Aspects of Proposed Variation

6. The nature of the proposed variation is an extension to the existing contract. The original contract value for four years was £12.7m which included £1.49m for housing estate enforcement, annual contract price adjustments (CPI in 2014 and 2015) and London Living Wage rises (in November 2013, 2014 and 2015). The extension of the original contract for an additional three years will be £10.5m (£3.5m per annum).

7. In addition with the closure of the council's Bullion Centre, the collection of cash from the council's pay and display machines will be undertaken by APCOA parking. The cost of this will be approximately £150k for 3 years (£50k per annum), which represents a £25k saving on current arrangements. Therefore, the total variation amounts to £10.65m (£10.5m +£150k) on the original contract awarded. The new contract sum is £23.35m and the variation on the original contract value of £12.7m is approximately 84%.
8. The contract provides for Housing estate enforcement and that part of the contract within the extension will be £1.17m. Housing estate parking enforcement service operates a surplus which is used to upgrade parking facilities on the estates.

Reasons for Variation

9. Under the Road Traffic Act 1991 and Traffic Management Act 2004 the council have a duty to undertake parking and traffic enforcement.
10. The contractor has performed well so far and the council have benefitted from reduced costs and genuine innovation. Extending the contract now will allow parking services and APCOA to plan for further innovations over the next 3 years of the contract. This will include updated IT, introducing new handheld mobile working terminals and further dedicated CCTV traffic enforcement cameras

Future Proposals for this Service

11. The strategy for the future of parking and traffic enforcement in the borough will be considered over the next three years leading up to a potential new procurement in 2019/20.

Alternative Options Considered

12. Use of an alternative contractor was considered and dismissed on the basis that:
 - There is an existing contract which has provided significant savings to the council.
 - APCOA has demonstrated that they have the skills and competence to undertake the contract
 - APCOA has continued to innovate through the first three years of the contract and has proposed further innovation, including the delivery of a new IT back office system to aid further modernisation. These innovations will improve the service and will lead to a number of efficiencies, see Appendix 2 – Projects delivered
 - As part of the original contract procurement the council's parking service modelled the cost of providing the parking and enforcement service in house. However. The modelled Council in-house service was more expensive than that of the APCOA contract..
 - APCOA was able to deliver specialised parking IT services at a much lower price as they are specialists in this field..
 - The council benefits from the economies of scale of APCOA managing other local authority parking services.
 - APCOA run their own internal training and development function to ensure their staff are comprehensively trained.
 - They use bespoke IT systems that are not available to the council.

- Their back office and management structure is shared with other boroughs so reducing the unit costs to individual authorities.
- Only 7 of the 33 London local authorities have the parking service in house and two are currently intending to externalise the service.
- In summary the current contract with APCOA is delivering a good service and demonstrating excellent value for money
- While it is difficult to benchmark costs between local authorities (no two London local authorities parking and traffic operations are exactly the same) officers have completed benchmarking with 5 other London Boroughs recently and are confident that our service provides excellent value.

Policy implications

13. This variation supports the Fairer Future Promise themes of delivering good value for money across all high quality services.
14. APCOA actively work with Southwark Works (who are specialist employment advisors who provide personal, confidential one to one support for unemployed residents of Southwark) for their staff recruitment and are committed to taking on an apprentice from September 2016. This supports the Fairer Future Promise eight.

Contract management and monitoring

15. APCOA will continue to be monitored on a day-to-day basis by the Parking services and development manager.. Monthly progress meetings with APCOA will continue to be held to monitor progress against the programme and the service KPIs.
16. The Parking management board meets quarterly which is a joint board of APCOA and Southwark Council managers. This board discusses future projects, savings and current operations.

Community Impact Statement

17. This extension will have no impact as it is the continuation of an existing service.

Economic considerations

18. APCOA pay their staff to the level of the London Living Wage as a minimum.

Social considerations

19. APCOA seek to employ local people, where possible, and people within the Greater London, providing local employment.

Environmental considerations

20. Under contract conditions APCOA will continue to seek to ensure minimal on going use of resources such as water, energy and chemicals.

Financial Implications

21. The estimated costs of the 3 year contract extension is £10.65m, (an average of £3.55m per annum), making a total estimated contract value of £23.35m. The cost of the contract will be contained within the current budgets for the Parking Services revenue account. The current budget monitor forecast for the Parking service indicates a net surplus. The surplus is ring fenced to parking and related services and must only be used in accordance with section 55 of the Road Traffic Regulation Act 1984 (as amended).
22. The overriding objective of the Parking Service is to encourage compliance with parking legislation. The statutory guidance to local authorities under the 2004 Traffic Management Act says "For good governance, enforcement authorities need to forecast revenue in advance. But raising revenue should not be an objective of Civil Parking Enforcement, nor should authorities set targets for revenue".
23. The Department for Transport states that the aim of parking service should be to deliver parking services at no cost to the council. To comply with this requirement, the parking service fees and charges are structured in a way that the service would be fully funded assuming 100% compliance with the restrictions in the borough.
24. The contract will be monitored on a regular basis as part of the departmental revenue monitoring process.

Legal Implications

25. The legal implications are set out below in the concurrent report of the director of law and democracy.

Consultation

26. APCOA and its subcontractor PayByPhone have carried out surveys of the public about the virtual pay and display system and virtual visitors permits which have been a new innovation in the contract term. The virtual visitor's vouchers has high levels of approval with both our residents and our visitors. This was shortlisted for a British Parking Award in 2016.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Head of Procurement

27. This report seeks the approval of the Strategic Director of Finance and Governance to take up the extension of the Parking and associated services contract let within the original contract. The extension period is for an additional period of three years from 1 April 2017. The estimated value of the contract extension is £10.65m in total or £3.55m per annum.
28. The current contract management arrangements detailed in paragraphs 15 and 16 will be used to ensure that the KPIs in appendix 1 continue to be delivered, whilst paragraph 18 confirms that the contract will pay staff London Living Wage.

Director of Law and Democracy

- 29. This report seeks approval of a variation of an existing contract with APCOA Parking UK Ltd for parking and associated services by way of an extension of the contract term for a period of three years from 1 April 2017. The contract contains express provision for such extension at the council's discretion.
- 30. By virtue of Contract Standing Order 4.6.2 (a) the decision to authorise this proposed contract variation is reserved to the strategic director of finance and governance, after consideration by the corporate contract review board (CCRB) of the report. The report has been considered by CCRB and its comments have been included.
- 31. Contract Standing Order 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. Paragraphs 23 and 24 of this report confirm the basis on which the contract, including the proposed additional expenditure, is funded.

Strategic Director of Finance and Governance (EL16/016)

- 32. The strategic director of finance and governance notes the recommendation in this report for the extension of the Parking and associated services contract for an additional period of three years at a cost of £10.65m. Full details are contained within the main body of the report.
- 33. The original contract awarded in December 2012 included a provision for a three year extension dependent on contract performance. The report indicates that since the award of the original contract, it has delivered significant savings to the council together with other innovations to improve efficiency and service delivery.
- 34. The contract will impact on three financial years from 2017-18 to 2019-20, a time during which the council will face considerable financial pressures. The cost of the contract will be contained within the Parking Service revenue account, and any surplus accruing will also be ring fenced to parking and related services and must only be used in accordance with section 55 of the Road Traffic Regulation Act 1984 (as amended).
- 35. Staffing and any other costs connected with this report to be contained within existing departmental revenue budgets.

PART A – TO BE COMPLETED FOR ALL DELEGATED DECISIONS

Under the powers delegated to me in accordance with the Council's Contract Standing Orders, I authorise action in accordance with the recommendation(s) contained in the above report (and as otherwise recorded in Part B below).

Signature 

Date... 2-12-16

Designation: Strategic Director of Finance & Governance

PART B – TO BE COMPLETED BY THE DECISION TAKER FOR:

- 1) All key decisions taken by officers (including contract reports)
- 2) Any non-key decisions which are sufficiently important and/or sensitive that a reasonable member of the public would reasonably expect it to be publicly available.

1. DECISION(S)

AS PER REPORT RECOMMENDATIONS

2. REASONS FOR DECISION

AS SET OUT IN REPORT

3. ALTERNATIVE OPTIONS CONSIDERED AND REJECTED BY THE OFFICER WHEN MAKING THE DECISION

NONE OTHER THAN THOSE SET OUT IN REPORT

4. ANY CONFLICT OF INTEREST DECLARED BY ANY CABINET MEMBER WHO IS CONSULTED BY THE OFFICER WHICH RELATES TO THIS DECISION (IF APPLICABLE)*

NOT APPLICABLE

*Contract standing order 4.5.1 states that for contracts with an Estimated Contract Value of over £100,000, the lead contract officer (LCO) must consult with the relevant cabinet member before a procurement strategy is implemented.

5. NOTE OF ANY DISPENSATION GRANTED BY THE MONITORING OFFICER, IN RESPECT OF ANY DECLARED CONFLICT OF INTEREST

If a decision taker or cabinet member is unsure as to whether there is a conflict of interest they should contact the legal governance team for advice.

NONE

6. DECLARATION ON CONFLICTS OF INTERESTS

I declare that I was informed of no conflicts of interests.*

~~or~~

~~I declare that I was informed of the conflicts of interests set out in Part B4.*~~

(* - Please delete as appropriate)

BACKGROUND PAPERS

Background Papers	Held At	Contact
Gateway 2 – Parking enforcement and associated services	3rd Floor, Tooley Street	<i>David Sole 020 7525 2037</i>

APPENDICES

Appendix	Title
Appendix 1	2015/16 KPIs chart
Appendix 2	Innovations and projects delivered

AUDIT TRAIL

Lead Officer	Nicky Costin, Road Network, Parking, Markets and Street Trading Business Unit Manager	
Report Author	David Sole, Parking services and development manager	
Version	Final	
Dated	23 November 2016	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments Included
Head of Procurement	Yes	Yes
Director of Law and Democracy	Yes	Yes
Strategic Director of Finance and Governance	Yes	Yes
Cabinet Member	No	No
Contract Review Boards		
Departmental Contract Review Board	Yes	Yes
Corporate Contract Review Board	Yes	Yes
Date final report sent to Constitutional Team		23 November 2016

APPENDIX 1

2015/16 monthly KPI results.

KPI No.	Nature of key performance indicator	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Average
1	Evidence	99.99%	99.94%	99.99%	99.99%	99.99%	99.99%	99.99%	99.88%	99.98%	99.96%	99.99%	99.99%	99.97%
2	Remittance of Council Income	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
3	CEO Errors	0.26%	0.46%	0.49%	0.62%	0.35%	0.41%	0.61%	0.37%	1.02%	0.24%	0.43%	0.49%	0.48%
4	PCNs Processed	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	91.00%	75.00%	100.00%	97.17%
5	Compliance and Response Times	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	91.00%	100.00%	100.00%	99.25%
6	IT System	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
7	Telephone Service	100.00%	100.00%	29.00%	46.00%	46.00%	50.00%	94.00%	94.00%	91.00%	88.00%	81.00%	94.00%	76.08%
8	Enforcement	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
9	CEO Deployment	92.19%	99.00%	100.00%	99.66%	93.47%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	98.69%
10	CSC Deployment	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	99.00%	84.00%	100.00%	95.00%	99.99%	98.17%
Key Performance Indicator Levels		10	10	10	9	8	8	9	10	10	9	8	9	9.17

Key:	Passed
	Passed but issue identified
	Failed

APPENDIX 2

Innovation and projects delivered

April 2013 – Switch from RingGo to PayByPhone cashless parking payments system (virtual pay and display) delivered on day 1 of the new contract.

April 2013 – Parking enforcement base relocated from Old Kent Road, a suboptimal location to Browning Street off Walworth Road. This move produced a big reduction in time taken to reach the Civil Enforcement Officer's (CEOs) beats.

April 2013 – Closed our car pound and releases a significant asset for disposal by the council.

January 2014 – NVQ Level 3 Notice Processing training for back office staff

April 2014 – TM1 accounting software added for financial reporting

December 2014 – EPC foreign PCN collection starts

January 2015 – Start of go live with 15 Zenco (now Siemens) traffic watch cameras, these unattended traffic enforcement cameras use video analytics and ANPR to enforce no entry, one way streets, banned turns and will be used in future for yellow box junctions and school enforcement.

May 2015 – Paypoint pay by cash for parking tickets.

June 2015 – New permits system creating permit accounts and establishing a virtual visitors voucher system which has proved to be very popular with residents. Paypoint pay by cash for parking permits.

June 2015 – CEOs deploy wearing body worn video cameras, has reduced complaints about CEOs and improved evidence if there are incidents on street.

June 2015 – DVLA devolved powers, began removal of untaxed vehicles using these powers, 100 vehicles removed a month over the first 4 months of the operation.

June 2015 – Assisted in the management of parking at BMX national event at Burgess park using cashless systems.

January 2016 – New reporting data warehouse being delivered, making reporting more efficient.

February 2016 – Deploying Scanacar ANPR vehicle for parking stress surveys.

April 2016 – Deploying Scanacar ANPR vehicle for enforcement in new controlled zone in North Dulwich.