

Proposed Parking Operational Services Contract

AGENDA NO: 10

Cabinet Date	29 th October 2018
Public Protection, Libraries and Parking	Cllr Dave Norman
Key Decision	Yes
Background Documents	<ul style="list-style-type: none"> • Traffic Management Act (2004) and associated secondary legislation • Transport Act (2001) and secondary legislation • Statutory Guidance to the Traffic Management Act (2015) • Protection of Freedoms Act (2012) • Gloucestershire Local Transport Plan 2015-2031
Location/Contact for inspection of Background Documents	<p><i>Cabinet Report, 2012:</i> http://glostext.gloucestershire.gov.uk/documents/s6524/Agenda%20item%205%20PARKING%20AGENCY%20REVIEW.pdf</p> <p><i>Traffic Management Act 2004:</i> https://www.legislation.gov.uk/ukpga/2004/18/contents</p> <p><i>Local Transport Act 2001:</i> https://www.legislation.gov.uk/ukpga/2000/38/contents</p> <p>Statutory Guidance to the Traffic Management Act 2015: https://www.gov.uk/government/publications/civil-enforcement-of-parking-contraventions</p> <p>Protection of Freedoms Act 2012: http://www.legislation.gov.uk/ukpga/2012/9/contents/enacted</p> <p>Gloucestershire Local Transport Plan 2015-2031: https://www.gloucestershire.gov.uk/transport/gloucestershires-local-transport-plan-2015-2031/</p>

Main Consultees	District Councils, suppliers, internal stakeholders
Planned Dates	<p>Tender issued – December 2018</p> <p>Tenders returned from Market – February 2019</p> <p>Tender awarded – April 2019</p> <p>Mobilisation period commences – May 2019</p> <p>New contract commences – April 2020</p>
Divisional Councillor	All
Officer	<p>Philip Williams, Lead Commissioner, Communities and Infrastructure Tel. no,01452 428482 Email address: philip.williams@gloucestershire.gov.uk</p>
Purpose of Report	<p>Approve the procurement of a new Parking Operational Services Contract and delegate the award of this to the Lead Commissioner for Communities and Infrastructure.</p>
Recommendations	<p>That the Cabinet authorises the Lead Commissioner for Communities and Infrastructure.</p> <ol style="list-style-type: none"> 1. To agree the preferred service option as proposed by officers. 2. to conduct a legally compliant competitive tender process for the purpose of awarding a contract for the provision of parking enforcement services across Gloucestershire. The proposed contract shall be awarded to a single supplier and continue for an initial period of 5 years and shall include an option to extend such period for 3 further years. 3. upon conclusion of such competitive tender process, to enter into a contract with the preferred provider who is evaluated as offering the Council best value for money for delivery of the required services. In the event that the preferred provider for the contract is either unable or unwilling to enter into that contract with the Council then the above-mentioned officers are authorised to enter into such contract with the next willing highest placed suitably qualified provider. 4. to liaise with the Lead Cabinet Member regarding the progress of this procurement and keep him advised of any significant new risks that emerge in the course of implementing the procurement process described in this Report.
Reasons for	<p>Section 2.4 of this Report outlines the benefits of the preferred option and the basis for the officer decision</p>

recommendations	
Resource Implications	<p>Internal resources will be used to procure and manage the ongoing contract and there is existing revenue budget to cover the cost of the contract therefore no new funding is required.</p> <p>The estimated total value of the proposed contract, including the above-mentioned 3 year extension, is a sum not exceeding £15.2 million (£1.9m per annum).</p>

MAIN REPORT CONTENTS

1.0 Background

Parking restrictions are critical to the smooth operation of the highway network and encourages better traffic flow. To ensure that the parking restrictions are adhered to there is a requirement to enforce them. Without enforcement it is likely that many restrictions would be ignored by motorists. Enforcement of the regulations takes place by utilising Civil Enforcement Officers (CEOs) who issue Penalty Charge Notices (PCNs) if any contraventions are identified. Furthermore, the parking team manage the enforcement of bus lanes and other areas of the road network that may have restrictions imposed on it.

It should be noted that there is a significant cost to enforcement. For every £1 received from enforcement activity it actually costs the council £1.40. The authority does not make an income from issuing PCNs.

If there was no enforcement of traffic and parking regulations there would be increased congestion and reduced traffic flow that has a number of negative effects including increased pollution, business disruptions and a considerable reduction in efficiency of the highway network.

In 2013 Gloucestershire County Council (“GCC”) awarded a four year Parking Management Services framework contract to single supplier following the completion of a competitive procurement exercise. The framework permitted the “calling off” of services by GCC and the six district councils in Gloucestershire. This provided the district councils with an option to easily and independently appoint the successful supplier for their requirements if they wished to do so.

The successful supplier appointed to the framework was APCOA, to whom GCC awarded a 4 year Parking Management Services contract, which was extended for 3 years in 2017, with the arrangement expiring on 31st March 2020. In view of the forthcoming contract expiry, an appraisal has taken place of available options going forward when the current contract arrangement ceases.

Although the current contract doesn’t end until March 2020, we have identified that it is important to allow a good amount of time for both the tendering process and for mobilisation. This is covered in more detail in section 3.

2.0 Options

A number of different options for the provision of the service have been considered and these are summarised below:

2.1 Cease Parking Activity Option

The Lack of any parking enforcement solution would be unacceptable – leading to serious issues with the highways network, increased congestion and pollution, reduced economic activity and breach of statutory obligations (the Traffic Management Act 2004).

2.2 Completely In-Source Parking Enforcement Option

There are some benefits to the insourcing approach, such as increased control of the CEOs and more direct line management. Employing CEOs directly could also have the potential to reduce the amount of staff turnover that APCOA are currently experiencing. However, this is not guaranteed and the low levels of unemployment in Gloucestershire that are aiding the turnover of staff would still be prevalent, hence recruitment and retention will still be challenge with an in-house model.

Despite the said benefits, we are minded that in 2013 the enforcement of parking regulations was outsourced to the private sector. Prior to this CEOs worked for the district councils with Gloucester City Council choosing to outsource their enforcement service and all others providing an in-house service. As a result of the outsourcing considerable savings were made by GCC in all of the Districts. The overall reduction in costs was around £500k per annum, or 1/3 of the cost of enforcement.

Recent cost estimates confirm that there are no financial advantages to in-sourcing the function at this point in time.

The savings were made as a result of the private sector being able to share resources across the country, and with other councils, so achieving economies of scale that the council would be unable to achieve. Furthermore, the supplier is able to employ staff outside of the council's pay scales and employee benefits thus further reducing costs.

Accordingly, the benefits of pursuing the insourcing approach described above are offset by projected cost increases costs (estimated to be 33% based on the 2013 data).

It is not a strategic objective for the parking team to manage the CEOs and there would be considerable set up costs and ongoing administration costs if this option was favoured.

In view of the forecast 33% increase in cost and the high initial set up costs this option has been discounted due to offering extremely poor financial value to the council.

2.2 Pay Another County Council or District Council to Manage Parking For GCC Option

This is the model that was in place until the service was outsourced in 2013. GCC outsourced the on-street parking element of the required service to each of the district council's in Gloucestershire. The way in which the service was run at this time failed to generate any surplus for the County Council to use to improve the service or for other highway improvements

Based on previous experiences of this model the benefits in this arrangement are not certain and would be cost ineffective for GCC, in view of this it has been discounted.

2.3 Collaborate with Some or All District Councils (and have a single shared contract or framework across Gloucestershire) Option

GCC's current contract with APCOA (awarded in 2013) was awarded as a framework, which GCC, and subsequently the 6 district councils, called off services from. Consultation with the Districts indicated that they had no interest in continuing with a similar arrangement, and in

fact Gloucester City Council has already procured their own enforcement contract in an entirely separate arrangement.

Discussions with the districts have confirmed that collaborative arrangements are not practicable and not cost effective for GCC and the wider Districts at this point in time. In view of this, the option described in this paragraph 2.3 has been discounted.

2.4 Procure a New Contract from the Market Option

Outsourcing the enforcement function will continue to deliver GCC the biggest financial benefit and value for money. This is evidenced by the £500k saving when parking was outsourced in 2013. While it is acknowledged that the new enforcement contract is likely to cost more than the current arrangement, it is forecast that the increase in costs will not be to such a scale that an in house model would be more cost effective.

It is therefore recommended that GCC conducts an OJEU compliant competitive tender process, to award a new contract for a period of 5 years, with provision for a 3 year extension.

The length of the contract reflects the investment required by contractors including ICT, vehicle and equipment lease arrangements.

The estimated value of the contract is £1.9million per annum, with a total value of £15.2million including available extensions.

Early engagement has occurred with Legal and Commercial services that are supporting the procurement and development of the specification. The contract terms and conditions are being developed utilising external legal advisors.

Soft market testing has taken place and this has identified a number of suppliers who would be in a position to provide the service and are keen to bid for the contract. The supplier engagement has helped with development the service specification.

This is the preferred option and the basis for the officer recommendation.

3. Risk Assessment

A Risk Register for this project has been developed and maintained by the Project Team. The most significant risks are summarised below, together with actions being taken to mitigate risk:

Risk	Mitigation(s)
New arrangements exceed current costs	It is anticipated that the contract rate will be higher than previous rates paid, although this is hard to quantify. Soft market testing has identified a healthy market of suppliers.
Delay in the timetable disrupts front line services and impacts on cost savings	Extra project management support resourced and timetable strictly followed.

TUPE risk	Staff that work for the current provider are protected by TUPE. All costs and liabilities should be made clear in the tender documentation. A long mobilisation period will be required by suppliers to accommodate TUPE.
Procurement risk – risk of challenge from aggrieved suppliers	A compliant and robust procurement will be undertaken with guidance from Legal and Commercial Services.
Not finding a suitable supplier	A number of suppliers are in the market place and pre tender discussions have identified that a number of providers are keen to bid for this contract.
Elements of service not included in the contract	A clear specification will be developed ensuring all off GCC's enforcement requirements are covered off in the tender. Workshops will be help with the team to ensure all elements of the service are included in the tender. The Highways Network Manager will sign off the final draft invitation to tender to ensure that all elements are covered off in the ITT.

4. Officer Advice

That the Cabinet supports the recommended made in paragraph 2.4 of this report.

5. Equalities considerations

An Equality Impact Assessment has been completed in relation to this proposal. As the recommendations involve continuation of existing enforcement functions, and no changes to the Traffic Regulation Orders, no adverse impacts have been identified. Parking enforcement does contribute positively to some of the protected groups, for example by improving the turnover of disabled parking bays.

Cabinet Members should read and consider the Due Regard Statement in order to satisfy themselves as decision makers that due regard has been given.

Consultation feedback

Consultation has taken place with prospective providers through soft market testing. This has identified there is a healthy market of suppliers to bid for the contract.

Performance Management/Follow-up

A number of key performance indicators have been developed in relation to the proposed new contract.

These indicators are focussed on service delivery, value for money and good management of the service. Failure to deliver the contract requirements will result in deductions from the rate paid by GCC, or in extreme cases contract termination.

Regular monthly contract review will be required by the supplier and Parking Manager to ensure that the contract is managed in accordance with GCC Contract Management requirements.

The Lead Commissioner for Communities and Infrastructure will ensure that the Lead Cabinet Member is kept updates with progress and notified of the outcome of the tender process.

Report Title	Proposed Parking Operational Services Contract
Statutory Authority	Traffic Management Act 2004
Relevant County Council policy	Gloucestershire Local Transport Plan 2015-2031
Resource Implications	<p>Internal resources will be used to procure and manage the ongoing contract and there is existing revenue budget to cover the cost of the contract therefore no new funding is required.</p> <p>The estimated total value of the proposed contract, including the above-mentioned 3 year extension, is a sum not exceeding £15.2 million (£1.9m per annum).</p>
Sustainability checklist:	
Partnerships	A partnership approach with districts councils has been investigated and discounted
Decision Making and Involvement	Extensive consultation has taken place with Legal Services, Commercial, Finance and Lead Commissioner
Economy and Employment	Policies in relation to parking take into account economic activity and the impact on employment
Caring for people	Parking enables Blue Badge disabled users to have additional parking opportunities to support independent living
Social Value	Parking enforces uses local people employed as CEO's who will be covered by TUPE
Built Environment	The contract requires the maintenance of parking sign and line infrastructure
Natural Environment' including Ecology (Biodiversity)	Parking enforcement encourages better traffic flow so reducing congestion and air pollution
Education and Information	Parking enforcement can be deployed around schools or educational establishments to improve operation of the road network in the local area.
Tackling Climate Change	Carbon Emissions Implications? Positive Vulnerable to climate change? No
Due Regard Statement	Has a Due Regard Statement been completed? Yes Yes - considerations included in main body of report

	<p>A copy of the full Due Regard Statement can be accessed on GLOSTEXT via http://glostext.gloucestershire.gov.uk/uuCoverPage.aspx?bcr=1</p> <p>Alternatively a hard copy is available for inspection from Jo Moore, Democratic Services Unit, e-mail: jo.moore@gloucestershire.gov.uk.</p>
Human rights Implications	None
Consultation Arrangements	With potential enforcement suppliers