

Parking Contract Extension - Pros & Cons

East Herts, Stevenage, Welwyn Hatfield

Meeting 30th November 2021

Pros	Cons
<p>Maintain pricing certainty over the short term to balance the Councils' budgets and achieve VFM</p>	<p>Protracted periods of understaffing causes an imbalance in target costs versus Apcoa salary costs with minimal contractual redress (i.e. no mechanism to share in such savings). Apcoa has made a commitment to overstaff moving forward which will mitigate to some degree</p>
<p>Highly trained and relatively stable workforce invested in providing comprehensive Traffic Management service. All Supervisors and Apcoa management are heavily invested in delivering exceptional service to clients' spec</p>	<p>Any change in service provider or contractual terms may influence staff behaviours in respect of TUPE related matters. The potential creation of a two tier workforce may create friction internally in respect of old and new contracted pay rates</p>
<p>Contractor performance prior to Covid pandemic was of a good standard generally in compliance with KPIs</p>	<p>New contracts typically take 12 months to fully bed in and deliver optimum performance. Depending on the contract compliance levels at the start of the new contract, this may impact on quality of the service delivery. The move to a new back office IT system is complex and the transition period is never seamless. Training and development of Clients in new applications may impact on service delivery in the short term. Expect a small churn of enforcement staff during the transition impacting on performance</p>
<p>Retendering project may impact on officers' time impinging on planned projects. Stevenage and Welwyn Hatfield Parking Managers agree to "make time" as required but in order to be fully engaged sufficient time must be mapped out to enable full consideration of the specification and engagement with respective stakeholders</p>	<p>Post pandemic, service costs have risen in respect of recruitment, supply lines and in line with inflationary pressures. A new contract is highly likely to result in increased enforcement service costs to the three Local Authorities (IT, Equipment, Vehicles, Labour). The expectation being the increase may range from 5% to 25% in excess of the latest applicable Apcoa costs</p>
	<p>The current uncertainty surrounding global health, Brexit, financial markets, inflationary impacts concerning labour, and supply lines may result in extremely higher contract service costs, leaving Local Authorities to decide if additional funding is possible or to cut the traffic management service specification to fit available budgets</p>

	<p>There is a current weakness in the KPIs in respect of IT. The description is ambiguous and does not enable action to be taken in respect of non performing (not fit for purpose) programmes specified in the contract. EG Signs & Lines module that whilst in use to some degree - remains under further development 2.5 years into the contract</p>
<p>Negotiating with Apcoa to extend the contract (or not) may provide leverage to renegotiate the terms of shared savings principle and - should Apcoa agree - the option to share any underspend in staff salary costs (linked to contract model default mechanism weakness) will be regarded as equitable</p>	<p>Should Apcoa not agree to such a proposal (likely) there is a risk of a loss of the incentivisation that may impact on quality of service delivery. Uncertainty how Apcoa may interpret such a request</p>
<p>Stevenage BC has a corporate policy to consider bringing services in house. When considering such an approach it makes commercial sense to operate in a larger group (multiple Local Authorities). The suggestion that East Herts lead. Additional time will be required to consider the pros & cons of insourcing and therefore extending the contract will be necessary to enable this piece of work</p>	<p>If the insourcing model is regarded as beneficial or appropriate and post implementation is found to be of real value, extending the contract by one of two years would result in a lost opportunity to realise the financial or qualitative benefits</p>
<p>By extending the contract seek to add value by requesting Apcoa deliver vehicle compliance surveys. SG client agreed this would be highly valueable. Add to the specification of the new contract</p>	
<p>Extending the contract provides more time to trial the Electric Vehicles. Currently Welwyn Hatfield has no EV infrastructure and Stevenage presents uncertainty in respect of EV infrastructure roll out (significant town centre regeneration) and unknown demands</p>	<p>Extending may introduce risk to reliability of equipment and vehicles in respect of failures and downtime. EG enforcement vehicles were specified but Apcoa underestimated the mileages and therefore wear and tear will impact on reliability - repairs etc. Apcoa must manage and fund this element of service. Phones and Body Worn Devices have been subject to mid contract refresh</p>
<p>Benefit to extending the contract: more time for Local Authorities to set up / verify budgets in order to contribute to the project (EG consultant contribution). July and August key dates for budget setting</p>	