

Report Title: Parking Enforcement Contract – Contract Extension Decision

Report to be submitted to: Chief Executive

Dates of meeting(s) the report is to be submitted to

N/A

Is the report exempt from publication? NO

If exempt from publication, how is the public interest test justified?

N/A

If the report is seeking a decision, state the delegation, if applicable, under which the decision will be taken (either the reference in the Constitution giving such delegated authority, or a specific decision to delegate authority)

The Chief Executive has delegated authority to make contract awards to an unlimited financial value within the Constitution. Specifically under Part 3C – Officers' Responsibility for Functions, paragraphs 8 and 8.3 and within Part 4G - Financial Procedure Rules, Appendix 1 - Scheme of Financial Delegations.

Date of consideration by Leadership Team

N/A

Financial implications approved by

Steven Linnett (Head of Strategic Finance and Property) 5th May 2022

Legal implications approved by

James Ellis Head of Legal and Democratic Services & Monitoring
Officer 4th May 2022

**Completed report authorised for publication by
Leader/Executive Member/Committee Chairman**

Graham McAndrew

Executive Member for Environmental Sustainability

East Herts Council Report

REPORT TO THE CHIEF EXECUTIVE

Date of meeting: 5th May 2022

Report by: Jess Khanom-Metaman, Head of Operations

Report title: Parking Enforcement Contract - 2 Year Extension

Ward(s) affected: ALL

Summary

The purpose of this report is to consider an extension to the current parking enforcement contract.

RECOMMENDATIONS FOR CHIEF EXECUTIVE:

- a) To approve an extension to the parking enforcement contract between APCOA Parking UK Limited and East Herts District Council (over the initial 5 year term) by a further 2 years to end in January 2026.

1.0 Proposal(s)

- 1.1 To extend the parking enforcement contract, as is permitted within the terms of the contract, beyond its initial 5 year period, by 2 years for the reasons outline below:
 - To deliver value for money traffic management services;
 - To mitigate the risk of potential increased contract costs;

- To deliver savings of up to £10,000 per annum for East Herts over the 2 year contract extension period.
- 1.2 To enable East Herts to continue working collaboratively with the enforcement contractor Apcoa to develop and implement service improvement initiatives that align with the council's priorities.
 - 1.3 To benefit from an advantageous combination of cost, quality and sustainability offered in respect of traffic management services.

2.0 Background

- 2.1 East Herts Council and Apcoa entered into a 5 year fixed term contract on 19th January 2019 with an option to extend the term by a further 2 years to 18th January 2026.
- 2.2 The contract provides for provision of civil parking enforcement services and IT system to facilitate the processing of Penalty Charge Notices.
- 2.3 East Herts Council provides parking enforcement services to Stevenage and Welwyn Hatfield councils through Agency Agreements.
- 2.4 The value of the 5 year contract term in respect of the three stakeholders is £7,000,000. An approximate split of the aforementioned costs (calculated on the basis of the proportion of Penalty Charge Notices issued) is shown below:
 - East Herts council 50%
 - Stevenage council 20%
 - Welwyn Hatfield 30%.

In relation to East Herts council the savings proposal will result in a reduction of £10,000 annually to parking enforcement contract costs.

- 2.5 Parking Managers from Stevenage and Welwyn Hatfield councils met with the East Herts Parking manager on the 30th November 2021 to discuss the merits and risks associated with extending the parking enforcement contract.

East Herts Council clients agreed it was in their best interests to extend the contract term when considering risks associated with going out to tender in terms of the potential for a large increase in contract costs due to the current economic conditions and inflationary pressures. “**Appendix A**” provides a record of the review.

3.0 Reason(s)

- 3.1 This report sets out the principles and basis on which East Herts officers recommend a 2 year extension to the Apcoa contract.
- 3.2 Apcoa has confirmed its desire and commitment to continuing to deliver service to East Herts for a further two years, should the extension be agreed.
- 3.3 During a meeting held on the 9th February between East Herts and Apcoa, East Herts officers reiterated the imperative that the contract continue to deliver value for money and also that added value was sought in respect of contract savings and service improvement ideas benefiting stakeholders.
- 3.4 Officers stressed the importance of Apcoa’s proposals aligning with the council’s priorities and vision:

- *Sustainability at the heart of everything we do*
- *Enabling our communities*
- *Encouraging economic growth*
- *Digital by design*

3.5 On 24th February 2022 Apcoa provided a proposal that included financial savings and delivered social value. The following items are recommended for adoption for a contract variation:

- 1) Contract extension discount
£20,000 rebate per each extension year (guaranteed)
- 2) Social Value benefits:
 - a. Electric Fleet
Replacing (East Herts, Stevenage, Welwyn) 10 combustion engined enforcement vehicles to an Electric fleet at the start of the contract extension in January 2024 reducing emissions by estimated 17,879,561 grams of Co2
 - b. Air Quality Monitors
£1,000 investment to monitor Air quality levels and provide data to support East Herts environmental strategy.

3.6 Apcoa's "Contract extension discount" offer may be summarised as a guaranteed investment in contract savings over the two year extension period, representing annual contract savings for each authority plus significant social value benefits.

3.7 The savings proposal strengthens the council's financial position by significant cost avoidance and social value benefits as it seeks to manage service operating costs in support of the Medium Term Financial Plan.

- 3.8 The above proposals have no negative impact on the authority's statutory traffic management duties or in its ability to deliver traffic management services to Stevenage and Welwyn Hatfield councils.

4.0 Options

4.1 Cease contract - NOT RECOMMENDED

Ending the contract on 15th January 2024, in line with the initial 5 year timeline, creates risk and a high probability of increased contract expenditure, due to inflationary pressures, feeding into tender submissions.

4.2 Extend the contract term by 2 years to 15th January 2026 – RECOMMENDED

5.0 Risks

- 5.1 Should the 2 year contract extension not be agreed, the Parking Service will be required to prepare for a contract retender exercise, requiring a high level of officers' engagement across multiple council departments. See "**Appendix B**" for timetable. Ending the contract on 15 January 2024 would impact on Parking Service Officers ability to deliver on multiple council savings initiatives and projects scheduled over the next 18 months, and also in delivering the operational car park management system in respect of the council's new flag ship multi storey car park in Bishop's Stortford scheduled to open in the spring of 2022.
- 5.2 Following the Covid pandemic and Brexit there are increasing risks in the economy such as rising material costs, energy costs, labour costs and shortages, inflationary pressures and market risks associated with demand and supply lines. The above factors are considered likely to impact on those local

authorities undertaking procurement exercises in respect of significantly higher than expected target cost submissions.

- 5.3 One Local Government Apcoa director recently advised East Herts officers that increased supplier costs were presenting and feeding into the costs of service provision across various levels placing pressure on original budgeting forecasts.
- 5.4 The parking contract let to Apcoa in January 2019 is regarded as competitive and representing good value. When considering the current financial environment and uncertainty over the short to medium term it is considered prudent to delay the retendering process, in order to reduce the risk of higher than expected contract costs impacting on the council's budgets.
- 5.6 As reported in the Annual Parking Report, in accordance with the Traffic Management Act 2004, the below table shows parking enforcement contract costs over 5 years. Prior to 2019 NSL (Marston Holdings Limited) was contracted to deliver parking enforcement services to East Herts.

Year	Parking Enforcement Contract Costs
2016/17	£843,551
2017/18	£845,104
2018/19	£860,600
2019/20	£702,369
2020/21	£728,175

6.0 Implications/Consultations

Community Safety

No

Data Protection

No

Equalities

No

Environmental Sustainability

Yes – Introduction on electric vehicles

Financial

The proposed contract extension represents value for money as it provides likely cost avoidance against current market conditions pushing up costs and provides significant social value benefits which also assist the contractor to avoid operational cost pressures and provide an annual £10k per annum cashable saving to the council. Members may wish for there to be a new contract so that “RPZ light” schemes could be introduced however the consultation periods involved in changing from a full RPZ to an RPZ light system plus the resulting Traffic Regulation Orders to implement such changes would realistically take 2 years so therefore this extension does not preclude those changes being prepared and would provide clarity for the prospective bidders for a new contract in 2 years’ time.

Health and Safety

No

Human Resources

No

Human Rights

No

Legal

Yes - An extension to the contract requires East Herts to confirm its decision in writing to Apcoa and record through Deed of Variation, to be drafted by East Herts Contract and Procurement solicitor.

Specific Wards

No

7.0 Background papers, appendices and other relevant material

7.1 Appendix A

Parking Managers' stakeholder meeting - 2 year contract extension discussion.

7.2 Appendix B

Procurement Timetable for Parking Services Retender.

Contact Member

Councillor Graham McAndrew

Executive Member for Environmental Sustainability

Graham.McAndrew@eastherts.gov.uk

Contact Officer

Jess Khanom-Metaman - Head of Operations

Contact Tel. No. 01992 531 693

Jess.Khanom-Metaman@eastherts.gov.uk

Report Author:

Dominique Kingsbury - Parking Services Manager

Contact Tel. No. 01279 502 036

Dominique.kingsbury@eastherts.gov.uk