



Report – Planning & Transportation Committee

City of London Parking Service Contracts

To be presented on Thursday, 16th May 2013

*To the Right Honourable The Lord Mayor, Aldermen and Commons
of the City of London in Common Council assembled.*

Summary

With the concurrence of the Hampstead Heath, Highgate Wood and Queen's Park, Finance and Markets Committees we seek approval for the principle of dividing the tendering of City of London parking related functions into two lots: on-street and off-street; and for the re-tendering of on-street parking with new contract start dates for both lots.

We are also seeking approval for the extension of the APCOA (Airport Parking Company of America) contract for the operation of the coach park and six car parks.

The cost of the extensions of the on-street contracts by 3 months exceeds the previously approved provision by more than £500,000. In accordance with procurement regulation 25 this increased contract value must be approved by the Spending Committee, the Committee(s) which considered the Detailed Options Appraisal or Tender Evaluation Report and the Court of Common Council.

The Markets Committee will consider this report at their meeting after the Court papers have been dispatched and its Chairman will update the Court should there be any relevant amendments.

Recommendations

We **recommend** that approval be given to the:-

1. principle of dividing the tendering of parking related functions into two lots: on-street and off-street, and approving the re-tendering of on-street parking with a new contract start date of 1 March 2014 and 1 December 2014 for off-street contract, and agree the evaluation criteria to be applied in the selection process of 60% Quality and 40% Price for the on-street parking contract;
2. extension of the Vinci Park contracts for on-street parking, vehicle clamping & removal and cash collection for a further three months from 30 November 2013 to 28 February 2014; and
3. extension of the APCOA contract for the operation of the coach park and six car parks (including Smithfield) from 30 November 2013 to 30 November 2014.

Main Report

Background

1. The City of London operates a number of parking-related services, typically provided under separate contracts by a number of different specialist parking service providers. These include:
 - On-street parking enforcement by civil enforcement officers (previously known as parking attendants);
 - On-street clamp and removal of illegally parked vehicles;
 - Cash collection, counting and banking from on-street Pay & Display equipment;
 - Cash collection and enforcement of car parks on Hampstead Heath;
 - Operation of six off-street public car parks and one coach park;
 - Operation of the Barbican Centre car park;
 - Provision and maintenance of car park barrier equipment
2. The overall value of these services is in the region of £4.4m pa, with responsibility for delivering them spread across various City departments. The respective contracts have previously been competitively tendered, but typically in separate tender exercises, with five contractors now employed across eight contracts.
3. Given this background, a PP2P assessment under the Soft Facilities Management Category Board was conducted to consider whether economies of scale can be made by bringing some or all of these contracts together.

Procurement Strategy

4. In order to facilitate the PP2P review process, the end dates to all these contracts (except barrier equipment maintenance) were harmonised to expire on 30 November 2013. However, after reviewing the market for these services, it is now thought unlikely that bringing all these contracts together into one comprehensive parking contract will deliver best value because very few companies typically provide this breadth of service. For example, NCP used to undertake both on-street enforcement and car park management functions, but then they decided to divide the services into two completely separate companies (NCP and NSL).

5. Taking this into account, it is recommended that these services be retendered in two lots, focusing on on-street and off-street services respectively, namely:

Lot 1

- On-street parking enforcement
- On-street vehicle clamp & removal
- On-street cash collection
- Hampstead Heath cash collection

Lot 2

- DBE's coach and six car parks (including Smithfield)
- Barbican Centre car park
- DBE car park barrier equipment
- Barbican Centre car park barrier equipment

6. Although it had been intended to run these tenders concurrently, Lot 2 is still subject to a number of unknowns that currently prevent the tender itself moving forward. These key unknowns include:
- The car park barrier equipment is now past its working life and starting to fail, but the process to scope the requirements of the new equipment, in particular the Barbican Centre's integrated ticketing system, needs to be undertaken.
 - An overall review of DBE's provision of car parks is about to start, involving the Chamberlain's, City Surveyor's and Markets departments. This will cover questions of viability, profitability, policy provision and long-term redevelopment, and will examine whether the City Corporation should even operate public car parks at all.
 - The City Surveyor is considering closing Whites Row car park as part of the redevelopment of the London Fruit & Wool Exchange, and its future should ideally be resolved before tendering. The potential for redeveloping other car park sites will also need to be considered, along with the transport policy implications of reduced car park provision.
7. Given the lengthy prescribed timescale necessary to complete an EU tender (approximately 4 months), and an assessment of the City Corporation's Committee approval requirements, more time is required to complete the retender of both Lots. For Lot 1, a three month extension of the on-street services provided by Vinci Park would provide sufficient time to retender and mobilise the new contract. However, for Lot 2, further additional time is required to allow for the scope of services to be fully defined.

Options

8. Three options were considered including:
- Extend all the contracts by the same duration, and retender them together at a later date;
 - Tender Lot 1 (on street) now; retender Lot 2 (off street) later; and
 - Tender all DBE's current contracts now; tender Barbican Centre later

It is recommended that the second option represents best value to the City Corporation as stated in paragraph 10 below.

Tender Lot 1 (on-street) now; retender Lot 2 (off street) later

9. This would allow the potential savings from Lot 1 to be realised earlier, and it would provide the necessary time to appropriately scope the Lot 2 services, before retendering those together. Of all the synergies between the services, the greatest possibilities are likely to be made from combining the Lot 2 services between DBE and the Barbican Centre. This principle was demonstrated when DBE took over operational management of Smithfield car park on behalf of the Markets Department and operational synergies and contractual savings were made as a result. Therefore, this is the course of action recommended.

Proposals

10. In order for the contract to continue, work is already underway within DBE, the Comptroller & City Solicitor's Dept and the PP2P team in order to meet the objective of retendering the Lot 1 services immediately, albeit the contracts with Vinci Park require a further three months beyond the current contract expiry date of 30 November 2013 in order for the tender to be awarded and the new contract mobilised. The tenders will be evaluated on the basis of 60% Quality and 40% Price weighting.
11. For Lot 2, the process for resolving the issues noted above is expected to take several months, and a report to Committees outlining the results of the overall review of car parking provision is expected to be brought forward in the Autumn. At that point, a full retender for the combined Lot 2 services would take place.
12. In addition, the contract for management of the City's public car parks with Apcoa needs to be extended for up to 12 months. The exact period will be set once the timetable for the car park review is known, but officers will seek to extend the contract under identical terms and conditions as at present, in negotiation with Apcoa. The contract contains a clause to permit an extension of up to five years beyond the initial contract term, which was previously used to enable the current contract term to expire on 30 November 2013. It does not include an option to further extend beyond this period, so an extension will require a waiver of the City's Procurement regulations.
13. The extensions sought are the minimum periods which are currently believed to be necessary to achieve the seeking of Best Value bids for each of the two proposed Lots.

Corporate & Strategic Implications

14. The proposed strategy is anticipated to deliver efficiency savings and provide long term value for the Corporation. All those contracts that need to be extended will be re-evaluated, in conjunction with the respective contractors, to ensure that any available short-term best value savings can be realised.
15. The cost of the extensions of the on-street contracts by 3 months exceeds the previously approved provision by more than £500,000. In accordance with procurement regulation 25 this increased contract value must be approved by the Spending Committee, the Committee(s) which considered the Detailed

Options Appraisal or Tender Evaluation Report and the Court of Common Council.

Implications

16. The Vinci Park, Apcoa and OCS contracts are to be extended beyond their original term, but by including them within the corporate wide PP2P process, and by undertaking a full service assessment of the City's car park provision, this will deliver the City's best value obligations.
17. The proposed extensions to the Vinci Park and Apcoa contracts will have to be implemented by way of a Deed of Variation, and there is provision under Procurement Regulations 15, 25, and 26 to allow the Spending Committee to waive the requirement to tender and to approve an increase in contract costs.

Conclusion

18. The assessment of parking provision in the City under the PP2P approach is seeking to deliver better connected and more efficient services, and the approach outlined here of a two stage tender, separating on-street and off-street lots respectively will best achieve this.

All of which we submit to the judgement of this Honourable Court.

DATED this 16th day of April 2013.

SIGNED on behalf of the Committee.

Deputy Michael Welbank
Chairman