

Cabinet Member delegated decision

Decision Due : 3 May 2016

Parking Management Services Lot 1 - Enforcement Services

Parking Management Services Lot 2 - Nuisance Vehicle Removal Services

Wards: All

Report Authorised by: Sue Foster. Strategic Director Neighbourhood and Growth

Portfolio: Councillor Jennifer Brathwaite, Cabinet Member for Environment and Transport

Contact for enquiries:

Florence Ahiane, Procurement Officer, fahiane@lambeth.gov.uk

Report summary

This report recommends an extension of Lots 1 and 2 of the five Lot Parking Management Services contract. The extension will facilitate the additional time needed to complete the procurement of a new parking services contract. NSL (formerly NCP) was awarded Lots 1 and 2 of the Parking Management Services contract. Lot 1 relates to On-Street Enforcement and Lot 2 to Nuisance Vehicles Removals throughout the borough. Lots 3, 4 and 5 relate to Printing, Scanning and Web Automated Payments. These other lots are the subject of separate reports which also recommend the extensions of the respective services. The contracts for Lots 1 and 2 commenced on 1 August 2008 for a period of 5 years with an option to extend for up to a further 5 years.

So far Lots 1 and 2 of the Parking Management Services contract has been extended for a period of 30 months of the optional 60 months allowed in the contractual terms and conditions. It is recommended that the contract is extended for a further eight months from 1 February 2016 to 30 September 2016 to allow time for the completion of the on-going procurement exercise. It is anticipated that the reprocurement exercise will be completed by June 2016, in which case the new contract will supercede this proposed extension.

The Authority will under this proposed 8 month extension be able to terminate the contract in writing with no less than 1 months notice at any time, if required.

Finance summary

The estimated contract value of this extension for a total period of 8 months is approximately £3.33m for Lot 1 and Lot 2 combined. There is a £5m full year budget in place to fund the extension.

The funding for these contracts is within the approved budget for the Parking service.

Total Contract Value for 5 years is approx. £30m, total value of extensions so far, as the original contract ended August 2013:

- First extension was from 01/08/13 – 31/07/15, a maximum period of 24 months for the amount of £9,632m
- The second extension was from 01/08/15 – 31/01/16, for 6 months for the amount of approx. £2.5m
- The third extension being requested is for 8 months from 01/02/16 – 31/09/16 for approx. £3.297m

The total value of all extensions is £15,429m. The total contract value to date is approx. £45,429m

However the actual contract spend up till February 2016, in terms of the invoices paid is £38,829,013

Savings for 2013 – 2015 was £1,857,023.26

Recommendations

- (1) To note that the unauthorised spend on the Parking Management Services Lot 1 – Enforcement Services from 1 February 2016 – 30 April 2016, for the amount £1,236,375, costs incurred during the period of no formal approval.
- (2) To extend the NSL contract for Parking Management Services Lot 1 – Enforcement Services (C003657) for eight months from 1 February 2016 to 30 September 2016 for the estimated maximum value of £3,297,000.
- (3) To note that the unauthorised spend on the Parking Management Services Lot 2 – Enforcement Services from 1 February 2016 – 30 April 2016, for the amount £12,375, costs incurred during the period of no formal approval
- (4) To extend the NSL contract for Parking Management Services Lot 2 – Nuisance Vehicle Removal Services (C003657) for eight months from 1 February 2016 to 30 September 2016 for the estimated maximum value of £33,000.

Exemptions have been sought for both forms of unauthorised spend as detailed above for both lots for three months, from 1 February 2016 to 30 April 2016, for the amount £1,237,000 to cover the unauthorised spend, which is included in the overall extension amount of £3.297m for eight months. This has facilitated payments to NSL to ensure the continuity of these services until the extension is fully approved.

Context

- 1.1 NSL (formerly NCP) was awarded Lots 1 and 2 of the Parking Management Services contract. Lot 1 relates to On-Street Enforcement and Lot 2 to Nuisance Vehicles Removals. The proposed extension to Lots 3, 4 and 5 (Printing, Scanning and Web Automated Payments) are the subject of separate reports as the services are provided by other suppliers. Both Lots 1 and 2 commenced on 1 August 2008 for a period of five years with an option to extend for up to further five years. NSL is responsible for providing parking enforcement services throughout the borough.
- 1.2 To date there have been two contract extensions granted to provide Lots 1 and 2. In the first instance the council requested a 24 month contract extension which covered the period from 1 August 2013 to 31 July 2015. The second request allowed the contract to be extended for a further six months from 1 August 2015 to 31 January 2016. It was anticipated that this would be sufficient time for the completion of the procurement exercise currently being undertaken. For the purpose of this tendering exercise the council used the 'Competitive Dialogue' process which ultimately allowed negotiation directly with the shortlisted suppliers who responded to the OJEU advert. Following the completion of this stage which was an Invitation to Submit Outline Solutions, which included several meetings and post tender clarifications, the Council has updated the initial specification and pricing documents. The final specification documents were re-issued, on 11th January 2016 as part of the third and final stage of this process (Invitation to Submit Detailed Solutions) It is anticipated that the reprocurement exercise will be completed by June 2016, in which case the new contract will supersede this proposed extension.
- 1.3 Clause 39.1 of the contract states the following which specifies contract conditions allowing the extension.

“The Contract shall continue in force (subject as herein provided and to earlier termination in whole or in part in accordance with these Conditions) for the Contract Period with an option for the Client to extend for a further period or periods of up to a total of five years (Lots 1 and 2) or three years (Lots 3, 4 and 5) or to negotiate a longer extension by agreement between the Client and the Contractor, subject to not less than six months notice thereof being given by the Authorised Officer to the Contractor.”

2 Proposal and Reasons

- 2.1 It is proposed that Lots 1 and 2 of the Parking Management Services contract are extended for eight months from 1 February 2016 to 30 September 2016 under the terms of the existing contract. The purpose of this extension is to ensure that NSL Ltd continues to deliver a seamless parking enforcement service throughout the duration of the procurement exercise.
- 2.2 Reasons for the Extension
- To facilitate the current reprocurement exercise which we anticipate will be fully completed by June 2016,
 - Assist with the transition period, and any TUPE issues that may need to be resolved
 - Eliminate the risk of being out of contract with the current suppliers, whilst the reprocurement exercise is still on going.

3 Finance

- 3.1 Parking Services has a statutory duty to enforce parking restrictions on our roads and car parks under the Road Traffic Regulation Act 1984 (RTRA), Road Traffic Act 1991 and the Traffic Management Act 2004.
- 3.2 This extension is for 8 months from 1st February 2016 to 30 September 2016. The contract extension costs are part of the current service, and a £5m budget is in place to fund the on-going expenditure. The service supports current income activities and is critical to the delivery of those benefits to the department in the current financial year 2015 – 16 and the upcoming 2016 – 17 financial year. This service is currently being retendered and forms part of a wider procurement exercise for “Parking Enforcement with Associated Services”. The purpose of this extension is to ensure that these contracts continue to deliver a seamless service and allow ample time for the completion of the procurement exercise currently in progress. Once the new contract(s) have been awarded it will supersede the extension. The procedure being used for the procurement exercise is the competitive dialogue procedure.

4. Legal and Democracy

- 4.1 The authority to approve this contract extension is vested in the Cabinet Member, who should exercise her discretion in consultation with the Leader.
- 4.2 Contract extensions are permitted under the Council’s Contract Standing Orders where the contract contains explicit provision for the extension. Officers must adhere to the extension and/or variation provisions in the terms and conditions. Officers must compute the amount of the variation and seek approval in accordance with the Council’s Scheme of Delegation.
- 4.3 Term extensions of contracts for services which are subject to the European Directive and the Public Contracts Regulations are permitted where provision for the term extension was stated in the OJEU notice and made in the contract.
- 4.4 Because of its value the Extension Award is a Key Decision and has been entered on the Forward Plan. Approval will require the relevant public notification of the Decision before it is signed by the Cabinet Member.
- 4.5 This proposed key decision was entered on the Forward Plan on 15 January 2016, and the necessary 28 clear days’ notice has been given. In addition, the Council’s Constitution requires the report to be published on the website for five days before the proposed decision is approved by the Cabinet Member. Any representations received during this period must be considered by the decision maker before the decision is taken. A further period of five clear days – the call-in period must then elapse before the decision is enacted. If the decision is called in during this period, it cannot be enacted until the call-in has been considered and resolved.

5. Consultation and co-production

None.

6. Risk management

- 6.1 A further extension to this contract will ensure that Lambeth Council continues to provide an efficient parking enforcement service throughout the borough. The absence of a competent and visible parking enforcement contractor will quickly lead to widespread abuse of traffic and parking regulations which will have implications for road safety, congestion, obstruction and availability of parking space for business and personal activities. The contractor is responsible for the welfare of his staff and has measures in place for them to alert colleagues and summon assistance if needed.

7. Equalities impact assessment

- 7.1 An EIA for the initial procurement exercise showed that the proposal had a low impact. An assessment has therefore not been undertaken for this contract extension.

8. Community safety

- 8.1 The presence of uniformed staff patrolling the streets acts as a deterrent to crimes such as anti-social behaviour. NSL continues to work in partnership with Lambeth Council by engaging with both internal and external stakeholders such as the Police for involvement in joint patrols of problematic areas.

9. Organisational implications

9.1 Environmental

During the lifetime of this contract NSL has increased the number of pushbikes and reduced the number of motorised vehicles deployed. The contractor has replaced all the mobile patrol unit vehicles (cars and vans) with the same quantity of mopeds. The result of this has been a decrease in CO2 emissions from the vehicles utilised on the contract. As part of the plan to improve environmental performance, NSL has introduced vehicles with lower emissions. NSL Services Ltd has achieved ISO 14001 accreditation.

NSL is a London Living Wage accredited company, and provision has been included in the budget for the successful contractor to implement this throughout the life of the contract.

9.2 Staffing and accommodation

There are no other staffing or accommodation implications to consider as a result of this extension.

9.3 Procurement

The procurement process currently being undertaken is being conducted via a three staged procedure using the OJEU Competitive Dialogue route, due to the complexity of the six lots involved and the fact that each lot of services are interlinked with each other in order to provide a fully functional service.

The total value (almost £50 million) and the complexity of these services means that there was a need to ensure that a rigorous competition is undertaken, in order to obtain best value for all the packages involved going forward, which is reflected in the time span required to deliver these contracts.

Legal advice / guidance is also being sought whilst using the Competitive Dialogue process, and as such the procurement has been structured to accommodate the complex multi-lot service, in order to provide the Council with the options to award to a single tier supplier with supply chain offer or contract directly with supply chain for the smaller lots if better value is offered, and also extract maximum commercial benefit.

The procurement commenced with a benchmarking exercise, which involved engaging the market and ascertaining the availability of suppliers by issuing a PIN (Prior Information Notice), taking cognisance of the fact that best value and savings are crucial to the success of the overall contract. The PIN assisted greatly in defining the Procurement Strategy, which was approved by the Procurement Board in January 2015. This process was then followed by the PQQ (Prequalification Exercise) which commenced end of February, and the evaluation was concluded in April 2015.

As a result of the Pre-Qualification responses, 16 out of 24 suppliers were selected to participate in the tender process which commenced at the end of February and the evaluation was concluded in April 2015.

This procurement process has involved the following 3 stages:

First Stage - The issuing of a Pre-Qualification Questionnaire, which was completed May 2015.

Second Stage - As a result of the Pre-Qualification responses, 16 out of 24 suppliers were selected to participate in the second stage of the tender process (ISOS) in which submissions were received on 27th July 2015. The quality submissions were evaluated, and subsequently followed by open dialogue with the suppliers, post tender clarifications, and the amendment of the tender documentation.

Because this is a new process the Council is learning about to engage more effectively with the market to shape our procurement processes. The process has also been guided by externally appointed specialists. Pinsent Masons who advised us to ensure that we are patient, and obtain the maximum benefit from this process. It has been important to manage the right levels of input from legal and senior management into the range of meetings with multiple suppliers. Market engagement during the tender process is time consuming, but will add value to the outcome that the Council needs to achieve to shape the service over the next (potentially) eight years for this high value strategic procurement of a key income generating service.

The third stage - commenced on 11th January 2016, which is currently in progress and responses from the suppliers are expected by 29th February 2016. This will be the final stage of the whole procurement process (ISDS), in which all the submissions will be fully evaluated, and the process will be concluded via competitive dialogue, further clarifications, resulting in BAFO (Best & Final Offers) from the suppliers for consideration of contract award.

All three stages are to be completed before the 30 June 2016. However in order to eliminate the risk of being out of contract with the incumbent suppliers, aid transition and allow for the preparation and signing of all six contracts, an extension is being requested

to extend the current contracts in place for a further eight months, with the intention of the new contract superseding these extensions once it has been awarded.

A separate part 2 (exempt from disclosure) report has been completed for procurements

8.4 Health

N/A

10. Timetable for implementation

10.1 The decision will be implemented immediately at the end of the call-in period. The timetable for the the reprocurement is set out below.

Number	Item Description	Date
1	Contract Extension Start & End Dates	1 February 2016 to 30 September 2016
2	Procurement Board – GW3 Approval	21 May 2016
3	Key Decision & 10 Standstill periods (approx. 20 days)	28 May 2016 – 14 June 2016
4	Anticipated Contract(s) Award Date	June 2016
5	Transition (Mobilisation, TUPE issues, etc)	June 2016 – September 2016
6	Contract Start Date	1 October 2016
7	Contract End Date	30 September 2024

Audit trail				
Consultation				
Name/Position	Lambeth cluster/division or partner	Date Sent	Date Received	Comments in para:
Sue Foster	Strategic Director	19/01/16	29.1.16	
Raj Mistry	Programme Director - Environment	19/01/16	20/01/16	

Dave Goldring	Finance Planning & Management	19/01/16	12/02/16	
Legal Services – David Thomas	Enabling: Integrated Support	19/01/16	23/01/16 21.4.16	4
Maria Burton, Democratic Services	Corporate Resources Corporate Affairs	19/01/16	14/03/16	All
Councillor Jenny Braithwaite	Cabinet Member:	21/01/16	5/02/16	
Internal Officer Board	Date of meeting			
Procurement Board	28.1.16			
Procurement Team	Florence Ahiante/Andrew Sternberg	18/01/16	18/01/16	All

Report history	
Original discussion with Cabinet Member	04.02.14
Report deadline	n/a
Date final report sent	n/a
Report no.	N/a
Part II Exempt from Disclosure/confidential accompanying report?	Yes
Key decision report	Yes
Date first appeared on forward plan	15.01.16
Key decision reasons	2. Expenditure, income or savings in excess of £500,000
Background information	Road Traffic Regulation Act 1984 (RTRA), Road Traffic Act 1991 and the Traffic Management Act 2004.
Appendices	none

APPROVAL BY CABINET MEMBER OR OFFICER IN ACCORDANCE WITH SCHEME OF DELEGATION

I confirm I have consulted Finance, Legal, Democratic Services and the Procurement Board and taken account of their advice and comments in completing the report for approval:

Signature _____ **Date** _____

Florence Ahiante, Procurement Office

I confirm I have consulted the relevant Cabinet Members, including the Leader of the Council (if required), and approve the above recommendations:

Signature _____ **Date** _____

Councillor Jenny Braitwaite

Cabinet Member Environment and Transport

Any declarations of interest (or exemptions granted): details of any alternative options considered and rejected by the member when making the decision.

Any conflicts of interest: a record of any conflict of interest declared by any executive member who is consulted by the member which related to the decision.

Any dispensations: in respect of any declared conflict of interest, a note of dispensation granted by the relevant local authority's head of paid service.