

Traffic Enforcement Camera Contract

AGENDA NO:

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| Cabinet Date | 14 th October 2020 |
| Public Protection, Libraries and Parking and Environment and Planning | Cllr David Norman and Cllr Nigel Moor |
| Key Decision | Yes |
| Background Documents | <ul style="list-style-type: none">• Traffic Management Act (2004) and associated secondary legislation• Transport Act (2000) and secondary legislation• The Bus Lane Contraventions (Penalty Charges, Adjudication and Enforcement) (England) Regulations (2005)• Civil Enforcement of Parking Contraventions (England) General (amendment) Regulations (2020)• Protection of Freedoms Act (2012)• Gloucestershire Local Transport Plan 2015-2031 |

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| Location/Contact for inspection of Background Documents | <p><i>Traffic Management Act 2004:</i> https://www.legislation.gov.uk/ukpga/2004/18/contents</p> <p><i>Local Transport Act 2000:</i> https://www.legislation.gov.uk/ukpga/2000/38/contents</p> <p><i>The Bus Lane Contraventions (Penalty Charges, Adjudication and Enforcement) (England) Regulations 2005:</i> https://www.legislation.gov.uk/uksi/2005/2757/regulation/2/made</p> <p>Civil Enforcement of Parking Contraventions (England) General (amendment) Regulations (2020): https://www.legislation.gov.uk/uksi/2020/548/contents/made</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 | <p>Other councils, suppliers, internal stakeholders, The Vehicle Certification Agency</p> |
| Planned Dates | <p>Tender issued & contract award for existing equipment – October/November 2020</p> <p>Tenders returned from Market – December 2021</p> <p>Tender awarded – March 2021</p> <p>New contract commences – April 2021</p> |
| Divisional Councillor | <p>All</p> |
| Officer | <p>Alexis Newport Tel. no: 01452 583688 Email address: alexis.newport@gloucestershire.gov.uk</p> |

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| <p>Purpose of Report</p> | <p>To seek Cabinet’s approval for the procurement of two contracts in relation to traffic enforcement cameras and maintenance that are used for enforcing bus lanes, cycle lanes and moving traffic and parking contraventions.</p> <p>Contract one relates to a new contract to provide future traffic management hardware and software requirements.</p> <p>Contract two relates to a direct award with the existing traffic management system provider to maintain existing hardware and software.</p> |
| <p>Recommendations</p> | <p>That the Cabinet delegates authority to the Executive Director: Economy, Environment and Infrastructure in consultation with the Cabinet Members for Public Protection, Libraries and Parking and Environment and Planning.</p> <ol style="list-style-type: none"> 1. To conduct a competitive procurement process in respect of a contract for the supply and maintenance of traffic enforcement cameras and associated hardware and software. The proposed contract shall continue for an initial period of 5 years and include an option to extend its term for a further period of not more than 3 years. 2. To award such contract to the preferred tenderer. 3. To exercise the option to extend such contract for a further period of three years on the expiry of the initial five year term. 4. To enter into a 5 year contract via a direct award with the council’s existing supplier of traffic enforcement equipment for the supply of maintenance and software services in respect of the council’s current traffic enforcement cameras. |
| <p>Reasons for recommendations</p> | <p>Section 2.3 of this Report outlines the benefits of the preferred option and the basis for the officer decision</p> |
| <p>Resource Implications</p> | <p>Internal resources will be used to procure and manage the ongoing contract and there is an existing revenue budget to cover the cost of the contract therefore no new funding to manage this contract is required.</p> <p>In order to purchase additional or replacement enforcement assets for the highway network funding will be subject to a MTFS capital bid at the appropriate time.</p> <p>The estimated cost of the proposed contract with a new supplier for the supply and maintenance of traffic enforcement cameras and associated hardware and software over 8 years is £721k with provision of £309k made in this report for expansion of enforcement activities, in line with recent government announcements, over the life of the 8 year contract (if</p> |

extended).

The estimated cost of the proposed 5 year contract with the Council's existing supplier of traffic enforcement equipment and software for the provision of maintenance services in respect of such equipment and software is £325k.

The current contract costs can be funded from existing revenue budgets.

Therefore, the estimated total value of both the proposed contracts, including the above-mentioned 3 year extension to the proposed contract with a new supplier, is a sum not exceeding £1.03m.

MAIN REPORT CONTENTS

1.0 Background

To promote environmentally sustainable travel the County Council has legal powers to provide and enforce bus lanes. Bus lanes reduce journey times for bus services, promoting public transport, reducing congestion and delivering environmental benefits such as carbon dioxide and nitrogen oxide reductions as well as creating a better environment for our villages, towns and cities.

Where enforceable restrictions exist local authorities have a statutory obligation to manage and enforce them. For any restrictions to be enforceable a Traffic Regulation Order (TRO) must be in place and/or the infrastructure must be compliant with the regulations.

The council currently owns 14 fixed traffic management cameras that are used for enforcing bus lanes, although two are currently not being used pending relocation. Each camera has a requirement for regular maintenance, repair and provision of back office software services (cloud storage, software and hardware).

All cameras operating on our network will operate as an approved device in line with relevant legislation and regulations such as a Traffic Regulation Order and vehicle Certification Agency compliance.

In October 2019, Transport Minister Grant Shapps announced that local authorities outside London would soon be granted the powers to enforce moving traffic contraventions under the Traffic Management Act 2004 (Part 6).

The government has published Civil Enforcement of Parking Contraventions (England) General (amendment) Regulations 2020. This amendment, which came into force on the 22nd June 2020, allows mandatory cycle lanes to be enforced using an approved device.

Any new locations identified as being suitable for enforcement will be selected following a detailed options appraisal and site survey. A detailed communications strategy will be developed with the GCC Communications Team.

Due to the additional areas above, where there will be an expansion of enforcement activities provision has been put into the Cabinet report in terms of the financial limit to take account of these new activities. This includes the potential for the introduction of mobile camera enforcement vehicles or other areas of enforcement innovation. The value of contracting arrangements in this report is estimated to be £1.03m. Any increase in expenditure would be subject to a future MTFS capital bid.

All current council enforcement equipment has been purchased from and is maintained by Systems, Engineering and Assessment (SEA) Ltd with a maintenance contract in place until 31st March 2021. New contracting arrangements will need to be in place after this date or the council will no longer be able to enforce bus lanes using traffic management cameras and equipment.

2.0 Options

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

2.1 Option 1 Cease Traffic Management Enforcement Activity

Ceasing traffic management enforcement would see an increase in the numbers of motorists ignoring restrictions. This would reduce the effectiveness of bus lanes by increasing journey times for public transport users, increasing pollution and reducing the attractiveness of bus services, all of which oppose Local Transport Plan objectives.

It is forecast that this option would result in a significant net loss of income plus the indirect costs associated with increased traffic/journey time and environmental and economic impacts. This income is built into the budget and loss of this income would result in the Parking Team costs not being covered causing budgetary challenges.

Any surplus generated by the operation of the parking service is used firstly in investment in the management of parking and the parking asset, and then for other improvements in traffic management, highway improvements and subsidised public transport. This is in accordance with the current legislation, the Traffic Management Act 2004.

For the reasons outlined above this option has been discounted.

2.2 Option 2 Continue with Current Arrangements and Direct Award a 8 Year Contract to the Current Provider

A directly awarded maintenance & back office contract to the incumbent supplier would allow the existing equipment to be used until the end of its lifespan – with some unavoidable new purchases planned for such as 7 new cameras. Any new cameras purchased would have maintenance contracts timed to be co-terminus with the end of the contracted period.

If the existing provider is awarded the contract, then based on a 8 year arrangement and purchasing 7 additional or replacement cameras during the life of the arrangement the cost is estimated as £646k (£126k hardware + £520k maintenance).

This option avoids the need to unnecessarily decommission and replace the current viable hardware- minimising wastage and allowing ongoing use until the end of its cost-effective life. It also avoids the system and network downtime when the cameras would be replaced affecting enforcement capability.

There are risks associated with this option. A direct award ties the council to the existing provider for any new equipment purchased and does not demonstrate best value by allowing an open competition amongst the market of potential suppliers. Additionally this may attract challenge by other suppliers with resulting impact on budget and officer time.

2.3 Option 3 – (a) Direct Award a 5 year contract to the existing provider to maintain existing traffic management cameras; and (b) Procure a new contract by way of a competitive process to provide future traffic management camera requirements whose term shall continue for an initial period of 5 years and include an option to extend its term for a further period of not more than 3 years - Recommended Option

Retain the current traffic management cameras by direct awarding a five year contract for maintenance, software and the back office, while inviting competition and improved value for money by tendering for a supplier to provide all future traffic management camera requirements.

The council would enter into a new contract to provide any additional cameras that the authority requires. New cameras and associated cloud storage, software and hardware would be obtained from the supplier when the council has demand for a new camera or an existing camera requires replacing due to life expiry or vandalism. It is anticipated that up to 7 new replacement cameras would be required over the contract period.

This option would defer the cost of replacing all cameras as part of a tender, saving the upfront camera replacement capital cost of £252k, and would allow a planned approach to camera replacement over time and allow the council to replace cameras when it was affordable.

There are risks around this option. Firstly, this option may require the council to operate two enforcement systems side by side with duplication of cloud storage, software and hardware costs. It is estimated that operating two systems side by side would cost the council approximately an additional £15k per annum or £75k over the 5 year arrangement.

It is estimated that the council would be required to upgrade 7 cameras over the coming eight year period by bidding for capital funds utilising the MTFS process.

The forecast costs (over an eight year period) for this option are broken down as:

- Five year Direct award for existing camera maintenance, software and hardware with existing provider: £325,000
- New supplier (new cameras only): £396,000
- Total for option (dependent on expansion of traffic management enforcement): £721,000 and £1,030,000

Provision has been made in this report for expansion of traffic management activities, such as camera enforcement cars, that would be funded made via a MTFS capital bid at the appropriate time. The value set aside for future expansion is £309,000 over the 8 year contract period.

A direct contract award will give rise to an increased risk of procurement challenge. However, this route is recommended in this instance given that it is justified for reasons of technical interoperability, that is, only the existing supplier is certified by the VCA to maintain the council's current cameras, hence no alternative suppliers would be capable of providing the required services. By way of mitigation, the council will publish a voluntary transparency notice ("VTN") in the Official Journal of the European Union for the purpose of informing the market of its intention to make a direct contract award and explaining its justification for doing so.

Moreover, discussions with traffic enforcement camera service providers have identified that the market accepts that councils have existing equipment in place and that due to VCA requirements the only practicable way forward is for the council to direct award the

maintenance of existing equipment while tendering for a new contract to provide the council's future traffic management equipment requirements.

This option demonstrates a value for money approach and offers the council a good balance between procurement risk and financial risk; however it may require a small amount of additional funding in relation to duplicate supplier systems and interfaces. Consultation with the council's parking contractor and other authorities has identified that managing two systems side by side is possible and a number of other councils successfully operate this model.

In view of the positive balance between financial and procurement risk, the fact that the market understands existing equipment has to be maintained by the existing provider and the requirement of the VCA this is the preferred option moving forward.

Whilst this option is potentially more expensive than continuing arrangements with the existing provider, it is not appropriate or justifiable to continue direct awarding maintenance contracts indefinitely. By conducting a fair and transparent tender process we can be assured of a legitimate contract with the potential to maintain or reduce costs and capture new innovation through the competitive process.

2.4 Option 4 Procure a New Contract from the Market to Replace all Current Equipment with New Hardware.

Option 4 relates to procuring a new contract from the market through a competitive process.

This option may unfairly advantage the existing supplier as the existing equipment avoids the cost of replacement cameras required by any new supplier (who cannot maintain other manufacturer's equipment).

A capital funding bid, for year 2021/22, to fund the potential additional cost of new contracts could be submitted, however, due to COVID-19 the council is under acute financial pressure at the moment and there is no guarantee that the council will be able to afford this investment.

If a new provider was successful in winning the contract this option would potentially add considerable additional upfront cost to the council as all existing cameras and associated equipment would require replacing. It should also be noted that this option would mean that perfectly servable and operational equipment would be replaced prior to be life expired creating a considerable amount of waste.

If new provider is appointed, following a competitive tender process, then the estimated cost of replacing all cameras is estimated at £772k (£252k hardware + £520k maintenance) plus any disposal costs of old hardware.

By tendering for an integrated solution delivered by one supplier the risk around VCA compliance is reduced to a level that is negligible as is the risk of public challenge.

In view of the upfront cost of £252k and the potential waste involved in replacing relatively new cameras and hardware this option has been discounted on the grounds of cost.

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) |
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| New arrangements exceed current costs | It is anticipated that the contract rate will be similar than previous rates paid based on soft market testing that have been undertaken, however VCA certification limits the market and this may have an affect on cost. |
| Procurement risk arising from the procurement of supply and maintenance services from a new supplier – risk of challenge from aggrieved suppliers | A compliant and robust procurement will be undertaken with guidance from Legal and Commercial Services. |
| Procurement risk arising from proposed direct contract award to the existing supplier – risk of challenge from aggrieved suppliers | A direct contract award will give rise to an increased risk of procurement challenge. However, this route is recommended in this instance given that it is justified for reasons of technical interoperability, that is, only the existing supplier is certified by the VCA to maintain the council's current cameras, hence no alternative suppliers would be capable of providing the required services. By way of mitigation, the council will publish a voluntary transparency notice ("VTN") in the Official Journal of the European Union for the purpose of informing the market of its intention to make a direct contract award and explaining its justification for doing so. |
| Not finding a suitable supplier | There are currently 6 VCA certified suppliers that are able to bid for the tendered contract. Pre tender market testing has 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 of GCC's requirements are covered off in the tender. The tender will be signed off by the Parking Manager. |

4. Officer Advice

That the Cabinet supports the recommended option 3 made in paragraph 2.3 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.

Should any changes be made to Traffic Regulation Orders then an equality impact assessment would take place in relation to individual amendments.

Bus lane enforcement does contribute positively to some of the protected groups, for example by improving the speed and activeness of using local bus services and by allowing accessible taxis and private hire vehicles to use bus lanes.

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

6. Consultation feedback

Consultation has taken place with prospective providers through soft market testing. This has identified there are 6 VCA certified suppliers who are keen to bid for the tendered contract.

Discussions with the market have identified that providers are aware of the challenges with VCA certification and legacy equipment and that the council has obligations to ensure value for money when contracting.

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

The Executive Director: Economy, Environment & Infrastructure will ensure that the Lead Cabinet Members are kept updates with progress and notified of the outcome of the tender process.

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| Report Title | Traffic Enforcement Camera Contract |
| Statutory Authority | Traffic Management Act 2004 |
| Relevant County Council policy | Gloucestershire Local Transport Plan 2015-2031 |
| Sustainability checklist: | |
| Partnerships | A partnership approach with other councils has been investigated and discounted |
| Decision Making and Involvement | Extensive consultation has taken place with Legal Services, Strategic Procurement and Finance |
| Economy and Employment | Policies in relation to traffic management take into account economic activity and the impact on employment |
| Caring for people | Traffic management measures encourage walking and cycling by creating a safe and managed environment |
| Social Value | Bus and moving traffic contraventions require reviewing by the parking enforcement contractor who employs local people employed as CEO's |
| Built Environment | The contract requires the provision and maintenance of traffic management equipment that is mounted on or near the highway depending on individual circumstances |
| Natural Environment' including Ecology (Biodiversity) | Traffic management encourages the use of sustainable transport by speeding up bus journey times and allowing accessible taxi and private hire vehicles to access essential services without having the additional cost and pollution of queuing in traffic congestion. |
| Education and Information | Traffic management measures can be deployed around schools or educational establishments to promote walking and cycling and improve safe operation of the road network in the community. |
| Tackling Climate Change | Carbon Emissions Implications? Positive Vulnerable to climate change? Yes |
| Due Regard Statement | Has a Due Regard Statement been completed? Yes A copy of the full Due Regard Statement can be accessed on |

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| | <p>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 | Other councils, suppliers (soft market testing), internal stakeholders, The Vehicle Certification Agency |