



**REPORT TITLE: Parking ICT Contracts**

<b>Cabinet Date</b>	21 <sup>st</sup> September 2022
<b>Cabinet Member</b>	Cllr Dom Morris - Cabinet Member for Highways & Flooding
<b>Key Decision</b>	Yes
<b>Purpose of Report</b>	To seek Cabinet approval for the award of a parking and enforcement related ICT contract, divided into three separate contracts, to replace the council's existing parking and enforcement related ICT services contracts.
<b>Recommendations</b>	<p>That Cabinet:</p> <ol style="list-style-type: none"><li>Approves, without further competition, the award of the following three separate Call-Off Contracts under Lot 4 of the Eastern Shires Procurement Organisation (ESPO) Framework Agreement to the preferred tenderer, namely Chipside Limited, in accordance with the direct award criteria thereunder, for the purpose of replacing the council's existing parking and enforcement related ICT services contracts:<ol style="list-style-type: none"><li>Call-Off Contract 1: Relating to the supply of an ICT back-office end-to-end Penalty Charge Notice (PCN) management system;</li><li>Call-Off Contract 2: Relating to the supply of PCN correspondence management services;</li><li>Call-Off Contract 3: Relating to the supply of a cashless parking and permit management system.</li></ol><p>Each of the proposed Call-Off Contracts shall continue for an initial period of 7 years and include an option to extend their terms for a further period of not more than 3 years.</p></li><li>Delegates authority to the Executive Director of Economy, Environment and Infrastructure to determine whether to exercise the option to extend the term of each of the said Call-Off Contracts for a further period of not more than 3 years on the expiry of the initial 7-year terms.</li></ol>

<p><b>Reasons for Recommendations</b></p>	<p>The options section of this report outlines the benefits of the preferred option and the basis for the officer recommendation.</p>
<p><b>Resource Implications</b></p>	<p>Based on current volumes, it is estimated that the recommendation in this paper would cost £1.8m over the 10 year life of the contract.</p> <p>However, due to the introduction of new parking schemes and the potential enforcement of moving traffic offences provision for expansion has been included in the overall proposed contract cost of £1.55m over 7 years, or £2.21m including the three year extension.</p> <p>The contract costs are broken down as:</p> <p>Contract 1: ICT PCN Management system - estimated value £110,000 over 10 years, including a three year extension option.</p> <p>Contract 2: Parking correspondence management requirements - estimated value £1,000,000 over 10 years, including a three year extension option.</p> <p>Contract 3: estimated value £1,100,000 over 10 years, including a three year extension option.</p> <p>Total cost of contracts - estimated to be £2,210,000 over 10 years, including extension options, with a one off payment for a new module.</p> <p>The costs associated with current contract costs are available in the existing EE&amp;I revenue parking budget.</p> <p>Contract management will be undertaken using existing resource.</p> <p>There is sufficient funding in existing budgets to fund these amounts.</p>
<p><b>Background Documents</b></p>	<ul style="list-style-type: none"> <li>• Traffic Management Act (2004) and associated secondary legislation</li> <li>• Transport Act (2000) and secondary legislation</li> <li>• The Road Traffic Regulation Act 1984</li> <li>• The Civil Enforcement of Road Traffic Contraventions (Approved Devices, Charging Guidelines and General Provisions) (England) Regulations 2022</li> <li>• The Civil Enforcement of Road Traffic Contraventions (Representations and Appeals) (England) Regulations 2022</li> <li>• Cabinet Report 22<sup>nd</sup> September 2021 <a href="#">Decision - Parking ICT Contracts (gloucestershire.gov.uk)</a></li> <li>• Individual Cabinet Member Approval Report 15<sup>th</sup> March 2022 <a href="#">Decision - Parking ICT Contracts (gloucestershire.gov.uk)</a></li> </ul>

<b>Statutory Authority</b>	The Traffic Management Act (2004)
<b>Divisional Councillor(s)</b>	All
<b>Officer</b>	Name: Andrew Burford Tel. no: 01452 425452 Email: Andrew.burford@gloucestershire.gov.uk
<b>Timeline</b>	September 2022 – Cabinet decision January 2023 – Award contract 1 <sup>st</sup> September 2023 – Contract commences

## Background

1. The Parking Team manages the council's parking and enforcement activities. To manage the PCN process, in line with legislative requirements, the council utilises a PCN management software system to issue PCNs (including on-street and off-street parking and bus lane enforcement), to automate the process of payments, obtaining court warrants, chasing debt (via an interface with enforcement agents), appeals/representations and DVLA enquires. The system also stores ANPR footage of vehicles identified as committing a contravention in a bus lane. The parking PCN management system is an end to end solution that is at the heart of all parking activities from enforcement through to dealing with appeals, payment and debt collection.
2. The software requires several interfaces with other systems, these include:
  - DVLA - obtain owner information interface;
  - Automatic Number Plate Recognition (ANPR) cameras – importing of ANPR footage and evidence packs;
  - Traffic Enforcement Centre – interface to register debts and manage court warrants in relation to unpaid PCNs;
  - Bailiffs – managing debt recovery;
  - Hand held devices that enable CEOs to enforce at locations;
  - Cashless system – to enable on street enforcement;
  - Permit system – to enable on street enforcement.
3. The management of PCNs, in line with legislation, results in substantial amounts of statutory correspondence which needs to be printed, posted, scanned, attached and appended to the council's PCN management system.
4. In addition to the above the council also has a requirement for a cashless system, for on and off street pay and display, to allow purchases of paid for parking. Parking can be paid for by using the online website, smart phone application, text or by phone.
5. The council also provides virtual permits for sale to residents, businesses, visitors and hotels and the authority has a continued requirement for this provision. The virtual permit system is currently used at Arle Court Park and Ride to deliver an innovative on bus validation process that enables free parking on the site for bus users, while allowing the council to charge non-bus users for parking.
6. The council currently has a contract in place with Chipside Ltd, including their MiPermit product, to deliver all requirements outlined above. This contract expires at the end of August 2023.
7. Following a Cabinet decision on 22nd September 2021 a compliant procurement process was undertaken in January 2022 to secure new contracts for all these services from May 2022, however, this received a poor market response including a lack of bids, non-compliant bids, and bids that were unviable and would leave the council exposed to both procurement and service risks. Some providers also reported capacity issues from Covid 19 that prevented them from responding to the opportunity.

8. An interim award was made to enable the project team to conduct further market engagement in 2021/2022 in order to re-specify services and improve the market response and contract proposals.
9. Other suppliers, who contributed to the pre-tender market testing, were consulted as to why they had not bid. The message from the suppliers was that the market is struggling with capacity issues because of COVID 19 recovery or are busy working on mobilising new contracts that they have recently been awarded.
10. As a result of the market response a two-day market engagement event was held on the 11th and 12th May 2022 with interested suppliers to gauge market interest in a new tender process, identify what products are on the market, understand pricing, any innovations and seek guidance regarding the council's specification and pricing schedule.
11. The market research undertaken established that GCC requirements are in line with most authorities, however areas such as the park and ride solution, indicative pricing and supplier capacity issues mean that a further competitive process is unlikely to deliver a positive outcome to the council.

## **Options**

### **Option 1: Undertake an Open Tender or Mini Competition using the ESPO 509 Framework Agreement or an alternative Framework Agreement**

12. Following the poor outcome from the early 2022 tender process and feedback from suppliers during the market testing event it is highly probable that undertaking another competitive tender process would result in a similar outcome, e.g. a lack of bids, unaffordable bids, non-complaint bids and unaffordable pricing.
13. As the procurement and market testing occurred in 2022 there are no advances or new entrants to the market that would make a competitive process advantageous to the council. Furthermore, the market engagement also failed to identify a supplier, other than the incumbent, who could deliver the Arle Court park and ride on bus validation system.
14. Based on the research and the market testing events undertaken it has been concluded that only one provider in the market can deliver a proven, quality, fully functioning and cost effective end to end integrated product that meets all the council's requirements.
15. As a result of the poor outcomes that this option would deliver it has been rejected.

### **Option 2: Award an Un-Competed Call Off, Using the ESPO 509 Framework Agreement, to Chipside Limited for a 10 Year (7 Years + 3 Year extension) – Preferred Option**

16. It is proposed that a 7 year contract with a 3 year extension is awarded to Chipside Ltd via an un-competed call off from the ESPO 509 framework.
17. The poor tender outcome and the disappointing results from the market testing event has made the preferred option the only viable and cost effective way forward and is the lowest risk in terms of sustained business continuity and minimum downtime for the service.

18. Anthony Collins Solicitors (external advisers in the matter) have confirmed that directly calling off from the ESPO framework is a legally compliant route to market. The framework allows for these types of arrangements within its terms and conditions. Strategic Procurement are in agreement with this recommendation and support the legal advice confirming this is a compliant route to market.
19. By awarding the contract with a three-year extension option the council has the option to reconsider its position over the coming 7 years when the market position may change, or changes in technology and innovation may make sourcing a new supplier more advantageous. At the present time there is no step change in technology that makes the councils current arrangements with Chipside unviable.
20. In view of the above it is recommended that this option be pursued.

## Risks

Risk	Mitigation
<p>1. Risk of challenge from a supplier</p>	<p>An un-competed call off contract from an existing framework agreement, such as the ESPO 509 framework agreement, is a legally compliant way of securing a contract provided the council's contract requirements satisfy the direct award criteria thereunder.</p> <p>The ESPO 509 framework agreement allows for such arrangements to be undertaken and the author of this report is satisfied that the council's contract requirements satisfy the direct award criteria thereunder on the basis that a competitive process has been undertaken that resulted in non-compliant bids and a lack of viable bids. This position is supported by Strategic Procurement.</p> <p>Soft market testing has identified that undertaking a further competitive process is likely to deliver a similar failed outcome in line with the previous tender exercise as GCC requirements, in line with most authorities, is proving unattractive or economically unachievable by the market</p>
<p>2. Not finding a suitable supplier</p>	<p>Market testing has identified a lack of supplier capacity and capability, this</p>

	has influenced the recommendation in this paper.
3. Costs	<p>The current four contracts with Chipside Ltd are providing a financially sustainable solution for the council. Market testing has identified that no other provider can provide a full end to end solution for the council within the same budget.</p> <p>Any new system would require one off up front costs relating to system set up and customisation.</p> <p>Market testing identified that replacing the suite of parking ICT systems provided thereunder will increase annual costs to GCC for no benefit with many risks associated with system changes and the data transfer process.</p>
4. Deficient performance by the supplier	The contract will have appropriate monitoring and contract clauses in place to ensure that the supplier performs in line with the contract specification and the council has the right to default for poor performance.

### **Financial implications**

18. The costs of the contract are available in the existing EE&I parking revenue budget. Contract management will be undertaken using existing resource.

### **Climate change implications**

19. The provision of the suite of parking ICT contracts supports council and Gloucestershire Local Transport Plan 2020 to 2041 objectives in regards highway and traffic management that can help towards reducing congestion and pollution from vehicles with internal combustion engines.

### **Equality implications**

Has an Equalities Impact Assessment (EIA) been completed? Yes

20. Cabinet Members should read and consider the Equalities Impact Assessment in order to satisfy themselves as decision makers that due regard has been given.

### **Data Protection Impact Assessment (DPIA) implications**

21. A DPIA has been completed and signed off by the Information Management Team. This will be reviewed and updated when the provider has been selected. The DPIA has identified several areas, such as payment card industry security compliance, to include as contract clauses in the contract terms and conditions. Due consideration will be taken to ensure the provider will direct users to GCC in the event of them wanting to exercise their rights under the Data Protection Act 2018.

### **Social value implications**

22. Discussions are taking place with the supplier regarding social value benefits that can be delivered by the contract. There is an opportunity for the suppliers Gloucestershire's based staff to sit within the Parking Team at Shire Hall. This would deliver several benefits, especially around the management of virtual permits and improve the quality of the service being delivered to the public. Furthermore, the supplier is working with Gloucester Rugby Club promoting women's rugby and sponsoring a female player, the player attends local schools promoting female sports.

### **Consultation feedback**

23. Consultation has taken place with the Business Case Assurance Group, this included Legal Services, Information Management, Human Resources and Strategic Procurement. Their comments are reflected elsewhere in this report.
24. Benchmarking has also taken place with other local authorities including Bath and North East Somerset and Oxfordshire County Council.
25. Extensive market testing with suppliers has been undertaken and the recommendation in this paper are influenced by this exercise.

### **Officer recommendations**

26. That Cabinet agree to Option 2 contained in this paper.

### **Performance management/follow-up**

27. A number of key performance indicators (KPIs) are included in the contract.
28. Regular contract review meetings will take place with the supplier and Parking Manager to ensure that the contract is managed in accordance with GCC Contract Management requirements.