



REPORT TITLE: Parking ICT Contracts

Cabinet Date	22 nd September 2021
Cabinet Member	Cllr David Norman, Public Protection, Parking and Libraries
Key Decision	Yes
Purpose of Report	To seek Cabinet's approval for the procurement of a parking and enforcement related ICT service contracts, divided into three separate lots, to replace the council's existing parking and enforcement related ICT services contracts.
Recommendations	<p>That Cabinet delegates authority to the Executive Director: Economy, Environment and Infrastructure, in consultation with the Cabinet Member for Public Protection, Parking and Libraries to:</p> <ol style="list-style-type: none">1. Conduct a competitive procurement process in respect of a contract divided into the following three lots for the purpose of replacing the council's existing parking and enforcement related ICT services contracts:<ol style="list-style-type: none">(a) Lot 1: Replacement ICT back office Penalty Charge Notice (PCN) Management system, including the council's correspondence management requirements;(b) Lot 2: Replacement Cashless Parking system;(c) Lot 3: Replacement Permit Management System<p>Such lots may be awarded to the same tenderer under a single contract or awarded to a number of separate tenderers under not more than three separate contracts, whose term(s) shall continue for an initial period of 5 years and include an option to extend such term(s) for a further period of not more than 2 years.</p>2. Award such contract(s) to the preferred tenderer(s).3. Determine whether to exercise the option to extend such contract(s) for a further period of two years on the expiry of the initial five year term

Reasons for recommendations	Section 2.4 of this report outlines the benefits of the preferred option and the basis for the officer decision.
Resource Implications	<p>The costs of the three contracts are estimated to be:</p> <p>ICT back office system and correspondence management - £160k per annum</p> <p>Cashless ICT system - £25k per annum</p> <p>Permit system - £70k per annum</p> <p>Total cost of contracts - £255k per annum, or £1.785m over 7 years, including extensions.</p> <p>Market testing has identified that the suite of contracts may cost the council an additional £75k per annum compared to current costs.</p> <p>Economy, Environment & Infrastructure will aim to absorb the additional costs from within existing revenue budgets or by making savings such as promoting cashless payments allowing the rationalisation of on street ticket machines.</p>
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) • Gloucestershire Local Transport Plan 2020-2041
Statutory Authority	Traffic Management Act 2004
Divisional Councillor(s)	All
Officer	<p>Name: Andrew Burford</p> <p>Tel. no: 01452 425452</p> <p>Email: Andrew.burford@gloucestershire.gov.uk</p>
Timeline	<p>Tenders to be issued: October 2021</p> <p>Tenders to be returned from market: November 2021</p> <p>Contract to be awarded: December 2021</p> <p>New contract to commence: 1st May 2022</p>

1 Background

- 1.1 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, 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 back office ICT system is at the heart of all parking activities from enforcement through to dealing with appeals, payment and debt collection.
- 1.2 The system requires a number of 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 enforcement at locations;
 - Cashless system – to enable on street enforcement;
 - Permit system – to enable on street enforcement.
- 1.3 The management of PCNs, in line with legislation, results in large amounts of statutory correspondence which needs to be printed, posted, scanned, attached and appended to the councils back office ICT system.
- 1.4 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. This element of the contract offers an opportunity to save money by removing on street pay and display infrastructure by encouraging users to pay for parking using the cashless system. The money will be saved as ongoing maintenance, associated sundry items and cash collections will no longer be required.
- 1.5 The council also provides virtual permits for sale to residents, businesses, visitors and hotels and the authority has a continued requirement for this provision. It is likely that the council will see increased demand for cashless and permit transactions, via countywide parking reviews; consultation dependent. COVID 19 has seen an increase in cashless transactions and the authority should ensure that the future contract enables growth in these areas.
- 1.6 The council currently has a contract in place with Chipside Ltd, including their MiPermit product, to deliver all requirements outlined above. The end of the current contract arrangements gives the council the opportunity to review what other software products are available in the market place, considering innovations to make efficiencies e.g. parking bay sensors and electric vehicle charging points.

- 1.7 A lack of investment in the Parking ICT system means that although the system is still fit for purpose, it inhibits the potential for digital innovation. Potentially this could jeopardise the level of income received.
- 1.8 The council is currently reviewing how it delivers on street pay and display, with a particular focus on digital cashless transactions. This would offer the council the ability to rationalise the amount of on street pay and display machines. This project has the potential to deliver considerable savings of up to £153,700 per annum if all on street machines were removed and transactions became fully digital only. To enable on street machines to be removed the council requires a robust cashless ICT offering, which must include a responsive customer contact centre. The present supplier is still operating to reduced capacity as a result of COVID 19 and this could be a risk to the expansion of increased cashless transactions in the future.
- 1.9 The council requires accurate and comprehensive data to enable it to make decisions about the service and how it is delivered. Furthermore, the ability to obtain system data can influence how enforcement takes place on the ground delivering further efficiencies and an increase in the numbers of PCNs issued and proactive charging structures based on a demand led approach. It is difficult to quantify the exact savings this would deliver, however, in 2019/20 GCC obtained £740,767 per annum in on street PCN income from parking so an efficiency of 5% would result in a benefit of £37k per annum.
- 1.10 In 2019/20 GCC obtained £2.1m in P&D income in relation to on and off street parking. Experience from other authorities has highlighted that customers pay more when they pay for parking digitally compared to cash. Rutland Council have suggested that they saw an increase of around 20% per transaction when they removed cash payment options. Furthermore, the introduction of a more technologically advanced cashless system could enable the introduction of new initiatives such as emission based parking charges.
- 1.11 It should be noted that some of the savings would require a political decision and member buy-in to deliver in their entirety, i.e. going cashless for on street pay and display.
- 1.12 Market testing has been undertaken and four suppliers engaged in this process. It has been identified that there is an opportunity for the council to improve its offering to the public based on the results of the market testing.
- 1.13 The market testing has also identified that the council could expect to see an increase in price of £75k per annum as a result of re-procuring the contract, however until tenders are received the exact amount cannot be quantified. The market testing has influenced the preferred option in this report and has helped to support the recommendations outlined in this paper.
- 1.14 The system will be future proofed to ensure the introduction of compliant enforcement of moving traffic contraventions; this will aim to be a cost neutral service, as with parking enforcement. Other innovation interfacing will also be considered to future proof ongoing savings.

2. Options

A number of different options exist in relation to this paper and these are outlined below:

- 2.1 Option 1: Do not procure a new PCN management system (including correspondence management), permit management system and cashless parking system ICT contracts and instead continue with the council's current contractual arrangements

No further extension options are available under the council's current contracts for PCN management system (including correspondence management), permit management system and cashless parking ICT contracts with Chipside Limited hence any extension of its term would result in a breach the Public Contract Regulations 2015 and the prospect of legal challenge and resultant damages claims. Accordingly, this option has been discounted.

- 2.2 Option 2: Cease using an ICT PCN management back office system (including correspondence management) or providing cashless and permit management elements of the council's current parking ICT contracts with Chipside Limited.

The council is not in a position to cease using any elements of the current contract. Having customer friendly, efficient and cost-effective provision is a statutory requirement and essential to the council in order to be able to manage PCNs, permits and cashless parking. It should be noted that the council as highway authority is obliged to manage parking since it was decriminalisation in 2007.

A study has been undertaken to investigate if the correspondence management element of the council's current correspondence management contract with Chipside Limited can be internalised/brought in-house. Engagement with Canon has revealed that the costs of the council setting up the necessary print farm, and premises for such a purpose and the operational costs of delivering the correspondence management element of the contract internally would considerably exceed the cost of the council's current contract with Chipside Limited. Accordingly, this option has been discounted.

- 2.3 Option 3: Procure a 5 year contract, that is not divided into lots, for the supply of ICT PCN management system (including correspondence management), permit management system and cashless parking ICT contracts and which includes a 2 year extension option

One key element of the market testing exercise described in Sections 1.12 to 1.14 was to identify the best way for the council to procure the various element of the required ICT PCN management system (including correspondence management), permit management system and cashless parking ICT contracts. The said market testing was most revealing in regards how the contract should be tendered. It was soon identified that very few providers will offer the whole package required by the council. A number of suppliers specialise in areas, and it was clear that these products reflected the amount of focus and development in relation to their specialised product.

Furthermore, the outcome of the council's engagement with the market identified that it may not be possible for a supplier to provide the correspondence management services without also providing the back-office system due to interfacing and system access. It would also increase risk of a data breach in relation to GDPR requirements. In view of the information of the market testing described in Sections 1.12 to 1.14 and the poor outcome this option would offer it has been discounted.

- 2.4 Option 4: Procure a 5 year Contract for the supply of ICT PCN management system (including correspondence management), permit management system and cashless parking ICT contracts that is divided into 3 separate lots and which includes a 2 year extension option – *Preferred Option*

As outlined above the recent market testing exercise has made the procurement pathway much clearer. It is recommended that the council tender the service in three lots, namely:

Lot 1. PCN Management System & Correspondence Management

Lot 2. Cashless System

Lot 3. Permit System

This approach will enable the council to ensure that the most suitable package is procured, without having to compromise on any system functionality, given that the tender specification will require all suppliers to interface with other providers systems.

Market testing has identified that replacing the back office ICT system may increase costs to the council by around £75k which will be funded from within EE&I budgets.

The potential additional cost should be offset against the considerable efficiencies and savings as outlined in this paper.

The evaluation of this contract will be based on a price/ quality mix.

3. Risks

There are a number of risks associated with the project and how these will be mitigated and managed is outlined below:

3.1 Costs

The current contracts with Chipside are providing a relatively low-cost service for the council.

Over the past few years the council has underinvested in the back office ICT system, which has resulted in low cost provision but is inhibiting digital advancement and savings as outlined elsewhere in the paper.

Market testing has identified that, by replacing the back office ICT system, this will increase costs incurred by the council. This additional cost should be offset against the considerable efficiencies and savings as outlined in this paper.

3.2 Procurement Risk - Risk of Challenge from a Supplier

It is critical that a public procurement law compliant process is followed during the proposed procurement in order to avoid the risk of legal challenge from aggrieved suppliers.

3.3 Not Finding a Suitable Supplier

Market testing has identified a number of suppliers in the market place who are able to provide the councils requirements.

3.4 Elements of Service not Included in New Contract

It is imperative that all elements of the council system requirements are covered off in the tender. The Parking Manager will sign off the tender documents as being accurate and reflecting all the needs and requirements of the contract in order to deliver the service effectively.

3.5 Supplier Failure/Withdrawal from Contract

In a competitive market it is not uncommon for suppliers to bid extremely low rates to win the contract and then experience financial difficulties or attempt to renegotiate rates during the contract term. A clear specification, fair and achievable performance measures and effective contract management is needed to minimise this risk.

3.6 Tendering the Service as Separate Lots

By procuring the services as separate lots there is a risk that suppliers may attempt to avoid liability by apportioning the blame for their faults or failures to other lot suppliers. Accordingly, the proposed specification will clearly define each supplier's areas of responsibility. Moreover, the tender specification will require all tenderers to ensure that their offerings interface with the products of the other lot suppliers.

4. Financial implications

- 4.1 EE&I will aim to absorb the estimated £75k of additional costs from within existing revenue budgets or by making savings such as promoting cashless payments allowing the rationalisation of on street ticket machines.

5 Climate change implications

- 5.1 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.

6 Equality implications

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

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

7 Data Protection Impact Assessment (DPIA) implications

7.1 A DPIA has been completed with a risk score of 5 identified. The DPIA has also identified a number of areas, such as PCC/DSS compliance, to include as contract clauses in the contract terms and conditions.

8 Social value implications

8.1 As part of the tender quality evaluation an element will consist of social value and innovation. Recent parking tenders have delivered social value for the community by employing local people or undertaking charitable support for local foodbanks and pet charities.

9 Consultation feedback

9.1 Consultation has taken place with other councils, suppliers (via soft market testing), and internal stakeholders. The soft market testing has helped the council understand how to tender the suite of ICT products as well as understanding indicative costs in relation to a future contract.

Relevant internal officers have also been consulted with including the corporate Business Case Assurance Group (BCAG). All of the feedback received has been adopted in this report.

10 Officer recommendations

10.1 That the Cabinet supports the recommended option 4 made in paragraph 2.4 of this report.

11.0 Performance Management/Follow-up

11.1 A number of key performance indicators (KPIs) 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.

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

11.3 The Executive Director: Economy, Environment & Infrastructure will ensure that the Lead Cabinet Member is kept updated with progress and notified of the outcome of the tender process.