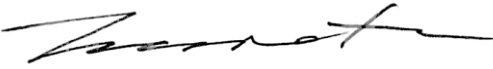




**Haringey Council**

Report for:	Cabinet	Item Number:	
Title:	Award of Contract for Parking Enforcement IT System		
Report Authorised by:	Tracie Evans, Interim Chief Operating Officer 		
Lead Officer:	David Hatley, Head of Supplier Management, IT Services		
Ward(s) affected: N/A	Report for Key/Non Key Decisions: Key		

## 1. Describe the issue under consideration

The Council utilises a Parking Enforcement system to manage the issue and collection of parking enforcement notices and to manage and issue parking permits within the Borough.

The system, CE, is currently provided by Civica UK Limited under a contract due to expire in 2015 and this report considers the approach to the expiry of the contract whilst considering value for money and security of supply. This will include consideration of Council resources.

## 2. Cabinet Member introduction

It is important that we have a Parking Enforcement System in place which provides a good and responsive service to residents.

Working with Civica has enabled our Parking services to use technology that is at the forefront of parking services in London.



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We need to ensure we are achieving value for money and the award of this contract will enable the council to make savings during a time of significant financial challenge.

### 3. Recommendations

That Cabinet award a contract for a period of 5 years, with an option for a further 2 years, to Civica UK Limited for the provision of support and maintenance of the CE Parking Enforcement System to include hosting and a managed service.

The cost for the 5 year period will be £4,634,000 which represents a saving over the current cost of £761,000. Considered over seven years, to include the option to extend, the cost will be £6,488,000 with savings achieved of £1,065,000.

The supplier has agreed that, if approved by Cabinet, the new contract can be put in place immediately which will bring further in year savings of approximately £85,000.

### 4. Alternative options considered

**Do nothing.** This is not an option as the existing contract will expire.

**Undertake a competitive tender via OJEU or Framework.** The CE system operates under proprietary software from Civica, and as such it is not possible to tender for the support and maintenance to be undertaken by another party. Any tender would require that the complete parking enforcement system is tendered and replaced if necessary.

A competitive tender, either via an EU competition (OJEU) or via an approved framework, would be expected to bring value for money and expose the full extent of services available in the market. However, to undertake a tender requires a major investment in resource to specify the Council's requirements and to run and evaluate the tender.

If a suitable alternative system was identified through the tender process, we would need to factor in switching costs such as the procurement of new licenses, new hardware, training for staff and run a parallel system to ensure confidence in migration.

The Parking Enforcement System underwent a major upgrade in 2012 which was akin to a system replacement and the impacts on resources and on parking revenue was significant at that time.

## 5. Background information

The Council currently utilises the Parking Enforcement System to deliver the Parking service which includes:

- the entire enforcement service,
- recovery processes,
- representations and appeals
- parking permit administration
- CCTV IT services
- Cashless parking services
- Print and mail activities.

The contract was let in 2002 for a managed service whereby Civica host and manage the system hardware and ongoing support of the system, with the Council owning perpetual licences to the software. The contract was for a period of 10 years but was extended by agreement in 2010 so that it now expires in July 2015.

The original system was based on Civica's PES system which over the years became outdated and was superseded by Civica's more modern development, called CE. The extension to the contract enabled the Authority to migrate from PES to CE which was completed in 2012.

The migration included a number of developments made to CE such as electronic permit applications and renewals, as well as the ability for penalty notice recipients to have access to video evidence over the internet. These developments have helped to put Haringey's Parking service at the forefront of parking services in London.

The system is licensed for 300 users within the Council and is primarily used by:

- The Enforcement team, for the issuance of Penalty Charge Notices
- Permit & Concessionary Travel team for processing, payment handling and issuance of permits, Freedom passes, Blue Badges and Skip & Suspension licences
- Customer Contact Centres for face to face issuance of permits
- Customer Contact Centres for handling telephone enquiries in relation to Penalty Charge Notices (PCNs) and permits
- The Correspondence Team for handling all parking appeals
- Revenues Team for financial reconciliations between CE and ICON (the Council's payment transaction system which is also provided by Civica).



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- Residents to make online permit applications
- Motorists to make online appeals against issued PCNs and to view digital evidence for offences
- Motorists to make online payments for issued PCNs
- Motorists to view online digital images and CCTV clips of parking and moving traffic contraventions

The performance of Civica in providing a managed service for the Parking Enforcement system has met or exceeded requirements over the period and, when there have been incidents or unacceptable reductions in performance, these have been resolved and, where necessary, service credits have been applied.

As CE is proprietary software to Civica, they were requested to provide terms for a contract for five years to follow on from the existing contract. This will enable the Council to focus its resources on developing the system to improve the Parking services delivery to residents both in terms of efficiency and scope of service. A roadmap of developments have been discussed and agreed with Civica as part of the ongoing development of the system and these are shown in Appendix 1, Exempt Information.

The opportunity has been taken to review and update the contract which will be based on the Council's precedent ICT contract. This includes an update of the service level agreement to reflect the developments and changes in the market, with improved service availability and extended SLA cover. The provision of disaster recovery has been improved with minimal downtime and loss of data should there be an incident at the primary data centre.

The Service have reviewed the alternative suppliers to Civica and are of the opinion that the scope of service we receive is at best comparable, and some are not as digitally advanced, and that costs are expected to be less than the Council currently pays. It is difficult to directly compare costs as services are not the same and many Councils IT service is part of their fully outsourced service.

On this basis we sought a reduction in our costs and reassurances on the direction of the product. The Parking system is currently the most digitally enabled service in the Council and will be a critical component of the Customer Service Transformation program.

The Council negotiated with Civica on a single supplier basis with a clear and transparent approach that if value for money was not achieved that a competitive tender route would be followed. To achieve improved value for money an option of a five year contract with an extension for a further two year period was proposed.



The outcome of these negotiations is the proposal for a contract for five years with an option to extend for a further two years with Civica UK Limited. The total charge for the provision of the service over five years will be £4,634,044 and over seven years will be £6,488,000. These figures do include some variable elements of cost based on volume.

Overall the contract savings for five years will be £761,000 and over seven years are expected to be £1,065,000.

This item has been included in the Forward Plan.

## **6. Comments of the Chief Finance Officer and financial implications**

On the figures set out in section 5 above, the proposal should deliver a saving to the council over the life of the contract (whether 5 – 7 years) and given it's alignment to key council programmes, and other benefits it seems sensible to continue the relationship with Civica and not incur the expense and upheaval of a full market tendering at this time.

It should be noted that some of the costs within the contract are variable so some fluctuations are to be expected however, the higher end of historic usage figures have been used to derive the proposed new contract costs so should be reasonably prudent. The proposed new annual costs should deliver annual savings against current budgetary provision of circa £150k. The CFO confirms that there are no pre-agreed 15/16+ savings against this contract so if agreed, the full annual sum can contribute to the £70m overall council budget gap in the MTFS 15/16 – 17/18.

## **7. Comments of the Assistant Director of Corporate Governance and legal implications**

The report recommends the award of a contract following a negotiated procedure where a competitive tendering process has not been undertaken.

- a. The report states that the CE system operates under proprietary software from Civica and as such it is not possible to tender for the support and maintenance to be undertaken by another party. Under Regulation 14(1)(a)(iii) of the Public Contracts Regulations 2006 (as amended) a contracting authority may use the negotiated procedure without prior publication of a contract notice when, for technical or artistic reasons, or for reasons connected with the protection of



exclusive rights, the public contract may be awarded only to a particular economic operator.

- b. In accordance with Contract Standing Order 3.01b) as the value of the contract is over £500,000 it may only be awarded by Cabinet.
- c. This is a Key Decision and the Service Area has confirmed that it has been included on the Forward Plan.

The Assistant Director of Corporate Governance confirms there are no legal reasons preventing Cabinet from approving the recommendations in the report

## **8. Equalities and Community Cohesion Comments**

There are no equality implications in the procurement.

## **9. Head of Procurement Comments**

In 2002, the Council purchased perpetual licenses for the Parking system software and Civica are the only provider of support services to this system. The Council is therefore unable to expose the support service element of the contract to competition.

The options available to the Council prior to contract expiry date in 2015, are to either competitively tender the whole requirement or enter into single supplier negotiations.

Having considered the market, the procurement team and front-line service decided to pursue the single supplier negotiation route as the preferred option, but maintaining the option to re-tender.

The results of these negotiations are explained within the report and are considered to offer best value and it would therefore be in the Council's overall best interest to accept the reported outcomes.

## **10. Policy Implication**

- Outcome - A better council.
- Delivering responsive, high quality services and encouraging residents who are able to help themselves to do so.
- Ensure the whole council works in a customer focussed way.
- Get the basics right for everyone.
- Strive for excellent value for money.



## **11. Reasons for Decision**

The product supplied is a proprietary product and has proven to be reliable for the service. There is an agreed roadmap in place for on-going developments that will improve both the efficiency of the service and the scope of services being supplied to residents and service users.

This approach provides value for money for the Council as well as ensuring the continuation of service to the Council and residents alike for a digitally enabled service. The opportunity has been taken to review, clarify and update the contractual terms and conditions including the service level agreement.

## **12. Use of Appendices**

Appendix 1 Exempt Information.

## **13. Local Government (Access to Information) Act 1985**

This report contains exempt and non-exempt information. Exempt information is contained in Part B and is not for publication. The information is exempt under the following category (identified in the amended Schedule 12 A of the Local Government Act 1972):

Information relating to financial or business affairs of any particular person including the authority holding that information.



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