

NOTICE OF MEETING

CABINET MEMBER SIGNING

Monday, 21st December, 2020, 10.00 am

1. APOLOGIES FOR ABSENCE

To receive any apologies for absence.

2. DECLARATIONS OF INTEREST

A member with a disclosable pecuniary interest or a prejudicial interest in a matter who attends a meeting of the authority at which the matter is considered:

- (i) must disclose the interest at the start of the meeting or when the interest becomes apparent, and
- (ii) may not participate in any discussion or vote on the matter and must withdraw from the meeting room.

A member who discloses at a meeting a disclosable pecuniary interest which is not registered in the Register of Members' Interests or the subject of a pending notification must notify the Monitoring Officer of the interest within 28 days of the disclosure.

Disclosable pecuniary interests, personal interests and prejudicial interests are defined at Paragraphs 5-7 and Appendix A of the Members' Code of Conduct

3. NOVIATION OF PARKING MANAGEMENT IT SYSTEM CONTRACT (PAGES 1 - 6)

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Friday, 11 December 2020

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Report for:	Cabinet Member Signing
Title:	Novation of Parking Management IT System Contract
Report authorised by:	Stephen McDonnell, Director of Environment and Neighbourhoods
Lead Officer:	Ann Cunningham, Head of Highways and Parking Ann.Cunningham@haringey.gov.uk , Telephone 007967336224
Ward(s) affected:	All
Report for Key/ Non-Key Decision:	Key

1. Describe the issue under consideration

1.1 This report seeks approval from the Lead Cabinet Member for the implementation of Contract Standing Order (CSO) 10.03, which allows for the Council to agree to contract novations and to CSO 9.07.1d) which provides that contracts valued at £500,000 (five hundred thousand pounds) or more may only be awarded, assigned or novated by the Cabinet.

2. Cabinet Member Introduction

2.1 The novation of the WSP UK Ltd contract to Taranto Systems Ltd will allow us to implement the new Parking Management IT System that has been in development for the past year. This new system will ensure that parking services are easily accessed, giving our customers more information, choices and greater control over their parking arrangements.

3. Recommendations

3.1 That the Cabinet Member for Transformation and Public Realm Investment approve, under Contract Standing Orders 10.03 and 9.07.1(d), the novation of the Parking Management IT System Contract, immediately upon its conclusion between the Council and WSP UK Ltd, from WSP UK Ltd to Taranto Systems Ltd.

3.2 That the Cabinet Member note that the estimated contract value over the maximum duration of ten (10) years plus the optional five (5) years is £2,908,800.00 for the initial 10 years and £1,440,755.00 for the optional 5-year extension.

3.3 That the Cabinet Member authorise the Director of Environment and Neighbourhoods to finalise, in consultation with the Head of Legal Services, the arrangements and terms for the novation referred to in paragraph 3.1.

4. Reasons for decision

4.1 WSP UK Ltd (WSP) have sold their traffic support business known as 'Taranto' to Taranto Systems Ltd. Taranto Systems Ltd is a subsidiary of Volaris Group, a well-established provider of software and services to public and private sectors. The sale formally completed on 31 October 2020.

4.2 WSP have assured the council that the sale of their traffic support business will neither affect the services provided or alter any terms and conditions under the contract as tendered and awarded to WSP. Volaris already has significant experience in the traffic and parking support sector and will maintain Taranto Systems Ltd as a separate autonomous business. Volaris has also committed to strengthen and build Taranto Systems Ltd and its products and services to meet the needs of its customers. It is therefore WSP's intention and request to novate the PMIS Contract to Taranto Systems Ltd. The novation requires the approval of the Council which would be difficult to refuse without seriously disrupting the PMIS project implementation.

5. Alternative options considered

5.1 The service considered relying on the existing Civica contract pending a re-procurement exercise, but this is not possible. This contract will expire at the end of November 2021, with no further opportunity for extension. In addition, this system cannot deliver the service improvements and efficiencies required. A re-procurement would take considerable further time and resources to run with an uncertain outcome and is not a realistic option.

5.2 The new Parking Management IT System (PMIS) is critical to the delivery of parking services and associated transformation aspirations. The system has been developed to meet Haringey's specific requirements, which has involved significant investment by the Council and WSP throughout the past year. The system is intended to go live early in the new year.

6. Background information

6.1 The Council agreed the award of contract for a new PMIS to WSP in September 2019. This new system has been designed to support the parking transformation programme, which will deliver a much improved and enhanced customer experience, while streamlining back office processes to improve efficiency.

6.2 The system requirements set out in the tender documents included significant bespoke requirements to meet Haringey needs. To allow time for the process of finalising the complex formal contract with WSP while permitting early start-up of delivery of the implementation services deliverable under the contract, two letters of intent were issued, under delegated authority approval, at the outset of implementation. As a result, WSP has been working with the council to develop those bespoke system requirements throughout the year.

6.3 This new contract will also deliver direct savings in the region of £300k per annum or £3m over the length of the contract.

6.4 There have been some delays in finalising the contract documentation as well as implementation of the new system. This was in the main due to complexities of the arrangements, in particular the new developments required, as well as the limitations of delivering a project of this nature in a different working environment due to Covid 19 restrictions. The implementation strategy is finalised with the first modules of the new system going live early in the new year. In addition, the contract documents are now finalised with clarifications and negotiations being concluded. Although WSP will no longer be involved in the contract delivery, for practical and legal reasons, the best way to proceed is to conclude the contract with WSP, which they have agreed in principle to do, and then immediately novate it to Taranto Systems Ltd.

7. Contribution to strategic outcomes

7.1 The PMIS underpins the wider parking transformation programme which supports the delivery of the Council's Transport Strategy, Ultra Low Emission Vehicle Plan and Parking Action Plan.

8. Comments of the Chief Finance Officer and Financial Implication

8.1 This report seeks Cabinet Member approval to novate the Parking Management IT System (PMIS) from WSP to Taranto Systems.

8.2 In 2019 WSP were awarded the contract for a 10-year period to the value of £2.9m (with an option to extend for a 5-year period for a further £1.44m). However, WSP have since sold their traffic support business known as "Taranto" to Taranto Systems Ltd.

8.3 The costs of this contract are contained within the services existing budgetary resources. The implementation costs of the new system are included within the existing Capital programme.

8.4 Procurement have confirmed this is compliant with Contract Standing orders 10.03 and 9.07. 1(d) and Legal have sought Counsel's advice regarding this Novation confirming this is a legitimate course of action.

8.5 The successful implementation of the new PMIS is a critical element to ensure the Council's Parking services can modernise the way it operates, harnessing virtual capabilities.

9. Comments of the Head of Legal Services and Legal Implications

9.1 Cabinet approved the award of a new Parking Management IT System (PMIS) Contract to WSP in September 2019.

- 9.2 This report is recommending approval of the novation of that contract from WSP to a new company, Taranto Systems Ltd, to which WSP has sold the traffic support division of its company responsible for carrying out the contract.
- 9.3 Under CSO 10.03 the Council may agree to the novation of a contract in the circumstances permitted under Reg. 72 of the Public Contracts Regulations 2015 (PCR 2015).
- 9.4 Under PCR 2015, reg. 72(1)(d)(ii) a novation is permitted where the company to which a contract was originally awarded is replaced by another company pursuant to a corporate restructuring provided certain other conditions are met. The other conditions are that the company to which the contract is being novated must meet the original qualitative selection criteria set by the Council as the procuring authority, and there must be no other substantial changes to the original contract. The novation must also not be just an attempt to circumvent the requirements of the PCR 2015 (such as the usual requirement for tendering a contract).
- 9.5 Legal Services have obtained external Counsel's advice on compliance with PCR Reg. 72(1)(d)(ii). The advice indicates that the Council's approval of the proposed contract novation by WSP to Taranto Systems Ltd as part of a business asset sale is likely to be permissible under the corporate restructure provisions of Reg. 72 of the PCR 2015 provided the qualitative selection criteria requirement referred to above are met by Taranto Systems Ltd. Strategic Procurement's comments, in paragraph 10 of the report, confirm that, based on their due diligence checks, Taranto Systems Ltd does meet the Council's selection criteria. In this light, the proposed novation appears to be permitted under the above PCR 2015 provision.
- 9.6 Under CSO 9.07.1(d) the decision to approve the novation must ordinarily be taken by Cabinet if the contract was, as in this case, valued at over £500,000 at the time of the award. However, under CSO 16.02, a decision to be taken between Cabinet meetings may be allocated by the Leader to be taken by the Lead Cabinet Member.
- 9.7 The Head of Legal Services is not aware of any legal reasons preventing the Cabinet Member from approving the recommendations in paragraph 3 of the report and endorses the recommendation for consultation on finalising the novation arrangements and terms.

10. **Comments of Strategic Procurement**

- 10.1 CSO 10.3 permits that a contract may be novated in circumstances permitted in Reg. 72 of the Public Contract Regulations. The novation of the contract is compliant with the circumstances stated in Reg. 72(1) (d) (ii) of the Public Contract Regulations. Due diligence of Taranto Systems Ltd and their parent company has been undertaken to ensure that the company is financially capable to deliver the contract; that Taranto Systems Ltd. meet the Council's original selection criteria; and that Taranto systems Ltd meets the council's Digital Services compliance checks. Strategic Procurement have no objections to the novation of the contract in the manner described and support the novation which will enable delivery of the savings.

11. Equality

11.1 The Council has a Public Sector Equality Duty under the Equality Act (2010) to have due regard to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act
- Advance equality of opportunity between people who share those protected characteristics and people who do not
- Foster good relations between people who share those characteristics and people who do not.

The three parts of the duty applies to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex and sexual orientation. Marriage and civil partnership status apply to the first part of the duty.

11.2 The decision is to novate the PMIS Contract from WSP UK Ltd to Taranto Systems Ltd. This new PMIS Contract will support the delivery of an improved parking service for Haringey residents. The change to the system will affect Haringey residents who rely on private vehicles, notably individuals with long-term health conditions and/or disabilities and parents of young children. While the system will involve a move towards online systems, it is noted that paper-based application methods will be retained. This will mitigate any risk of exclusion of individuals with protected characteristics who rely on private vehicles but do not have easy access to the internet. Implementation of the new system will be monitored for any disproportionate or adverse impact based on any of the protected characteristics.

12. Use of Appendices

N/A

13. Local Government (Access to Information) Act 1985

Background papers:

The report on the extension of Civica Parking System (PMIS) and an award of contract for the provision of a replacement system.

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