



Haringey Council

Agenda item:

[No.]

Procurement Committee

On 27 October 2009

Report Title. **Parking Services Managed IT Services Contract**

Report of **Director of Corporate Resources**

Signed : *J. Pawler 19/10/09.*

Contact Officer : David Hatley , IT Services, Extension 3235

Wards(s) affected: **All**

Report for: **Key**

1. Purpose of the report (That is, the decision required)

- 1.1. To seek Procurement Committee approval to extend and vary the existing Managed Service contract for Parking Services with Civica Limited for an additional 3 years from the current expiry date of July 2012 to July 2015.
- 1.2. This will enable the system to be upgraded to enable public access online to manage penalty notices and request permits, and will also enable performance and efficiency improvements to be made within the service.
- 1.3. To demonstrate the benefits of this course of action and the options considered in making this recommendation.

2. Introduction by Cabinet Member (if necessary)

- 2.1. The Cabinet Member for Resources notes the recommendations this report.

3. State link(s) with Council Plan Priorities and actions and /or other Strategies:

3.1. National Indicator NI14 – reducing avoidable contact.

4. Recommendations

4.1. It is recommended that Members approve, under Contract Standing Order 13.02, the variation of the existing Managed Service contract for Parking Services with Civica Limited to allow the upgrade of the existing system and the purchase of additional software described in paragraph 5 of this report as well as an extension and variation of the contract for an additional 3 years until July 2015.

5. Reason for recommendation(s)

5.1. This report has been prepared following a review of the options for the Parking Service computer application contract which is due to expire in 2012.

5.2. The current Parking System, Civica's Parking Enforcement System (PES) does not facilitate the online purchase or renewal of parking permits nor enable Customers to review Parking Notice (PCN) evidence online. When the contract was originally let the requirement for online permit management was not foreseen and not available.

5.3. The PES system runs on dated technology and the Supplier has confirmed that PES will not be developed further, other than legislative requirements, as Civica focus their efforts on their new system Civica Enforcement (CE). CE provides improved functionality including online self service for key areas of the Parking Service.

5.4. The Council needs to provide modern, efficient and relevant services to Customers and to encourage the use of online channels to interact with the Council, which will improve services to Customers and promote efficiencies within the Service.

5.5. The Parking service is an important revenue stream for the Council and there are pressures to increase efficiencies and incomes for the Service.

5.6. In seeking to improve customer services and to introduce new self service online functionality, the Council approached Civica for costs to upgrade the existing system.

5.7. Whilst this upgrade can be done within the current contract term, the return on investment is only justifiable over an extended period. Whilst there are stand alone online permit modules that can be purchased, there would be a cost, not only for the module, but also to create an interface to the PES system which, as stated previously, is outdated and no longer being developed.

- 5.8. A review was undertaken of the options available and these are detailed in Paragraph 6 and Appendix 3 attached.
- 5.9. The outcome of the review highlighted that the most favourable and best value option to provide online services would be to extend and vary the contract and upgrade the system to CE to provide online functionality and associated benefits.
- 5.10. The Supplier performance is monitored by way of monthly Service Performance reports and bi-monthly Service Review Meetings and performance has been acceptable under the contract. This upgrade would provide improved stability and management of the software.
- 5.11. The original contract contains a clause enabling variation agreed between the parties and implemented via the contract Change Control Procedure.
- 5.12. The option chosen allows the Council to implement online permits and other online parking services in 2010 and to take advantage of further benefits that accrue from the implementation of CE.
- 5.13. The implementation of CE involves an estimated 12 month project with the new system ready for launch in 2010. The project will also include a review of processes to ensure that best use is made of the system and resources. A Project Board will be established for the implementation incorporating benefits tracking and post implementation review processes.
- 5.14. The costs of the project and the benefits to be realised are detailed in Appendix 1 (exempt) attached.
- 5.15. The annual fee applicable for the period of the extension will remain unchanged from current levels. Supplier performance will continue to be monitored by way of monthly Service Performance reports and bi-monthly Service Review Meetings.
- 5.16. The proposal to extend and vary the contract and migrate to the new system provides improved customer services with the online functionality as well as providing cashable benefits which demonstrate value for money.
- 5.17. Benefits of The Proposal**
The migration to Civica Enforcement (CE) would enable:
- Improved Customer Access 24/7
 - online (electronic) permits to reduce manual intervention and improve service. This will include the ability to interrogate Enforcement Officers' handheld units for up to date permit details.
 - online representations allowing the customer to submit their enquiry or representation online reducing manual activity.
 - online access to evidence such as CCTV image or Photographs by the Customer

to view the contravention. It is estimated that this facility will reduce contacts to the Council's Customer Services call centre by 10% as well as reduce parking correspondence levels by 10%.

- Increased choice of access channels for the Customer.

In addition, the upgraded software will enable the following benefits:

- Improved notice processing through provision of Workflow technology (reducing manual intervention and increasing performance), and appeal packs which automatically collate evidence for appeals hearings reducing the need for officer intervention.
- Improved debt recovery and debt management helping to achieve end to end process timing targets and providing improved analysis and interrogation facilities.
- Enabling the Service to fully understand the requirements and achievements that can be made with a modern IT system before tendering in 2015.

6. Other options considered

6.1. A detailed financial and technical review was undertaken of the options available and is summarised below. A detailed review is contained in Appendix 3 attached.

6.2. In summary the options were:

- **Do nothing** and let the contract run to its current contractual end date of 2012. Some 18 months prior to the end of contract, a project team will need to have been established and a competitive tender completed to take over from the existing contract, which will involve a large number of resources. This solution does not enable the Parking Service to develop/make efficiencies through IT and will require additional investment in a separate system for electronic permits and the relevant interfaces required.
- **Migrate to Civica CE now** and deliver an online permit service (during 2010) and other improvements with an extension to the contract of a further 3 years (until 2015). This is the favoured option for the benefits outlined in Section 5.
- **Serve notice to the present contractor to terminate early** and tender the contract. As for Option 1 above, a project team would need to have completed the competitive tender prior to the termination date. This option does allow the contract to be tendered to ensure competitive advantage and early adoption of a new business model. However, a platform for electronic parking permits is unlikely to be in place before 2011.
- **Upgrade the parking system now** without extending the contractual date. This option would incur potential costs from Civica and there would be insufficient time for the benefits to be realised in the timescales prior to re-tender with the potential for further system change post tender in 2012.

7. Summary

- 7.1. The current Parking System is outdated and does not deliver the level of services to citizens or efficiencies that the Council requires.
- 7.2. An upgrade to a modern system providing customer online access is available from the incumbent Supplier.
- 7.3. There will be benefits to the Business with estimated cashable savings as detailed in Appendix 1 attached.
- 7.4. The upgrade is dependent upon the contract being extended for 3 years beyond the current expiry date of 2012.

8. Chief Financial Officer Comments

- 8.1. The one off capital costs have been considered by the Corporate IT Board and earmarked to deliver this project and will come from the corporate IT capital programme. The spend will span 2009/10 & 2010/11 and the current phasing is set out in Appendix 1 (Exempt).
- 8.2. In terms of one-off revenue costs such as training on the new package, data testing etc. Parking services have confirmed that these can be met from within their existing resources and no back filling should be required.
- 8.3. The proposed extension to this contract will enable a system upgrade which is forecast to deliver on-going revenue savings as well as supporting the council's wider customer, payments and smart working strategies. The revenue savings will not be fully deliverable until 2011/12 due to the need to fully migrate data & imbed the system.
- 8.4. As stated in section 5, paragraph 5.16, there will be no increase to the current annual maintenance charge under the proposed new solution. The budget for this sits within the IT business unit.

9. Head of Legal Services Comments

9.1 This report is recommending a variation to Civica's existing contract to include additional services. This involves extending the 10-year contract by 3 years in order to secure an enhanced version of an IT solution for parking and enforcement. The major aim of the extension is to achieve electronic permits functionality along with further technical and performance benefits.

9.2 The Procurement Committee has power under Contract Standing Order (CSO) 13.02 to approve the recommendation provided that it is consistent with the Council's Financial Regulations and any other applicable rules.

9.3 The letting of the additional services by way of the proposed contract extension is subject to EU rules. As such, the extension would only be permissible without EU tendering under an exception to the Public Contract Regulations 2006 (PCR). This is on certain assumptions set out below.

9.4 The relevant exception involves the use of the negotiated procedure without prior publication of a contract notice to other parties under PCR reg. 14(1)(d)(i). The procedure allows a contracting authority to use the negotiated procedure, without notice to any other party, to approach a provider with which it already has a services contract to provide additional services not included in that contract.

9.5 This may be done where: (i) the additional services have become necessary through unforeseen circumstances and (ii) the services cannot for technical or economic reasons be provided separately from those under the original contract without major inconvenience to the contracting authority. In addition, the total value of the additional services must not exceed 50% of the original contract value.

9.6 The electronic permits functionality did not exist and was not foreseeable on contract start-up. IT and Parking Services have confirmed that it is now a necessary part of a modern parking enforcement system, especially given the expectations of the public. Further, integrating an electronic parking component from a different IT provider with Civica's system would pose technical challenges involving significant time and expense and therefore major inconvenience to the Council.

9.7 In order to allow time for the upgrade to the new functionality and sufficient time for it to be economically viable, a 3-year contract extension is considered necessary.

9.8 Provided IT and Parking Services can objectively sustain the assumptions in paras. 9.6 - 9.7, the use of the negotiated procedure under PCR reg. 14(1)(d)(i) is permissible and by extension the recommended contract variation.

9.9 Subject to the proviso stated in the foregoing paragraph, there are no legal reasons preventing the approval of the recommendation in paragraph 4 of the report.

10. Head of Procurement Comments

10.1. The Head of Procurement has been involved in the options appraisal for this project and is supportive of the procurement strategy being taken.

10.2. Robust contract and project management has been put in place to ensure that the required objectives for the contract extension are achieved.

10.3. The current contract does allow for variation , and this service development was not foreseeable when the contract was originally let.

10.4. VFM is demonstrated by the avoidance of cost identified in this recommendation and set out in Appendix 2 (Exempt).

11. Equalities & Community Cohesion Comments

11.1. Equality issues will be fully considered during the consultation process for parking permits should this recommendation be approved.

12. Consultation

12.1. The Parking Service will undertake consultation with residents in respect of the proposed parking permits changes should this recommendation be approved.

13. Service Financial Comments

13.1. Appendix 1 (Exempt) sets out the financial costs and benefits from the proposed upgrade to the Civica Parking IT system.

13.2. The cost for the extension and reconfiguration of the contract services is shown in Appendix 1. There will be no additional charges to the existing managed service costs for each year of extension, this is the existing ongoing management cost for this contract, it does not represent any additional cost.

14. Use of appendices /Tables and photographs

14.1 Appendix 1-3 of this report contains exempt information and is **not for publication**. The exempt information is under the following category (identified in the amended Schedule 12A of the Local Government Act 1972)

14.2 Information relating to the financial or business affairs of any particular person (including the authority holding that information) (Ground 3)'

