

Decision Making Report Cover Sheet

Report Title: Contract Variation of the Parking IT Contract with Taranto Systems Limited

Date of Decision: 12th December 2023

Report Author: Abdul Sahed

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*Legal Comments Provided by:	Oliver Higgins
*Financial Comments Provided by:	Solomon Afuffo
*Equalities Comments Reviewed by:	Elliot Sinnhuber
*Procurement Comments Provided by:	Peter Capp
Number of Appendices included	None
In the Background - This section of the report includes outlining consultation with partners/stakeholders, service users, residents more generally, business, other public bodies, interest groups, government, staff or statutory consultees. Please indicate if this has happened and who has been consulted. Also, include how consideration has been given to the Haringey Deal and to hearing the voices that are too often overlooked	Cabinet Report of 10 th September 2019 entitled "Extension of Civica Parking System Contract and award of contract for the provision of a replacement system"
Date considered by Cabinet Member Please note that if your report impacts or relates to two or more Cabinet portfolios, you will need to also arrange a further briefing meeting with the Cabinet members before submission of the report to Informal CAB.	N/A
Dates considered by Officer Internal Boards	Strategic Parking Board – 8 th November 2023
Date considered by Council Leadership Team Politically sensitive strategic key decisions would need to be considered by .] Please contact Ben Hunt on x1164 if you have any queries about which meeting your report should be considered at. Meetings table place on a Thursday morning	N/A
Date considered by informal CAB	No

Please consider if a wider briefing on this key decision is required at Labour Group / Liberal Democrat Group meetings ? When?	No
Is the decision compliant with the Council's Budget and Policy Framework as set out in Part Four Section E of the Constitution?	Yes

Report for: Cabinet Member for Tackling Inequality and Resident Services –
12th December 2023

Title: Contract Variation of the Parking IT Contract with Taranto
Systems Limited

**Report
authorised by:** Barry Francis, Director of Environment & Resident Experience

Lead Officer: Ann Cunningham, Head of Highways and Parking
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Ward(s) affected: All

**Report for Key/
Non-Key Decision:** Key Decision

1. Describe the issue under consideration.

- 1.1. The Council awarded a Parking Management IT System (PMIS) Contract to Taranto Systems Limited (TSL) in 2019 (formerly WSP), with a contract value of £2.91m for ten (10) years, with an option to extend for a further five (5) years for an additional £1.44m. There is a need to vary this contract to deal with a significant growth in traffic schemes within the service, which exceeds what was originally anticipated when the contract was awarded.
- 1.2. The contract comprises of fixed and variable costs. The variable costs, which predominantly relate to administering Penalty Charge Notices (PCNs) and associated statutory processes, are significantly higher than anticipated. This is due to an 81% growth related to introducing new traffic management schemes, which, coupled with the natural increase of PCN issuance, has resulted in a significant financial overrun on the contract.
- 1.3. This report seeks approval to vary the contract value by 50% in accordance with Regulation 72 (1)(c) of the Public Contract Regulations (PCR) 2015 to allow contractual payments to be made. Concurrently, working closely with the council's procurement and legal team, Parking Services will be investigating and establishing a permanent solution to ensure the contract's continued financial viability.

2. Cabinet Member Introduction

N/A

3. Recommendations

The Cabinet Member for Tackling Inequality and Resident Services is asked to approve:

- 3.1. Modifying the existing Parking Management IT System (PMIS) Contract with Taranto Systems Limited as per Regulations 72 (1)(c) of the Public Regulations 2015, a necessary interim measure to manage the significant growth in variable costs.
- 3.2. Further to recommendation 3.1, a financial modification that adjusts the original contract value by an increase of 50% representing expenditure of £1.44m additional to the original contract value of £2.91m agreed by Cabinet in 2019. This will take the total contract value to £4.35m.

4. Reasons for decision

Compliance with legal and procurement guidelines

- 4.1. The decision to invoke Regulation 72 (1)(c) complies with procurement guidelines, which allow for contract modification, in response to significant growth in parking schemes. The decision is also supported by the need for expert legal and procurement advice to navigate the complexities of the contract modification process.

Addressing parking scheme growth

- 4.2. Due to the implementation of new parking schemes including several low traffic neighbourhood schemes (LTNs) and School Streets, there has been a significant surge in PCN volumes, which was not anticipated in the original contract financial model. As a result, it has become necessary to modify the contract to accommodate this growth and ensure that it accurately reflects the current reality.

Alignment with the Council's Transport Strategy

- 4.3. The decision is aligned with the Council's broader strategic objectives, including effective traffic management, promoting sustainable transport, and providing quality services to residents. The contract modification ensures these objectives are not compromised.

Ensuring service continuity

- 4.4. Implementing the proposed contract modification is crucial to maintaining parking enforcement services, which are essential for safely managing parking in the borough. Without this modification, there is a risk of interruption in enforcement operations, leading to increased illegal parking, decreased public safety.
- 4.5. Adjusting the contract to service future variable costs is also a decision to preserve public trust by ensuring that the Parking Service functions effectively, upholds high service standards and meet statutory responsibilities.

Protecting income streams

- 4.6. The Council's ability to process PCNs and parking permit payments relies on the PMIS Contract. The Parking Management IT System is forecast to process £23.5m in PCN payments and £6.5m from parking permit sales in the 23/24

financial year. The growth impact and the increase in the contract value will be met through the budgets for the Highways and Parking Service.

4.7. With regards to specific delivery of services, the PMIS:

- Enables the enforcement of parking regulations and removal of abandoned vehicles, improperly parked, or problematic vehicles from public roads and car parks. This is a critical function for the Council, as it ensures public safety and addresses concerns raised by residents.
- Provides an 'Online Permit System', allowing residents and businesses to purchase parking permits and manage their parking arrangements.
- Provides an Online Case Management System for parking representations and appeals, allowing motorists to exercise their statutory right to challenge/appeal a PCN.
- Enables the management of Blue Badge and concessionary travel casework.
- Enables using "cashless" parking via the RingGo service for short-term parking on-street and in car parks and supports many other ancillary parking services.

5. Alternative options considered.

Doing nothing

5.1. It is crucial to take action as failure to meet monthly financial obligations according to the contract could result in the supplier terminating the contract. If the PMIS Contract is terminated, it would disrupt day-to-day operations and pose a significant risk to public safety and the Council's statutory duties in traffic management. Therefore, inaction is not an acceptable option.

Development of future options to follow legal advice.

5.2. The contract variation sought is an interim solution. It will not allow this contract to run its entire duration if the volume of parking transactions and activities remains as is or increases further. The Parking Service is closely collaborating with the Council's legal and procurement departments to thoroughly review all future contract options, ensuring compliance with best practices, and achieving the best value for the Council.

The necessity for immediate contract modification

5.3. In the immediate term, the Council is constrained to seeking a contract modification invoking Regulation 72 (1)(c) of PCR 2015. This contract modification, proposing a 50% increase in the contract value, is crucial to prevent parking enforcement and management service disruption. This step is necessary to sustain the Council parking operations while long-term solutions are formulated with procurement and legal services.

5.4. The proposed contract variation with Taranto Systems Limited (TSL) is expected to have the following outcomes:

- a) Short-term financial stability - The contract modification aims to stabilise the finances of the Parking Service by accommodating the unforeseen increase in the issuance of penalty charge notices (PCNs).

- b) Continuity of services - The approval will ensure that parking enforcement services continue uninterrupted, ensuring public safety and compliance with parking regulations.
- c) Strategic alignment - The modification aligns with the Council's strategic objectives, promoting sustainable transport and effective traffic management.
- d) Income protection - Adjusting the contract terms will enable the Council to continue to discharge its statutory duties.
- e) Future planning - The contract modification will provide time to investigate and establish a permanent solution to ensure the financial viability of the Parking Management IT System (PMIS) Contract.
- f) Public trust - The Council will be able to uphold high service standards, meet statutory responsibilities, and maintain public trust.

6. Background information

- 6.1. In 2019, following an open tender procurement process and pursuant to CSO 9.07.1d, Cabinet approved the award of a new Parking Management IT System (PMIS) Contract to Taranto Systems Limited (TSL) (formally known as WSP) for ten (10) years at a cost of £2.91m with an option to extend for an additional five (5) years, exercisable at the sole discretion of the Council, at a further cost of £1.44m for a total cost of £4.35m.
- 6.2. The tender documents state that the bid selection and award process considered the expected processing volume. The commercial model was based on these volumes, which helped determine all bidders' price submissions. However, recent developments in local transport strategy, such as implementing LTNs and School Streets initiatives, have led to significant growth within the service and beyond that projected in the original contract.
- 6.3. Considering recent developments, the Parking Service has reached a point where reviewing and modifying the contract terms and cost structure is necessary. The aim is to ensure that the borough's parking and transportation requirements are met efficiently and that the contract remains viable within the Council's budgetary limitations.

Financial Implications

- 6.4. The data presented in Table 1 below highlights the significant growth in PCN issuance since the introduction of LTNs in September 2022. The increase in PCN income is directly linked to the growth in PCN volumes. In concise terms:
 - a) Overall, there has been an increase of 81% in the number of PCNs issued since the 2021/22 financial year.
 - b) CCTV PCN issuance is forecasted to treble this financial year compared to 2021/22. This is directly attributable to the introduction of LTNs, which went live in September 2022 (and, to a lesser extent, School Street enforcement).
 - c) Overall, the service is forecasting an increase of 81% in the number of PCNs issued since 2021/22.
 - d) The service is also forecasting an organic growth of around 16% in the number of on-street PCNs issued.

6.5. Table 2 below shows PCN charges and its correlations with the increase in PCN issuance, particularly tied to LTNs and School Street enforcement.

- a) Charges from CCTV PCNs is forecast to reach nearly £13m in 2023/24, up from £4.5m in 2021/22.
- b) Overall PCN charge is forecast to exceed £23m this year, a 77% increase since 2021/22.

Table 1 - Volume of PCNs Issued

	CCTV Volumes	On-street Volumes	Total	% Increase in PCN Issue since 2021/22
2021/22	76,502	171,009	247,511	0
2022/23	202,251	182,444	384,695	55%
2023/24 Projection	248,000	200,000	448,000	81%

Table 2 - PCN Charge

	CCTV Charges (£)	On-Street Charges (£)	Total (£)	% Increase in PCN charges since 2021/22
2021/22	£4,584,246	£8,717,608	£13,301,854	0
2022/23	£7,385,507	£9,946,673	£17,332,180	30%
2023/24 Projection	£12,902,400	£10,683,040	£23,585,440	77%

Forecasted Contract Expenditure Run Rate

- 6.6. Based on current forecasts, there is an anticipated spend of £101k per month on variable costs, with an annual fixed cost payment of £158k due every April.
- 6.7. To continue the contract beyond September 2024, an additional £1.44m in funding is required for the contract to continue for another 12 months.
- 6.8. The extra £1.44 million requested in this report will not cover the 10-year contract. As such, it is imperative to establish a contract solution by September 2024. To this end, the Parking Service is seeking procurement and legal advice, which may recommend an entire procurement exercise.

7. Contribution to the Corporate Delivery Plan 2022-2024 High-level Strategic outcomes

- 7.1. Replacing paper parking permits with “virtual” ones helps contribute to Theme 1: Resident experience, collaboration, and participation, especially Positive Resident Experience, with the PMIS allowing customers to access their permit accounts online. Theme 2: “Responding to the Climate Emergency,” is also contributed to by encouraging virtual permits to replace paper options wherever possible.

- 7.2. Theft of Blue Badges from vehicles parked in Haringey has been reduced by the introduction of “Virtual Blue Badge” permits supported by the PMIS – which contributes to Theme 6: “Safer Borough”.
- 7.3. Abandoned and nuisance vehicles can adversely affect the environment and reduce the quality of life. Processing the removal of abandoned vehicles is a key part of the TSL solution and contributes to Theme 2: “Responding to the Climate Emergency”, and Theme 4: “Safer Borough”, by ensuring that such vehicles, which both present a safety hazard and are a potential target for vandalism, are dealt with as quickly as possible.

8. Carbon and Climate Change

- 8.1. The Council's ability to enforce parking regulations, contributes to the safety and accessibility and smooth operation of the borough's roads. Illegally parked vehicles may be parked unsafely, obstructing the highway and impeding traffic flow, increasing vehicle emissions.
- 8.2. Abandoned vehicles which may have been left in a dangerous, hazardous and/or unsightly condition need to be enforced against or removed. Abandoned vehicles can result from or lead to crime, take up valuable parking space and be dangerous when vandalised or filled with hazardous waste.

9. Statutory Officers' comments

Finance

- 9.1. The recommendation of the report is to modify the existing contract with TSL Ltd. If the recommendation is accepted, the contract value will rise from £2.91m to £4.35m. The expenditure under the revised contract will be treated as part of the cost-of-service delivery and will be contained within the Highways and Parking Service budgets. As the expenditure under the contract is directly related to PCN issuance, the exact amount of expenditure incurred may vary.
- 9.2. There is enough funding within the authority's Highways and Parking revenue budgets to accommodate the revised contract value.

Strategic Procurement

- 9.3. CSO 10.02.1b) permits the Cabinet to vary a contract where the value is greater than £500,000 and that the variation is compliant with Public Contract Regulations 2015, Regulation 72.
- 9.4. Regulation 72(1)(c) provided the conditions where the variation is permitted and the Background Information in section 6 of this report evidences the compliance with this regulation. The variation is compliant with CSOs and Public Contract Regulations.
- 9.5. Strategic Procurement has been consulted in the preparation of this report and supports the recommendations in section 3.

Head of Legal & Governance

- 9.6 The Head of Legal and Governance (Monitoring Officer) has been consulted in drafting the report.
- 9.7 Pursuant to CSO 10.02.1b), Cabinet has authority to approve the variation of contract which this report relates to. Pursuant to CSO 16.02, the Leader may allocate such decision to the Cabinet Member with the relevant portfolio responsibilities.
- 9.8 Strategic Procurement has confirmed the variation of contract which this report relates to is compliant with the CSOs and the Public Contract Regulations 2015.
- 9.9 The Head of Legal and Governance (Monitoring Officer) sees no legal reasons preventing the Cabinet Member for Tackling Inequality and Resident Services from approving the recommendations in the report.

Equality

- 9.10. 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.
- 9.11. The three parts of the duty apply to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex and sexual orientation. Marriage and civil partnership status applies to the first part of the duty.
- 9.12. Although the legislation does not enforce it as a protected characteristic, Haringey Council treats socioeconomic status as a local protected characteristic.
- 9.13. The report seeks approval for the uplift the value of the existing Parking Management IT System Contract with Taranto Systems Ltd. by 50%
- 9.14. While the proposed uplift of the value of this contract has no direct equality implications, it is notable that in the operation of this service, the supplier will be required to have due regard to the need to achieve the three aims of the Public Sector Equality Duty, noted above. Haringey Council will monitor this service for any disproportionate impact on any individuals or groups with protected characteristics and take appropriate mitigating measures if undue negative impact is identified.

10. Use of Appendices

None

11. Background papers

None

12. Local Government (Access to Information) Act 1985

12.1. This report contains non-exempt information.