



## Urgency Committee

27 April 2020

<b>Title</b>	<b>Replacement for London Borough of Barnet Highways Asset Management System</b>
<b>Report of</b>	Chairman of the Urgency Committee
<b>Wards</b>	All
<b>Status</b>	Public
<b>Urgent</b>	Yes
<b>Key</b>	No
<b>Enclosures</b>	None
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### Summary

Approval is sought for the urgent replacement of the Council's Highways Asset Management System. The Council's current asset management system, Exor, will not be supported by the system's supplier after December 2021. It is therefore necessary to urgently replace this system so that asset data which is critical to the maintenance, safety and overall management of the borough's Highway service can be effectively stored. Moreover, the Council's current system, Exor will not be compatible with the Department for Transport's new Street Works system, which is being introduced on 1<sup>st</sup> July 2020, therefore the replacement of the system is a service critical urgent decision.

### Officer Recommendations

1. That the Committee delegates authority to the Interim Executive Director for Environment to commence Phase 1 and procure the Pitney Bowes Confirm DfT Street Manager Solution and to direct award a contract to Pitney Bowes Confirm in line with the Public Contracts Regulations 2015, Regulations 32(2) (b) and (c).
2. That the Committee agrees to the allocation of £304,400 Capital Investment to support the implementation of Pitney Bowes Confirm DfT Street Manager Solution.

## **Officer Recommendations**

- 3. That the Committee agrees to the commencement of Phase 2 of the procurement exercise to progress the replacement the entire Exor Asset Management System.**
- 4. That the Committee notes that reports on the progress of the replacement Asset Management System will be brought to future meetings of the Environment Committee and Policy and Resources Committee.**
- 5. That the Committee notes the Department for Transport (DfT) requirement to charge the Council an estimated £15,000 per annum for the licence fee to access the DfT Street Manager System.**

### **1. WHY THIS REPORT IS NEEDED**

- 1.1 The Urgency Committee has responsibility for any item of business which needs a decision as a matter of urgency and where a meeting of the relevant Committee is not scheduled to take place within the time period within which the decision is required. Currently the relevant Committee is not standing due to the impact of the Covid-19 pandemic. The Urgency Committee is being asked to consider the Officer Recommendations set out in this report due to the DfT deadline and the decision of Bentley not to provide a direct connection with the DfT Street Manager Street Works System as well as withdrawing support for the Exor system.
- 1.2 The London Borough of Barnet is required to consider and determine the appropriate actions to take to replace the Council's Highways Asset Management system. The current system Exor (from Bentley) has not received the investment of other systems in the marketplace. Recently it was announced that the current version will be not be supported by the supplier, Bentley from December 2021. Currently, significant commercial and operational issues are being experienced with the system which has been impacting on service efficiency and development.
- 1.3 Of greater immediate concern is the identification of a risk with the Exor system which relates to the Department for Transport (DfT) requiring the legal implementation of their Street Manager Street Works system (which controls the granting of Utility Permits) by the Council with a revised date of 1<sup>st</sup> July 2020, the original date was 1<sup>st</sup> April 2020, however this was revised as a direct result of the Covid-19 pandemic. It is considered that the replacement of Exor is urgent due to the DfT deadline and the decision of Bentley not to provide a direct connection with the DfT Street Manager Street Works System as well as withdrawing support for the Exor system.
- 1.4 It has been estimated that a manual workaround to manage Street Works will be in the region of £10,000 per month once Exor becomes non-functional. In addition, it should be noted that the DfT are planning to charge the Council an annual fee, currently estimated at £15,000 per annum, for the use of their Street Manager system.
- 1.5 This decision requires an additional budget requirement which is outside of the Environment Committee's approved budget. Section 2.4 of the Financial Regulations states that only the Policy & Resources has responsibility for amendments to the revenue budget (Financial Regulations Section 2.4.3) and additions to the capital budget

(Financial Regulations Section 2.4.5). Due to the requirement to have the replacement system in place by 1<sup>st</sup> July 2020, the current unprecedented situation as a result of the Covid-19 pandemic and as the decision cuts across the terms of reference of the Environment Committee and Policy & Resources Committee, the Leader and Chairman of the Environment Committee have agreed that this matter should be brought to an Urgency Committee.

- 1.6 In order to safeguard the Council's statutory functions and ensure that the Council operates an effective and fully operational highways management system the Urgency Committee are requested to consider the implementation of a new Asset Management System. Due to the value of the decision and no previous approval, or Budget and Medium Term Financial Strategy determination, and the requirements of the Council's Contract Procedure Rules, a committee decision is required.
- 1.2 The Interim Director for Environment is required to report and make such recommendations to ensure the safety, condition and value of the Highways estate is effectively managed through a system that ensures both Asset Management and Street Works Functions are fully compliant with statute and delivered in an efficient, effective and timely manner.
- 1.7 The decision made by DfT to introduce their Street Manager system impacts directly on the Council's ability to fulfil its statutory functions and this coupled with the loss of functionality of the Exor system and associated end of life support has placed the Council in a difficult position regarding the management of the Highways estate unless a replacement system is procured.

## **2. REASONS FOR RECOMMENDATION**

- 2.1 The EXOR system has not had the investment of other systems in the marketplace and the current version will be unsupported by the producer, Bentley, in 2 years' time. Therefore, the Council needs to consider and determine the appropriate actions to take to replace the Council's Highways Asset Management system. In addition, there is a need to react to the decision of the DfT requiring the legal implementation of their Street Manager Street Works system by the Council from 1st July 2020, for which Exor will not, have an interface.
- 2.2 The impending implementation of the DfT Street Manager has been identified on the Re / Council Shared Risk Register as an area of significant risk, which without a robust software solution would result in significant manual resource being applied to implement work arounds from 1st July 2020, coupled with associated risk regarding managing road space, compliance and interface with TfL. All the Utility companies have signed up to using DfT Street Manager and as such all new permitting activities will feed through the system. In addition, the DfT are planning to charge the Council an annual fee, currently estimated at £15,000 per annum, for the use of their Street Manager system when it comes live.
- 2.3 By Contrast to Exor, Pitney Bowes Confirm have increased the investment in their platform to become the industry lead for Asset Management systems in the UK and is expanding globally. They have built a module to interface seamlessly with DfT Street Manager from 1<sup>st</sup> July 2020, having worked closely with DfT from the inception of their Street Manager system. The approach to the procurement of the Pitney Bowes Confirm solution has been the subject of a business case.

- 2.4 It should be noted that the previous Capita Highways Director who was involved in the discussion to select Pitney Bowes Confirm recently left the Council to join Syncsort who owns Pitney Bowes. As a result, following his departure officers have fully reviewed the decision to select Pitney Bowes Confirm which is used in the UK by a number of Local Authorities nationwide, including Southwark, Merton, Haringey, Lewisham, and Hounslow in London, and are fully satisfied that there is no conflict of interest and that it is the correct decision.
- 2.5 Due to the business critical Street Work and Asset Management issues identified in this report, especially due to the imposition of a new method of working by DfT through their Street Manager system and the operational impact of the Covid-19 pandemic, Officers consider that the only route practically available to the Council at this time is the conducting of a two Phase approach:

**Phase 1** - to direct award a contract to Pitney Bowes Confirm for their DfT Street Manager Solution in line with the Public Contracts Regulations 2015, Regulations 32(2) (b) and (c) in order to respond to the urgency timescales imposed by DfT.

**Phase 2** – to commence the procurement to replace the entire Exor Asset Management System, including exploration of the Crown Commercial Services (CCS) G-Cloud11 Framework. The CCS Framework allows the Council to access, through its Digital Marketplace pre-assessed suppliers through a simplified application process.

### 3. Recommended Option

- 3.1 The recommended option is to implement a two Phase approach:
- 3.1.1 Phase 1 - Direct award a contract to Pitney Bowes Confirm for their DfT Street Manager Solution in line with the Public Contract Regulations 2015, Regulations 32(2) (b) and (c) in order to respond to the urgency timescales imposed by DfT.
- 3.1.2 Phase 2 - Commence the procurement to replace the entire Exor Asset Management System, including exploration of the Crown Commercial Services (CCS) G-Cloud11 Framework. The CCS Framework allows the Council to access, through its Digital Marketplace pre-assessed suppliers through a simplified application process.

In order to address the following:

- The current Bentley Exor System has not had the investment of other systems in the marketplace and the current version will be unsupported by the producer, Bentley, from December 2021.
  - To respond to the decision of the DfT requiring the legal implementation of their Street Manager Street Works system from 1st July 2020, for which Exor will not, have an interface.
- 3.2 The replacement of Exor, will address the following operational inefficiencies, including:
- Platform stability, and performance issues especially with major upgrades to the system, which occurs on at least one occasion per annum and can take many months to stabilise.

- Impacted staff productivity through limited reporting functions, resulting in multiple reports being run with manual data cleansing required to produce final presentational reports.
- Multiple data entry screens requiring extensive training to input, access and report meaningful data.
- Difficulty in ensuring and monitor repairs from reporting to completion within defined time scales.
- Limited integration with other systems such as the Term Maintenance Contractor work scheduling system and Council finance systems.
- Duplicate reports and records, an issue that are causing operational delays or mobilising of resources where they are not needed.
- Multiple asset registers across the system e.g. street works, works ordering, customer enquiries
- Over 90 licences to operate, the proposal will be able to function with 35.

Officers are of the view that there are significant cash and non-cash efficiencies that will materialise once the system has been implemented, these saving relate to reporting, financial management, administration, operational team deployment and licence costs. Officers will undertake to implement a project board to oversee the implementation and ongoing efficiencies that can be drawn from the change of system.

- 3.3 The do-nothing scenario is to continue with the current arrangements, including the introduction of labour-intensive manual work arounds to manage the forced imposition of the DfT Street Manager system, with associated risks on statutory service delivery.
- 3.4 As part of the options appraisal several other systems were considered but none of these options met the Councils requirements.

#### **4. POST DECISION IMPLEMENTATION**

- 4.1 If the Urgency Committee approves the recommendations in this report, the procurement activity will commence with Phase 1 and Pitney Bowes Confirm will be awarded a contract and the Council will then move into a phased implementation plan commencing with the rollout of the Confirm Street Works module and associated Connectivity with DfT Street Manager system. It is anticipated that once approval has been given that the Pitney Bowes Street Confirm DfT Street Manager Solution will be in place July / August 2020.
- 4.2 The plan will then turn to Phase 2, with the development and implementation of a procurement plan for the replacement to the Exor Asset Management System. This will be conducted during the period following the successful implementation of the Pitney Bowes Confirm DfT Street Manager Solution. This Phase will include the settling of the commercial and financial position for the replacement Exor Asset Management System to enable Phase 2 to progress and meet the December 2021 end of life date of the Exor system. This phase will be the subject of future reports on the progress of the replacement Asset Management System will be brought to future meetings of the Environment Committee and Policy and Resources Committee.
- 4.3 During the rollout of both Phases 1 and 2, and until the replacement to Exor is fully functional the existing Exor Asset Management System will need to remain operational, incurring existing licence and maintenance costs i.e. the licence and maintenance costs for both the existing Exor system and the replacement system net of operational savings will need to be fully funded until such point that the new system is fully functional (no later

than December 2021). The commercial apportionment of these costs will be settled through Phase 2 between Re and the Council.

## 5. CORPORATE PROIRITIES

5.1 The Corporate Priority of Keeping the borough moving, including improvements to roads and pavements is delivered through improving the condition of our roads and pavements. Pitney Bowes Confirm will deliver a full end to end Asset Management and Street Works solution.

## 6. FINANCIAL IMPLICATIONS

6.1 The following information are estimates based on current knowledge, with further work on cost mitigation and value engineering being required.

6.2 The estimated Phase 1 cost of procuring the initial Pitney Bowes Confirm DfT Street Manager solution is £304,400 Capital Investment. This is made up of £200,000 implementation costs and an annual licence fee of £52,200, noting that the Pitney Bowes Confirm contract requires a 2-year licence commitment i.e. a total of £104,400 over the two years.

6.3 In summary the estimated Capital Investment requirements are:

**Table 1: Capital Investment requirements**

<b>Cashflow Forecast</b>		<b>2020/21</b>	<b>2022/21</b>	<b>Total Price</b>
<b>Annual Licencing</b>		£52,200	£52,200	<b>£104,400</b>
<b>Implementation</b>	Pitney Bowes fee	£115,000		<b>£115,000</b>
	Capita staff costs	£55,000		<b>£55,000</b>
	Capita travel and subsistence costs	£5,000		<b>£5,000</b>
	Re CSG Integration, Hardware and Network costs	£25,000		<b>£25,000</b>
<b>Grand Total</b>				<b>£304,400</b>

In addition, there is the separate requirement to fund the DfT Street Manager licence fee of £15,000 per annum.

From a financial perspective there are several aspects for consideration:

- (i) The identification and approval of a clear funding stream to address the £15,000 per annum licence fee which will be imposed by DfT to access their Street Manager system. Note this licence fee is separate from that set out in Table 1 which is the annual licence fee for Pitney Bowes Confirm.
- (ii) The 'Do Nothing' mitigation of circa £10,000 per month manual work arounds to administer the DfT Street Manager system without a connected Asset Management System i.e. Exor will no longer function for Street Works and without a systems solution will require manual workarounds.

- (iii) The continued requirement to commit to fund and maintain the Exor licence and maintenance costs until such time that the replacement to the Exor Asset Management System is in place i.e. both the licence fee and maintenance costs for the current Exor system and the new system will need to be funded at the same time, up to December 2021. The Councils contribution to the current Exor system is circa £65,000 per annum included in the Management fee for Re under the DRS contract, the remainder of the licence fee and maintenance costs are currently met by Re.
- (iv) The future Capital Investment required to replace the Exor Asset Management System over and above the Pitney Bowes Street Manager Solution, is currently estimated at an additional Capital Investment of £640,000 based on circa £500,000 implementation costs and £140,000 licence fees. This will be reviewed and refined as Phase 2 progresses.
- (v) There is a requirement to reach a commercial agreement between Re and the Council in order to enable Phase 2 to progress. The terms of reference of the commercial discussions will be based upon the requirement to deliver efficiency savings and a step change in operational delivery in order to meet the Councils value for money objectives. At this point in time it is difficult to determine the level of savings that will materialise through Phase 2, however Re and the Council are intending delivery of cashable financial savings of at least £50,000, from the earliest opportunity, in order to minimise the additional financial burden the cost of this new system will place upon the Council.

## **7. SOCIAL VALUE**

- 7.1 The Public Services (Social Value) Act 2012 requires people who commission public services to think about how they can also secure wider social, economic and environmental benefits. Social value will be considered when looking at the options. Our current contracts have considered social value.

## **8.0 LEGAL AND CONSTITUTIONAL REFERENCES**

- 8.1 As a highway authority Barnet has a duty under section 41(1) of the Highways Act 1980 to maintain the public highway.
- 8.2 The Traffic Management Act 2004 places obligations on highways authorities to ensure the expeditious movement of traffic on their road network. Authorities are required to make arrangements as they consider appropriate for planning and carrying out the action to be taken in performing the duty.
- 8.3 In addition, Section 30 of the Greater London Authority Act 1999 confirms that the highways authority has the general power to, amongst other things, promote the improvement of the environment, and economic and social development.
- 8.4 Under Article 7 of the Constitution, the Environment Committee has responsibility for all borough-wide or cross-constituency matters relating to the street scene including, parking, road safety, lighting, street cleaning, and can receive reports on relevant performance information and risk on the services under the remit of the Committee. This decision will result in additional budget requirement and so cannot be taken by the Environment Committee. Article 7 states that “No decisions which result in amendments to the agreed budget may be made by the Committee unless and until the amendment

has been agreed by Policy and Resources Committee.” Due to the additional budget requirement, this matter would need to be determined by the Policy & Resources Committee which has responsibility for amendments to the revenue budget (Financial Regulations Section 2.4.3) and additions to the capital budget (Financial Regulations Section 2.4.5). Due to the requirement to have the new system in place by 1st April 2020 and the Policy & Resources Committee not being scheduled to meet until 17 June 2020, the Leader has agreed that an Urgency Committee should be convened. Under Article 7.17 the constitution confirms that the decision may be within the terms of reference of another committee, but this will not invalidate the decision as the arrangements to discharge the function in cases of urgency is through a committee comprising the three specified members. The Committee must consult with the Chairman of the relevant Committee. These requirements have been met.

- 8.5 The procurement of highways services, including related supplies and works, must be done in compliance with public procurement rules, including the Public Contracts Regulations 2015 (PCR).
- 8.6 Regulation 32(2)(c) of the Public Contracts Regulations 2015 permits a direct award without public advertising insofar as is strictly necessary where, for reasons of extreme urgency brought about by events unforeseeable by the contracting authority, the time limits for the open or restricted procedures or competitive procedures with negotiation cannot be complied with.
- 8.7 Regulation 32(2)(b) of the Public Contracts Regulations 2015 permits a direct award without public advertising where the works supplies or services can be supplied only by a particular economic operator because competition is absent for technical reasons or for the protection of exclusive rights, including intellectual property rights, but only where no reasonable alternative or substitute exists and the absence of competition is not the result of an artificial narrowing down of the parameters of the procurement. Officers have confirmed that there is no reasonable alternative or substitute technical solution to the Pitney Bowes Confirm solution due to the need to be compliant with DfT Street Manager for 1<sup>st</sup> July 2020, and therefore the Council can make a direct award of contract to Pitney Bowes Confirm for the Street Manager element.
- 8.8 Under paragraph 6.1 of the Council’s Contract Procedure Rules, a Single Tender Action (the awarding of a contract to a contractor without undertaking a competitive tendering exercise) is permitted only in exceptional circumstances and should be approved in advance by the Commercial & ICT Services Director. Procurement advice should be sought in all cases. Exceptional circumstances may include where the works, supplies or services can be supplied only by a particular supplier. Officers confirm that the Commercial & Customer Services Director has approved this direct contract award and that Procurement advice has been sought.
- 8.9 Robust contractual arrangements will be put in place with Pitney Bowes Confirm.

## **9.0 RISK MANAGEMENT**

- 9.1 The Council, as Highway Authority, has various responsibilities and duties. To address these responsibilities and duties the council has established policies, systems and processes that are regularly audited, reviewed and amended where necessary to reflect current policy and guidance and provide the council with a robust defence against insurance claims on the public highway.



- 9.2 The preparation of annual programmes of work for both footways and carriageways in the borough demonstrates the necessary use of asset planning and risk management principles for the distribution of available funding and resources on an agreed, clear and auditable basis utilising a prioritisation process and governance arrangements overseen by members and approved by the Environment Committee.
- 9.3 The Street Works function currently brings in significant income to the Council, circa £1.8m in 2019/20, there is a significant risk that without a connected system that this income will be difficult to sustain. This is especially if the labour-intensive manual work arounds set out in Section 3.3 of this report continue for a sustained period
- 9.4 The Exor system has not had the investment of other systems in the marketplace and the current version will be unsupported by the producer, Bentley, in 2 years' time i.e. December 2021. Significant operational issues are being experienced with the system which are impacting on service efficiency and development, and these will only become worse as the December 2021 date approaches.
- 9.5 The Pitney Bowes Confirm system provides the integrated link with the DfT mandated Street Manager system to manage and issue permits and road space allocation. This interface is a statutory requirement that has significant risk that has been presented as an early warning and risk to the Service. The implementation cost of the Street Manager module is significantly less than the anticipated cost of the manual workaround that has been developed.
- 9.6 The issue with the implementation of DfT Street Manager and the impact on the Council fulfilling its statutory functions has been identified on the Council Re Shared Risk Register as a significant risk to service delivery, statutory compliance and operational effectiveness.
- 9.7 Until the replacement to Exor is fully functional the existing Exor Asset Management System will need to remain operational, incurring existing licence and maintenance costs over and above the costs for the replacement systems, this could be for a period of up to 2 years aligned to the end of life date of December 2021.
- 9.8 With the two-Phase approach there is the risk of integration issues occurring i.e. if the outcome of the Phase 2 procurement is a different system to the Pitney Bowes DfT Street Manager Solution implemented in Phase 1. These will be addressed as part of the procurement plan.
- 9.9 Commercial agreement needs to be reached between Re and the Council. There is a joint commitment in place to reach a commercial position in order to enable Phase 2 to go ahead, in addition there is an Officers view that with the issues with DfT Street Manager solution and current operational impact of Covid-19 that there is a service critical urgent decision that needs to be made now.

## **10. EQUALITIES AND DIVERSITY**

- 10.1 The Equality Act 2010 requires organisations exercising public functions to demonstrate that due regard has been paid to equalities in:
- Elimination of unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010.

- Advancement of equality of opportunity between people from different groups.
- Fostering of good relations between people from different groups.

10.2 The Equality Act 2010 identifies the following protected characteristics: age; disability; gender reassignment; marriage and civil partnership, pregnancy, and maternity; race; religion or belief; sex and sexual orientation.

10.3 To assist in meeting the duty the council will:

- Try to understand the diversity of our customers to improve our services.
- Consider the impact of our decisions on different groups to ensure they are fair.
- Mainstream equalities into business and financial planning and integrating equalities into everything we do.
- Learn more about Barnet's diverse communities by engaging with them.

10.4 The broad purpose of this duty is to integrate considerations of equality into day to day business and keep them under review in decision making, the design of policies and delivery of services.

10.5 Good roads and pavements benefit all sectors of the community by removing impediments and assisting quick, efficient and safe movement to access school, work and leisure facilities. This is particularly important for the elderly, people caring for children and those with mobility difficulties and sight impairments. The condition of roads and pavements is regularly at the top of concerns expressed by residents and the Council is listening and responding to those concerns by committing funding and resources to its planned highway maintenance programmes across the borough on a prioritised basis.

10.5 The physical appearance and the condition of the roads and pavements also have a significant impact on the quality of life of residents and visitors to the borough. A poor-quality street environment will give a negative impression of an area, impact on people's perceptions and attitudes as well as increasing feelings of insecurity.

## **11. CORPORATE PARENTING**

11.1 In line with the Children and Social Work Act 2017, the council has a duty to consider Corporate Parenting Principles in decision-making across the council. There are no implications for Corporate Parenting in relation to this report.

## **12. CONSULATATION AND ENGAGEMENT**

12.1 This section does not apply to this report.

## **13.0 INSIGHT**

13.1 N/A

## **14.0 BACKGROUND PAPERS**

14.1 None