

Cheltenham Borough Council

Cabinet – 26 July, 2011

Business case for the proposed replacement and upgrading of parking systems in the Regent Arcade multi-storey car park

Report of the Cabinet Member Built Environment

Accountable member	Cabinet Member for Built Environment, Councillor John Rawson
Accountable officer	Director Built Environment, Mike Redman
Accountable scrutiny committee	Environment
Ward(s) affected	All
Key Decision	Yes
Executive summary	This report seeks Cabinet approval for the business case relating to the proposed replacement and upgrading of parking systems at the Regent Arcade multi-storey car park.
Recommendation	That Cabinet approves the business case attached at Appendix A (supported by financial details contained in exempt Appendix B) and delegates authority to the Director Built Environment, in consultation with the Cabinet Member Built Environment and Chief Finance Officer, to procure the new parking system.

Financial implications	<p>The attached business case at Appendix A sets out the financial rationale for investment, and the likely costs and savings are as set out in the summary at exempt Appendix B.</p> <p>Contact officer: Andrew Powers, Accountant, Andrew.powers@cheltenham.gov.uk, 01242 264121</p>
Legal implications	<p>The Council needs to comply with its contract procedure rules which require that the EU procurement procedure needs to be complied with for any procurement over the current EU limit of £156,442.00 for goods and services</p> <p>During the procurement process, the project team will need to have regard for the new code of practice for surveillance cameras in the protection of freedom's bill and ensure compliance with the principles of the Data Protection Act 1998.</p> <p>The Council leases the car park from Canada Life Limited and if any alterations to the building are required as a result of the installation of a new system, it is likely that consent will be required.</p> <p>Contact officer: Donna McFarlane, Solicitor donna.mcfarlane@tewkesbury.gov.uk, 01684 272696</p>

HR implications (including learning and organisational development)	<i>None arising directly from this report.</i> Contact officer: Julie McCarthy, HR Operation Manager julie.mccarthy@cheltenham.gov.uk, Ext 4355
Key risks	The key risks associated with the project and mitigating actions are set out in the Business case.
Corporate and community plan implications	Included in the business case.
Environmental and climate change implications	This project is only one element of the Council's overall approach to managing access to the town by local residents, visitors and commuters. The upgraded parking system for Regent Arcade has the potential to help manage carbon emissions by providing better real time information to customers about the availability of parking spaces within the car park, thereby reducing the risk of congestion both within the car park itself and on the town centre road network. A comprehensive car parking strategy for Cheltenham is currently being prepared and is scheduled to be reported to Cabinet for adoption in July.

1. Background

1.1 Drivers for change

1.1.1 Outdated unreliable equipment

The payment and barrier equipment in Regent Arcade car park is nearly nine years old and at the end of its life cycle. It is unreliable, and each breakdown results in a repair cost, potential loss of income (if we are unable to process payments), and customer inconvenience and dissatisfaction.

1.1.2 PCI compliance

The Payment Card Industry (PCI) has imposed more rigorous requirements for credit and debit card payment systems. We must upgrade the credit and debit card handling facility in Regent Arcade by 1st January 2012. If we fail to do this, we must cease handling credit and debit card payments on that date and revert to a purely cash based system. 22% of our revenue currently comes from credit and debit card payments, so disabling this feature would not be good for customer satisfaction levels.

1.1.3 Need to reduce car park running costs

The parking team has a £30,000 Bridging the Gap target to deliver during this financial year. This can only be achieved if more automated, reliable and modern systems are installed, which will enable staffing levels to be reduced.

Soft market testing indicates that additional savings in the range of £6,329 to £12,865 per annum are achievable on the basis of reduced support and maintenance charges, and a reduction in the level of security required (hire of outside services).

1.1.4 Need to keep up with the competition by offering newer more flexible customer options

Other car parks which have invested in more modern and flexible solutions are better equipped to meet customer needs. If Regent Arcade is to maintain its level of custom, it must keep up with the competition by offering added value services such as virtual permits and internet payment options.

1.2 Options appraisal

The attached business case considers three options:

- Invest in a new or upgraded pay on foot parking solution
- Upgrade only the credit and debit card functionality of the existing system to maintain compliance with financial regulations
- Do nothing

The first option is recommended as it ensures that the project objectives can be fulfilled:

- Reduce the ongoing cost of operating the Regent Arcade MSCP through the installation of a lower maintenance and more automated parking solution - savings in the range of £36,329 to £42,865 are forecast;
- Protect the Regent Arcade revenue stream (£969,200 Ex Vat) by providing the customer with a reliable, accessible, easy to use and flexible parking solution;
- Ensure that our parking payment system remains secure and compliant with Payment Card Industry standards;
- Provide a technology platform to support CBC's Smarter Travel Town strategy implementation over the course of the next five to ten years.

1.3 Why we've pushed ahead with the procurement before the business case is signed off by Cabinet

The project team has taken the slightly unusual step of commencing a formal procurement exercise before Cabinet approval has been obtained for the funding. This is because of the tight timescale surrounding the PCI compliance deadline of January 1st 2012. Tenderers have been advised of this situation and should Cabinet reject the proposal to procure a new / upgraded system, the Council is entitled to cancel the procurement without the need to reimburse tendering costs. No contract will be signed without Cabinet approval for the investment.

2. Reasons for recommendations

See the options appraisal within the business case.

3. Alternative options considered

3.1 As set out in the business case.

4. Consultation and feedback

4.1 A wide range of officers have been consulted on this project to ensure that the new system will meet Equalities act, health and safety, technical, financial and environmental requirements. The officers all support this procurement.

5. Performance management – monitoring and review

5.1 Daily ongoing review and monitoring of system to accommodate all eventualities in particular reactive workload that cannot be predetermined.

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Appendices	A: Business case B: Estimated costs for the new system including current costs for comparison – Exempt from publication – commercially sensitive information
Background information	None.