



Haringey Council

Agenda item:

[No.]

**Procurement Committee**

**On 25 November 2008**

Report Title: Award of Nuisance Vehicle Contract

Forward Plan reference number 13

Report of: Niall Bolger, Director of Urban Environment

Wards(s) affected: **All**

Report for: **Key Decision**

**1. Purpose**

1.1 To seek Member agreement to award the contract for the removal and disposal of nuisance vehicles, which includes the provision of a vehicle pound, pound management service and the provision of operators and drivers for CCTV Smart Cars.

**2. Introduction by Cabinet Member**

2.1 This new contract brings together three main areas of nuisance vehicle removals; abandoned; untaxed and illegally parked vehicles. In doing so it has delivered savings to the Council and I strongly recommend the Procurement Committee agreed the recommendations and award this contract to Contractor B.

**3. Recommendations**

That Members agree to the award of a five year contract to Contractor B for the removal and disposal of nuisance vehicles, including the provision of a vehicle pound, pound management services and the provision of operators and drivers for the Mobile CCTV Smart Cars.

Report Authorised by: **Niall Bolger, Director of Urban Environment.**

Contact Officer: **Ann Cunningham, Head of Parking Services**  
Contact Number 0208 489 1355

**4. Chief Financial Officer Comments**

4.1 The base cost of the lowest ( and only tender ) is £1.033m per annum. However, the potential total cost of the contract could be £1.136m if performance on key indicators is exceeded and a 10% bonus is payable. The current budget provision for this service is £1.370m, giving

a minimum saving of £0.234m, if the recommendation of this report is approved. The saving is already assumed in the budget setting process for 2008/09 to 2010/11 and is phased in 2009/10.

## 5 Head of Legal Services Comments

- 5.1 This report is recommending the award of a contract with a total estimated value in excess of the current applicable EU threshold of £139,893. As such full EU procurement rules and the Public Contract Regulations are applicable.
- 5.2 An OJEU notice was issued and the contract has been duly tendered in accordance with EU procurement rules and Contract Standing Orders (CSO).
- 5.3 The award of this contract is a Key Decision and as such under CSO 11.04 must be in the Council's Forward Plan. Parking Services have confirmed that the contract details are included the Forward Plan.
- 5.4 It is noted that only one tender was received though this bid has met the award criteria and achieved a reasonable score. Subject to confirmation from Corporate Procurement Unit that the tender process has achieved best value for the Council the recommended award appears to meet the Council's duty to secure best value under section 3 of the Local Government Act 1999.
- 5.5 As the estimated value of the contract (£1,135,903.00) is in excess of £250,000, the proposed award must be approved by Members according to CSO 11.03. This says that the Cabinet must award all contracts over this value.
- 5.6 Provided that Members are satisfied having regard to the Head of Corporate Procurement comments that acceptance of this bid achieves best value, the Head of Legal Services confirms that there are no legal reasons preventing members from approving the recommendations in paragraph 3 of this report.

## 6. Local Government (Access to Information) Act 1985

- 6.1 The background papers relating to this report are:  
The Award of contract for the removal ,storage and disposals of abandoned vehicles 6 November 2007
- 6.2. This report contains exempt and non-exempt information. Exempt information is contained in Appendix A 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):
- 6.3 Information relating to the financial or business affairs of any particular person (including the authority holding that information).

## 7. Strategic Implications

7.1 The removal and disposal of nuisance vehicles contributes to two of the Council's priorities; Creating a better Haringey: Cleaner, Greener and Safer and Delivering Excellent Services. This also makes a valuable contribution to road casualty reduction, a key indicator for the council, making streets safer. In addition the Council has a statutory duty to remove abandoned vehicles from the public highway.

## 8 Financial Comments

8.1 The cost of the proposed contract is £1.136m approximately. The identified budget to fund this contract is £1.370m approximately. It is anticipated that there is a potential saving of £234k if this contract is awarded. The payment of the contract is based on service delivery which is 1/12 of the contract sum, payable in arrears. The contract is based on the British Parking Association model which promotes quality in service delivery and 10% of the annual contract fee is only payable if key performance indicators are met.

8.2 Those savings are actual savings in terms of reduced costs, in addition this service area will generate additional income of £120k annually from the enforcement of untaxed vehicles. [This income currently goes to the contractor as part of existing arrangements]. There are also expectations of improved productivity by bringing all aspects of the parking operation together. This is estimated at 10% increase on current income levels. This will contribute to shortfalls in income levels elsewhere due to compliance.

### 8.3 Total expected savings

Source	Amount
Contract price	£234K
Untaxed income	£120K
Improved productivity	£65K
Total	£420K

## 9 Head of Procurement Comments

9.1 This recommendation is in line with the procurement code of practice.

9.2 This is a new approach to the packaging of vehicle removal services and at the current time the market is limited in suppliers who can provide this service. There is a risk of not having providers to pick up this service in its current form if there was a service failure. This will be mitigated by action identified in 15.5 which would allow the separation and re-letting of contract should the need should arise.

9.3 The new service delivery model offers value for money to the council identifying £234k savings as a result of this repackaging of services.

9.4 The contract payments are based on enhanced payment for exceeding the performance indicators; this will be monitored through day to day management of contract, monthly contract meetings with the service and quarterly meetings with senior officers.

## **10 Equalities &Community Cohesion Comments**

10.1 There are no specific equalities implications. A firm, fair and transparent approach to parking enforcement benefits the community as a whole. The removal of obstructive, illegally parked vehicles underpins efforts in improving road safety and ensures access for disabled drivers.

## **11 Consultation**

11.1 No consultation has been undertaken in relation to this contract.

## **12. Background**

12.1 The existing contracts for the removal and disposal of abandoned vehicles and the parking removal contract, which includes the pound and pound management service, expire at the end of March 2009.

12.2 This new contract brings together the removal of three main areas of nuisance vehicles; abandoned; untaxed and illegally parked vehicles and provides the flexibility to handle additional areas of nuisance vehicles as the need arises. There was a need to rationalise the handling of nuisance vehicles, especially in light of the new statutory guidance on the Traffic Management Act, which limited clamping and removal powers. The changes to legislation relating to the removal and disposal of abandoned vehicles now results in more cars being claimed by their owners. In the interest of customer care and to avoid any confusion the Council would ideally only want one operational pound in the borough.

12.3 It is expected that this new generic contract will deliver further efficiencies, by including the abandoned vehicle inspection and Civil Enforcement Officer [CEO] roles, which has been historically provided in-house by separate teams of staff. This gives full responsibility for the delivery of this operation to the service provider, and is expected to improve productivity by cutting out duplication of processes.

12.4 The decision to combine the contracts for parking and abandoned vehicles was to offer innovation and to allow for economies of scale for the provider and deliver savings to the Council. The service has also taken the opportunity to add the provision of the CCTV smart cars and drivers to this contract, which has previously been delivered in-house.

12.5 During 2007 the parking service commenced a procurement process for an abandoned vehicle service, this contract was initially proposed for a three year period. This was subsequently shortened to a period of sixteen months to coincide with the expiry of the parking clamping and removal contract, due to discussions regarding the possibility of achieving further efficiencies by combining the abandoned vehicle and the parking removal contract together. (As stated in the award of contract report 6 Nov 2007).

12.6 Both of those service areas are currently provided by the same contractor , but under different contractual arrangements. This to some degree gives reassurance that those service areas can be successfully delivered by one provider.

## **13. Staffing implications**

13.1 TUPE implications have been taken account of as part of tendering exercise and this is likely to involve the transfer of four staff from the existing Abandoned Vehicle team to the new provider. The existing on-board Civil Enforcement Officers [ formerly parking attendants] will remain with the parking service and will be deployed on-street as there are existing staff vacancies. Staff and Trade Unions have also been consulted.

#### 14. The Tender process

14.1 The contract was tendered for five years. Any new contractor would have significant set up costs, for example the lease and development of the secure site, the operational vehicles and the cashiering accommodation. Spreading those costs over a five period would be in the Council's overall interest and allow us to achieve savings already built into the parking account. Awarding a contract of this nature for a shorter period runs the risk of a significantly higher annual cost.

14.2 The tender process for the new contract started with the OJEU notice published on 30 August 2008 and was advertised on the Council's Website on 3 September 2008, with a closing date of 13 October 2008 for submission of bids. The open tendering process was followed as by the very nature of the services required, the number of prospective bidders would be limited.

14.3 The outcome of this process was three expressions of interest, with only one bid submitted by the closing date. The table below, which is reproduced with further details in Appendix A, sets out the contractors who expressed an interest in submitting a bid.

Contractor	
Contractor A	No bid submitted
Contractor B	Bid submitted
Contractor C	No bid submitted

14.4 We feel that the poor return is mostly due to the fact that we are asking the contractor to provide a suitable pound site within the borough.

14.5 There is a general lack of suitable pound sites across London. Previous attempts to identify a suitable Council owned site were not successful and the Council would not consider purchasing land. As such we feel that the most economical way of providing this service, is by asking the contractor to provide the secure site. It is a fundamental requirement that the pound site is accessible and within close proximity of public transport facilities.

14.5 The sole bid was evaluated against the Council's agreed criteria and in compliance with the Council's Standing Orders. The criteria used for evaluation are attached as Appendix A.

14.5 The Corporate Equalities and Health & Safety teams evaluated these sections of the tenders. The Frontline Services Finance Team did the financial evaluation and this also included credit checks on this company.

14.6 The Contractor B bid met all expectations. They propose to use the existing pound site. This site is in the heartlands redevelopment area. They have provided evidence that their landlord is prepared to extend their existing lease. Internal enquiries with officers in the Economic Regeneration and Planning services supports the view that the earliest opportunity for redevelopment of this site would be in three years time, and the development of this particular part of the heartlands is mostly likely to happen in five years time. However, should the redevelopment of this site proceed earlier, the contractor has proposed a suitable alternative site within the borough, which they will relocate to and carry all costs of doing so.

14.7 The Parking Service performance team will be responsible for monitoring and managing this contract. The service will take account of any potential risks with the contract in its Business Continuity plan.

## 15. Recommendations

15.1 That Members agree to the award of a five year contract to Contractor B for the removal and disposal of nuisance vehicles, including the provision of a vehicle pound, pound management services and the provision of operators and drivers for the Mobile CCTV Smart Cars

## Use of Appendices / Tables / Photographs

14.1. Appendix A - Exempt information.