

Report for: Lead Member Cllr Sarah Williams

Title: Variation of the contract with Northgate Vehicle Hire Ltd for the provision of operational vehicles
Date of Decision

Report

authorised by: Paul McCabe Head of Repairs and Maintenance

Lead Officer: Richard Spence Depot Operations HRS 07753346172

Ward(s) affected: All

Report for Key/

Non-Key Decision: Key Decision

1. Describe the issue under consideration

- 1.1. This report seeks the Lead Member approval to vary the contract with Northgate Vehicle Hire Ltd. As permitted by CSO 10.02.1 whereby the Cabinet may authorise a variation to a contract where the value is £500,000 or more.
- 1.2. The original contract value has been depleted, and we require variation to ensure the continuation of the services originally procured under the Homes for Haringey (HfH) contract. The contract was novated to the Council as part of the insourcing of HfH, this variation will also allow for a careful and considered procurement exercise for our next fleet contract.

2. Cabinet Member Introduction

N/A

3. Recommendations

- 3.1. That the Lead Member Cllr Sarah Williams to authorise the variation of contract in accordance with CSO 10.02.1b) whereby Cabinet may authorise a variation valued at £500,00 or more and CSO 16.02 where decisions the Leader may allocate such a decision to the Cabinet Member having responsibility for the relevant portfolio and approve a variation in contract value of up to £1,101,000 with no time extension to the original award.

4. Reasons for decision

4.1 To allow for the continuation of fleet services with Housing Repair Service (HRS), covers areas including Responsive repairs, Voids, Depot, Facilities management, M&E, Planned Works and Estates and Neighbourhoods.

4.2 We have initiated future procurement for the fleet, this variation will allow for the expenditure during the life of the current contracts while the organisation to put

together a comprehensive tender project, focusing on value for money, operational needs and requirements of our fleet in line with Haringey Councils future commitments including Clean Air initiatives.

5. Alternative options considered

- 5.1. Do Nothing – The current contract would terminate, and the HRS would be unable to fulfil its requirements as a landlord to its customers, Imposed fines for late payments and potential withdrawal and repossession of vehicles.
- 5.2. Initiate future procurement – This option is being undertaken in time for the expiry of the existing contract allowing the time for due diligence, evaluation, Market research and planning of requirements would not allow for transition of contract in the time required.

6. Background information

- 6.1. In 2020, HRS as part of HfH entered a contract with Northgate Vehicle Hire for the provision of 200 vehicles. This contract was established to support various departments within HRS, including Responsive Repairs, Voids, Mechanical & Electrical (M&E), Facilities Management, and Planned Works. The fleet has been integral in ensuring the efficient operation and delivery of services across these departments.

The bringing in house of HfH required the novation of the contract to Haringey Council which ensured a seamless transition and continuity of vehicle services for the affected departments. The contract is a demand led contract with costs paid based on the vehicle age, vehicle usage and accident management and these are higher than estimated when the contract was established by HfH. HRS undertake a proactive programme to educate and improve driver standards to reduce the costs incurred. The needs and operational demands of the contract require a variation in the contract value is now required to better align with current requirements and future projections.

The projected value did not align with the allocated budget or the absence of a defined transport budget. This was set prior to my time with LBH. Several factors have contributed to the higher expenditure compared to the original award value:

- 1. **Increased Vehicle Usage:** The actual usage of the vehicles has been higher than initially projected, leading to increased costs associated with mileage and wear and tear.
- 2. **Accident Management Costs:** There have been more incidents requiring accident management services than anticipated, resulting in higher costs.
- 3. **Vehicle Age:** As the fleet ages, maintenance and repair costs have increased, which were not fully accounted for in the original value of contract.
- 4. **Operational Demands:** The operational demands and needs of the various departments have evolved, requiring more intensive use of the vehicles than initially planned.
- 5. **Market Fluctuations:** Changes in market conditions, such as fuel prices and vehicle maintenance costs, have also contributed to the increased expenditure.

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

Housing Improvement plan Link

Repairs policy Links

8. Carbon and Climate Change

There are no carbon impacts of this report, as this is an extension of an existing contract award, and no changes within this contract have taken place

9. Statutory Officers comments (Director of Finance (procurement), Head of Legal and Governance, Equalities)

Finance -

The Northgate expenditure is included in the Housing Budgets and is accounted for in the current forecasts.

The requested amount of £1.1 million will cover the existing outstanding amount of £325,000 with a further £250,000 in this current financial year. The remainder £525,000 will be sufficient for a further 5-month of 2025/26 financial year, whilst the new procurement is completed.

However, there are risks if the new procurement is delayed beyond the next 5 months, as this allocation may not be sufficient. Additionally, any increase in costs for rental, maintenance, etc., could pose a challenge. HRS will need to closely monitor expenditures against the allocated funds and manage any risks of exceeding the award value.

Strategic Procurement

Strategic Procurement have been consulted in the preparation of this report.

CSO 10.02.1a) permits Cabinet to vary a contract where the value is £500,000 or more. The variation of the contract is compliant with public contract Regulations 2015, Reg.72(1)(c) where the need for modification has been brought about by circumstance which could not have been foreseen, the modification does not alter the nature of the contract and increase does not exceed 50% of the original contract value.

CSO 16.02 permits that Cabinet decisions may be allocated by the Leader to the Cabinet Member having the relevant portfolio responsibilities.

Strategic Procurement support the recommendations in section 2 of the report.

Head of Legal & Governance -

Technically this proposal is not about a variation to the Contract of LBH with Northgate. What we are asked to review and approve is a gap funding under the Contract as LBH has run down its original budget for the Contract.

Regulation 72 PCR15 is not engaged under these circumstances where there is no change the scope, or the pricing arrangements of the original contract.

The Head of Legal & Governance sees no reason which would prevent the Cabinet from approving this Report and the proposal herein.

Equality

The council has a Public Sector Equality Duty (PSED) 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 protected characteristics and people who do not.
- Foster good relations between people who share those characteristics and people who do not.

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.

Although it is not enforced in legislation as a protected characteristic, Haringey Council treats socioeconomic status as a local protected characteristic.

The purpose of this report is to seek approval for varying the contract with Northgate Vehicle Hire Ltd to ensure the continuation of fleet services. This decision has no anticipated equalities implications in relation to the impact on protected characteristics.

10. Use of Appendices

N/A

11. Background papers

N/A