

**Report for:** Cabinet Member for the Environment – 20 December 2017

**Item number:** Not applicable

**Title:** Extension and Variation of the Nuisance Vehicle Contract

**Report authorised by:** Stephen McDonnell, Interim Director for Commercial and Operations

**Lead Officer:** Zoe Robertson, Head of Commissioning and Client,  
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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 report seeks approval for the extension and variation of the Nuisance Vehicle contract with NSL Limited as allowed under Clauses 3.2 and 45.1 respectively of the Contracts and in accordance with the Council's Contract Standing Order (CSO) 10.02.1(b) (variation and extension of a contract with a value of £500,000 and above) for two years up to 21<sup>st</sup> of December 2019 at a total value of £2,787,776.09.
- 1.2 The report also seeks approval to vary the contract to increase the annual payment by a maximum of £28k per annum to pay for an additional abandoned vehicle inspector and performance related payments towards additional operating costs the contractor is facing, as permitted under Clause 45.1 of the Contract and allowed under CSO 10.02.1(b) (variation of contract with a value of £500,000 and above).

## **2. Cabinet Member Introduction**

- 2.1 Not applicable.

## **3. Recommendations**

- 3.1 This report recommends that the Cabinet Member for Environment agrees to:
  - i. Approve the extension of the nuisance vehicle contract for a period of two years, as permitted under the Contract and in accordance with CSO 10.021(b).
  - ii. Approve a variation of the contract as permitted under Clause 45.1 and in accordance with CSO 10.02.1(b), to increase the annual payment by

£28k to cover the cost of an additional abandoned vehicle inspector and contribution towards rising operating costs, bringing the total cost to £2,843,776.

#### **4. Reasons for decision**

- 4.1 The Council is required to make provision for the removal of nuisance vehicles, which comprises of vehicles which are generally in a very bad condition abandoned on the highway.
- 4.2 This contract is key to ensuring the delivery of the Council's statutory duties including the safety requirements in and around Spurs Football Ground, where it is imperative that the surrounding streets comprising the emergency evacuation routes and safety corridor are kept clear.
- 4.3 Additionally this contract underpins the strategy for dealing with vehicles that have accumulated high volumes of unpaid Penalty Charge Notices (commonly referred to as Persistent Evaders) that represent a significant amount of debt; there would be no ability to deal with this category of debt without the provision of removal vehicles included as part of the contract.
- 4.4 The routine removal of vehicles under the Traffic Management Act also supports road safety.
- 4.5 Extending and varying the current contract is the recommended option, the reasons for this are provided below.
- 4.6 The original contract award allowed for the option to extend for two years.
- 4.7 There were operational difficulties at the beginning of the three-year contract, in particular the council had to support the contractor in relation to the abandoned vehicle operation. This area continues to be a pressure for them, possibly due to a lack of their understanding at the bid stage about the full scale of the operation.
- 4.8 However, overall performance has improved, and continues to do so this year, with NSL consistently meeting the key performance indicators.
- 4.9 The contractor has in the past raised concerns about the financial viability of this contract, and at the extension negotiations, were clear that they were unwilling to extend the contract at the same cost. Some of these cost pressures are due to them misunderstanding the scope of the abandoned vehicle side and also due to there being no provision in the contract for RPI increases, which the contractor has had to absorb.
- 4.10 Following negotiations between the Council and the contractor, the following payments have been proposed:
  - i. The council to fund one abandoned vehicle inspector at a cost of £22k per annum to improve the efficiency of the abandoned vehicle side of the service.

- ii. An additional £6k per annum to be available to NSL via monthly payments upon achievement of all six key performance indicators in the contract, to drive overall contract performance.
- 4.11 While the council will be paying up to £28,000 per annum more in contract costs, the council will benefit from an adequately resourced contract, that delivers better across the piece. This will include improving further on the excellent work undertaken in relation to persistent evaders. This work supported by NSL has resulted in the recovery of an additional £200K debt annually over the last two years.
- 4.12 NSL also asked for an RPI linked increase to be applied to the contract, which Haringey rejected.

## **5. Alternative options considered**

- 5.1 The option to terminate the contract without implementing the extension period has been rejected.
- 5.2 Conducting a tender for a new contract would be a time consuming exercise, and there is a risk of a drop in performance from the incumbent supplier, and from the new supplier while a new contract is established.
- 5.3 The council does not have a site that could be operated as a car pound, so there is no opportunity to bring the service in house.

## **6. Background information**

- 6.1 The previous five-year nuisance vehicle contract ended in 2014.
- 6.2 The council put the nuisance vehicle contract out to tender in May 2014. Three responses were received, and were evaluated to ascertain the most economically advantageous tender. NSL was the highest ranking supplier, and were awarded top marks in both the quality and price sections.
- 6.3 A decision report was present to Cabinet on 16 September 2014, and it was resolved:
- i. That approval be given to the award of the nuisance vehicle contract, which included a fully managed service for the removal and disposal of nuisance vehicles, pound provision and management to NSL Ltd for a period of three years from 1 December 2014;
  - ii. That it be noted that the cost of the contract over an initial three year period was £1,672,666.14; and

- iii. That approval be given to award the contract at a total cost of £2,787,776.09, including the provision to extend for a further two years, subject to satisfactory performance.
- 6.4 As detailed in section 4, the current supplier is meeting all performance targets.
- 6.5 Discussions with the contractor about extending the contract for two years in time for the original end date did not reach a conclusion in time for a decision before the 30th November. A three-week extension was agreed in order to ensure continuation of service and allow time for discussions and the decision making process.

## **7. Contribution to strategic outcomes**

- 7.1 The removal of nuisance and abandoned streets contributes directly to Priority 3 in the Corporate Plan for a clean, well maintained and safe borough where people are proud to live and work.

## **8. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)**

### **8.1 Finance and Procurement**

#### **8.1.1 Procurement**

The contract with NSL allowed for a 2-year extension.

As part of the review process for considering whether the contract should be extended a review of the supplier performance and ways to improve efficiency of the service was undertaken.

Considering NSL's current performance and the risk of reduction in the number of vehicles removed during a transition to an alternate provision the contract extension provides the best value for money.

Procurement support the recommendation to extend the contract with NSL for a period of 2 years.

The Procurement process for the vehicle removal service must commence in December 2018 to ensure completion including mobilisation and transition to the new arrangement in time for the extension end in December 2019.

#### **8.1.2 Finance**

The original contract value for the initial 3-year period was £1.673m equivalent to £558k per annum. The contract extension of 2 years will increase the total contract value over 5 years to £2.788m, still equivalent to £558k per annum.

The annual expenditure budget allocated for this service is £488k and an income budget allocated of £790k. Current projections are projecting an overspend on the expenditure budget of £62k and a shortfall of income of £112k, hence a total variance of £174k. Income levels have fallen in 2017/18 due to the temporary closure of Tottenham Hotspurs Football Ground, it is anticipated that income levels will increase again next year when the new stadium is opened.

The Interim Director of Commercial and Operations has confirmed that for 2018/19 the budgets will be realigned within the service to ensure they are sufficient funds for this contract. The service must continue to monitor the value for money on this contract as part of the monthly budgeting process.

This contract is key to ensuring the delivery of the Council's statutory duties including the safety requirements in and around the Tottenham Hotspur Football Ground, where it is critical that the surrounding streets comprising the emergency evacuation routes and safety corridor are kept clear.

This contract underpins the strategy for dealing with vehicles that have accumulated high volumes of unpaid Penalty Charge Notices (commonly referred to as Persistent Evaders) that represent a significant amount of debt;

there would be no ability to deal with this category of debt without the provision of removal vehicles included as part of the contract.

## **8.2 Legal**

- 8.2.1 The Assistant Director of Corporate Governance notes the contents of the report.
- 8.2.2 Clause 3.2 of the Contract between the Council and NSL Limited which the extension is being sought, provided that the Contract may be extended by the parties for a maximum period of two (2) years and Clause 45.1 of the same Contract provided that the parties may agree in writing to vary the terms and conditions of the Contract. CSO 10.02.1(b) gives Cabinet the power to authorise the variation and extension of a contract where the value of the extension or variation is £500,000 and above.
- 8.2.3 CSO 16.02 gives the Leader power to allocate a decision that would ordinarily be taken by Cabinet to a Cabinet Member having the relevant portfolio responsibilities.
- 8.2.4 The Assistant Director of Corporate Governance sees no legal reasons preventing the Cabinet Member for Environment from approving the recommendations in the report.

## **8.3 Equality**

- 8.3.1 There are no particular equalities issues arising from the extension of this contract. Parking and traffic enforcement contributes to road safety. It ensures access for all road users, in particular disabled drivers who rely on the use of specially provided disabled parking bays.

## **9. Local Government (Access to Information) Act 1985**

- 10.1 A record of the original contract award approval can be found at:  
<http://www.minutes.haringey.gov.uk/documents/g6972/Printed%20minutes%2016th-Sep-2014%2018.30%20Cabinet.pdf?T=1> (pages 14-15)