

<b>VEHICLE REMOVALS AND CAR POUND SERVICES CONTRACT APPROVAL</b> Key Decision No. FCR S071	
<b>CABINET PROCUREMENT AND INSOURCING COMMITTEE MEETING DATE (2021/22)</b> 7 MARCH 2022	<b>CLASSIFICATION:</b> Open with Exempt Appendices  <b>If exempt, the reason will be listed in the main body of this report.</b>
<b>WARD(S) AFFECTED</b> All Wards	
<b>CABINET MEMBER:</b> Cllr Mete Coban, Cabinet Member for Energy, Waste, Transport and Public Realm	
<b>KEY DECISION</b> Yes  <b>REASON</b> Affects two or more wards	
<b>GROUP DIRECTOR:</b> Ajman Ali, Group Director of Neighbourhoods and Housing	

## 1. CABINET MEMBER'S INTRODUCTION

- 1.1 This report requests approval for the award of the Vehicle Removals and Car Pound Services contract. This contract deals with the removal of vehicles parked in contravention and nuisance vehicles as part of the statutory process underpinned by the Traffic Management Act and the Refuse Disposal (Amenity) Act.
- 1.2 This contract is essential for the Council's ability to effectively manage abandoned, nuisance, illegally parked and untaxed vehicles on Hackney roads. The removal service also plays a significant role for the Council in tackling blue badge fraud and misuse. Without removing these vehicles, the offender has higher chances of getting away and taking up the valuable parking space from those who need it the most.
- 1.3 The proposed contract will ensure that the aspects of Hackney Council's robust parking enforcement regime that can not be in-sourced will still be carried out and will support the implementation of the new policies that were signed off by Cabinet in December 2020.

## **2. GROUP DIRECTOR'S INTRODUCTION**

- 2.1 This procurement exercise is a follow on from the Council's decision to insource the Parking Enforcement Contract (PEC) when it expires on 31 March 2022.
- 2.2 The Removals Service will not be insourced as part of the PEC as specialistic equipment (removal trucks), specialist training (HGV drivers) and specialist facilities (disposal, dismantling and auction house) are needed and the Council is not currently in a position to deliver these directly in a commercially acceptable manner.
- 2.3 This report details the background and context to the services provided under the vehicle removals and car pound contract and details the procurement process which has been undertaken, and seeks approval to award the contract to Supplier A who has been selected following completion of that process.
- 2.4 The contract will be for an initial five year period with two options to extend for a further three and two years if needed. The service will be operated based on the Terms and Conditions drafted by the Hackney Council Legal Team.
- 2.5 This contract award ensures that the Council continues to carry out its statutory duty under the Traffic Management Act 2004, the Road Traffic 1988 and the Refuse Amenity Act 1978 (as amended) to carry out removal of vehicles, and is recommended to the Committee.

## **3. RECOMMENDATION(S)**

**Cabinet Procurement and Insourcing Committee is recommended to approve the appointment of Supplier A as the supplier for the provision of Removals and Pound Services within the borough of Hackney, for a 5-year contract period commencing on 1 April 2022 with an option to extend for a further maximum period of 5 years (on 3-year and 2-year extension intervals).**

## **4. RELATED DECISIONS**

- 4.1 The Cabinet Procurement and Insourcing Committee report for the insourcing of elements of Parking Services Enforcement was approved in November 2020.
- 4.2 In December 2020 Cabinet approved three new policies - the Removals Policy, Untaxed Policy and Abandoned Vehicles Policy.
- 4.3 On 13 July 2021, the Hackney Procurement Board gave approval for the commencement of the process for the Vehicle Removals and Pound Services procurement.

## **5. REASONS FOR DECISION/OPTIONS APPRAISAL**

- 5.1 The business case approved by Hackney Procurement Board set out a Removal Services Framework, to run for four years from 1 April 2022, consisting of four lots:

Lot 1 - Vehicle Removal Service (Parking)

Lot 2 - Abandoned Vehicles Service

Lot 3 - Untaxed Vehicles Service

Lot 4 - Car Pound Services

5.2 However, before the specification was put together and the tender process started, the Council sent out an information leaflet and Expression of Interest questionnaire. This is intended to give prospective suppliers the opportunity to help Hackney Council set up these important services, and also so that the specification produced is deliverable whilst taking advantage of developments in the marketplace that will benefit the users.

5.3 The Council received two responses and these replies pointed to the fact that suppliers could deliver all lots with ease, however provision of car pounds in Hackney, or within a reasonable distance of the borough is an issue as appropriate sites are not readily available.

5.4 At the conclusion of this exercise, a decision was taken to merge the initial four (4) lots into one single lot. A briefing note was presented to the Hackney Procurement Board to notify it of this change.

5.5 The supplier will carry out all removals within the borough and also provide a pound that will be used until the proposed Hackney car pound site has been established.

5.6 The Hackney-owned car pound will then be utilised by the successful supplier, and will increase capability for vehicle removals.

5.7 The cost of removal services is entirely funded by Parking Services and is already within the existing budgets. However, removal services allow the Council to generate further income through the issuance of Fixed Penalty Notices (FPN) which will be implemented by the end of 2022 as additional system developments are required.

5.8 The supplier's performance will be measured by 10 Key Performance Indicators (KPIs) and the contract managed by a dedicated team within Parking Services. A copy of the KPIs can be found in Appendix 3.

## **6. ALTERNATIVE OPTIONS (CONSIDERED AND REJECTED)**

6.1 Insourcing: This option was considered but due to the requirement of specialist equipment (removal trucks and their maintenance) and having vehicle disposal facilities (to crush, dismantle and store vehicles) the Council is not in a position to carry out this service on its own at this stage. This option was therefore rejected.

- 6.2 Procurement of Separate Contracts: This option would allow the Council to focus on specific requirements for each part of the service but it would be too resource-intensive and time consuming. The model used allows the best supplier to provide proper coordination when dealing with all four interconnected removal services. This option was therefore rejected.
- 6.3 Use of External Frameworks: The option to procure the four service requirements (lots) via Eastern Shires Purchasing Organisation (ESPO), Crown Commercial Service (CCS) and Yorkshire Purchasing Organisation were considered. They all have frameworks relating to enforcement and parking management. However, these are not appropriate as they have a focus on financial / debt recovery and operation of car parks or IT systems and software for parking management and do not meet the Council's needs. This option was therefore rejected
- 6.4 Do Nothing: This option was also considered but discarded as the current contract ends on 31 March 2022 and would result in the Council not being able to deliver its statutory duty to remove vehicles.

## **7. PROJECT PROGRESS**

- 7.1 Developments since the Business Case approval: An Expression of Interest questionnaire was sent out after the approval of the business case. Further details are in Points 5.2 to 5.4 above
- 7.2 Whole Life Costing/Budgets: The cost of removal services is entirely funded by Parking Services and is within existing budgets. The new contract is expected to cost in the same region as the current arrangement, however, the new contract will deliver new income streams. In the future a new pound should offer better removal storage meaning more vehicles can be removed and stored. The new abandoned vehicle policy and untaxed vehicle policy will provide the Council with the ability to charge for removal fees, storage fees and the Council will start the issuing of Fixed Penalty Notices (FPN).

## **8. SAVINGS**

- 8.1 The new contract is expected to cost the same as the current service provision. There are new policies (approved by Cabinet) that are expected to create new income streams and therefore the overall cost of the service is expected to reduce.

## **9 SUSTAINABILITY ISSUES**

### **9.1 Procuring Green**

- 9.2 The selected contractor will dispose of all vehicles that have been signed off for disposal in a manner that complies with all relevant legislation relating to the disposal of waste including (without limitation) all other relevant provisions of the Environmental Protection Act 1990 and the Refuse Disposal (Amenity) Act 1978.

9.3 The contractor will look to upgrade their removal vehicles to electric vehicles as soon as possible by doing a yearly review on the availability of these vehicles.

#### **9.4 Procuring for a Better Society**

9.5 The selected contractor has committed to employ from the local area (Hackney) first.

9.6 Employing from the local area will help to minimise travel time and improve local knowledge of the area.

9.7 This policy by the selected contractor will in turn give a better standard of living and a shorter working day for the staff.

#### **9.8 Procuring Fair Delivery**

9.9 During the procurement process, the selected contractor has shown compliance with the fundamental requirements of the Modern Slavery Act (2015) in addition to the existing requirement on equalities and non-discrimination of their workforce.

9.10 There is also a commitment from the selected bidder to pay the London Living Wage (LLW).

#### **9.11 Equality Impact Assessment and Equality Issues:**

9.12 The overall impact of the contract was positive and the key performance indicators available will continue to help sustain this positive impact.

9.13 The contractor will make sure that before any vehicle displaying a disabled badge is removed that checks are made to check the validity of the disabled badge. Any vehicle displaying a valid disabled badge (that is not being misused) will not be removed to the pound but may be relocated.

### **10. TENDER EVALUATION**

#### **10.1 Evaluation**

10.2 The open tender process was launched on 6 December 2021 via the ProContract system. Adverts were placed with the Find A Tender Service, Contracts Finder, London Tenders Portal (Proactis) and on the Council website.

10.3 During the tender period, a number of clarification questions were received regarding details of the contract, these were answered accordingly and a Clarifications Log added to the tender documents pack on ProContract.

10.4 Upon closure of the tender, we found that 10 companies had viewed the opportunity and we had received one bid, from Supplier A.

10.5 We requested feedback from the 9 organisations that did not bid, as to why they did not submit a tender - the reasons given included not being able to meet the tendering timescales, lack of an existing car pound, and a need for capital investment. The detailed responses can be found in Exempt Appendix 1.

10.6 The evaluation team was made up of staff from the Parking Services team including the Service Area Manager, Parking Taskforce Manager, Project Support Officer and Parking Enforcement Operations Manager, supported by the Procurement Category Manager.

10.7 The tender was then scored against the criteria set out below:

Criteria and Sub Criteria	Weighting
<b>Quality</b>	
<b>Sub Criteria</b>	
Service Provision	15%
Capacity to Deliver	10%
Customer Service	10%
Business Innovation	10%
Value for Money	5%
<b>Total</b>	<b>50%</b>
<b>Sustainability</b>	
<b>Sub Criteria</b>	
Environmental Management	3%
Local Employment and Training Opportunities	2%
<b>Total</b>	<b>5%</b>
<b>Price</b>	
<b>Sub Criteria</b>	
Removal Operations Costs	30%
Scrapping and Auction Fees	20%
Car Pound Costs	30%
Ad-hoc Additional Removals	10%
Any Other Costs Associated With The Delivery Of The Service	10%
<b>Total</b>	<b>45%*</b> <i>(Formula applied to calculate 100% into the 45% weighting)</i>
<b>Overall Total</b>	<b>100%</b>

## 10.8 Recommendation

10.9 This report recommends that Supplier A is appointed to deliver the Vehicle Removals and Car Pound Services contract. The bid provided by Supplier A was compliant, passing the Selection Questionnaire and providing all information required at ITT stage.

10.10 The evaluation team scored the tender submission in line with the evaluation criteria awarding the scores set out below. A detailed breakdown of the scores is provided in Exempt Appendix 2. The bid met the requirements of the specification and the review of the submitted pricing schedule showed that the tender offers value for money.

	Quality (50%)	Sustainability (5%)	Price	Total
Supplier A	25.44%	2.6%	45%	73.04%

10.11 Supplier A has confirmed that London Living Wage will be paid as a minimum to all staff employed on the contract, and that no staff delivering this Hackney contract will be working on a zero hours arrangement.

10.12 TUPE is not applicable to this contract so no staff will be transferred to Supplier A if the contract award is confirmed.

## 11. CONTRACT MANAGEMENT ARRANGEMENTS

### 11.1 Resources and Project Management (Roles and Responsibilities):

11.2 This Contract creates no staffing or resource implication for the Council. The Contract will be managed by the Parking Contracts Team from Parking and Market Services. The Parking Contracts Team has managed the previous Parking Enforcement Contract. The Service Area Manager (Contracts) has the overall responsibility for managing the Contract with support from the Parking Contracts team members.

### 11.3 Implementation Plan

11.4 The service does not foresee any significant issues regarding the transition to a new supplier, however the plan is as follows:

Task	Date
Award Report considered at CPIC	7 March 2022
Contract Award Notification	8 March 2022

Voluntary Standstill Period	8 March 2022 - Friday 18 March 2022
Contract signed and mobilisation commences	21 March 2022
Contract commences	1 April 2022

11.5 **Key Performance Indicators:** The Key Performance Indicators (KPIs) are listed in Appendix 3.

## 12. COMMENTS OF THE GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES

12.1 The Council has a legal obligation to remove abandoned vehicles from any open-air land by removing and disposing of the vehicles. The proposals in Section 3 of this report are to seek authorisation to grant Supplier A the contract for Hackney's Vehicle Removals and Car Pound service. The contract is for five years, with the option to extend for another five years at three-year and two-year intervals.

12.2 The Council's decision to bring the Parking Enforcement Contract (PEC) in-house resulted in this procurement exercise. This service is sub-contracted by the principal contractor under the existing agreement, which is set to expire on 31 March 2022. The Council will regain direct management of the contract through this procurement.

12.3 The Council investigated bringing parking removal services in-house, but due to the need for specialised equipment (removal trucks and their upkeep) as well as vehicle disposal facilities (to crash, dismantle, and store vehicles), it is now unable to do so. When the new contract comes to an end, this will be revisited.

12.4 The cost of the new contract is estimated to be in the region of £550k per year and this will be covered by existing budgets that are currently used for the Parking Enforcement Contract.

12.5 The Council currently receives minimum revenue from the processing of abandoned vehicles; however, under the new contract and in accordance with the new policy, the Council will begin charging removal costs, storage fees, and issuing Fixed Penalty Notices (FPN). This is to ensure that the costs of removing abandoned vehicles are compensated.

12.6 **VAT Implications on Land & Property Transactions:** Not applicable to this contract.

## 13. COMMENTS OF THE DIRECTOR OF LEGAL AND GOVERNANCE SERVICES

13.1 Paragraph 2.7.7 of Contract Standing Orders states that, in respect of procurements with a risk assessment of "Medium Risk", Cabinet Procurement and Insourcing Committee will determine the award of contracts above the value of



£2m. The estimated maximum value of the contract in this Report is above £2m so therefore the Cabinet Procurement and Insourcing Committee can agree the recommendation in this report.

- 13.2 Details of the procurement process undertaken by officers are set out in this Report. Only one tender was submitted in response to the contract notice published by the Council but officers are satisfied that the proposed award of the contract is satisfactory in terms of both price and quality.

#### **14. COMMENTS OF THE PROCUREMENT CATEGORY LEAD**

- 14.1 The contract is valued above the relevant UK Public Procurement threshold (Services) and an open competitive tender process has been carried out in accordance with the Public Contracts Regulations 2015.

- 14.2 Hackney Contract Standing Order 2.7.7 requires approval from the Cabinet Procurement and Insourcing Committee to award medium risk contracts valued above £2M.

- 14.3 Following Business Case approval Hackney Procurement Board was briefed on the change of procurement approach from a multi-lot to multi supplier framework single contract of longer duration. This followed market consultation, and represents a pragmatic change which simplifies the contractual approach and reduces the contract management burden in the context of suppliers that are able to offer all requirements.

- 14.4 Although the tender response rate was low, there are no concerns with the recommendation to award the contract to Supplier A as described. The successful tender offers the best quality and value for money when assessed against the published criteria.

- 14.5 Suitable KPIs and contract management arrangements are in place, including commitments in line with the Council's Sustainable Procurement Strategy.

#### **APPENDICES**

Appendix 1 - Bidder Information - EXEMPT

Appendix 2 - Scoring Breakdown - EXEMPT

Appendix 3 - Key Performance Indicators - PUBLIC

#### **EXEMPT**

By Virtue of Paragraph(s) 3 Part 1 of schedule 12A of the Local Government Act 1972 appendix 1 and 2 of this report are exempt because they contains Information relating to the financial or business affairs of any particular person (including the authority holding the information) and it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

#### **BACKGROUND PAPERS**

None.

<b>Report Author</b>	Bayo Teluwo Taskforce Manager Tel: 0208 356 8190 <a href="mailto:bayo.teluwo@hackney.gov.uk">bayo.teluwo@hackney.gov.uk</a>
<b>Comments for and on behalf of the Group Director of Finance and Corporate Resources</b>	Nurur Rahman Service Accountant, Finance & Corporate Resources Tel: 0208 356 2018 <a href="mailto:nurur.rahman@hackney.gov.uk">nurur.rahman@hackney.gov.uk</a>
<b>Comments for and on behalf of the Director of Legal and Governance</b>	Patrick Rodger Senior Lawyer, Legal Services Tel: 020 8356 6187 <a href="mailto:patrick.rodger@hackney.gov.uk">patrick.rodger@hackney.gov.uk</a>
<b>Comments of Procurement Category Lead</b>	Dawn Cafferty Procurement Category Lead Tel: 0208 8356 8697 <a href="mailto:dawn.cafferty@hackney.gov.uk">dawn.cafferty@hackney.gov.uk</a>