

London Borough of Hammersmith & Fulham

CABINET
8 FEBRUARY 2016



CONTRACT AWARD FOR THE VEHICLE POUND AND REMOVAL SERVICES

**Report of the Cabinet Member for Environment, Transport & Residents Services –
Councillor Wesley Harcourt**

Open Report

A separate report on the exempt part of the Cabinet agenda provides exempt financial information.

Classification - For Decision
Key Decision: YES

Wards Affected: All

Accountable Director: Mahmood Siddiqi, Director for Transportation and Highways

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Services

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1. EXECUTIVE SUMMARY

- 1.1 On 16 February 2015, following the two borough (LBHF and RBKC) review of parking enforcement, Members agreed to keep the on-street parking enforcement service in house whilst RBKC decided to retender its own parking enforcement service. It was, though, agreed by both Boroughs that a shared service for the provision of tow trucks and a pound facility would be mutually beneficial. It was therefore agreed that the two Boroughs would jointly tender for this service. On 28 September 2015, Members approved the Business Case for the Re-procurement of Vehicle Removal and Pound Services.
- 1.2 The procurement exercise was conducted using the open procedure in accordance with the requirements of the Public Contracts Regulations 2015. The Capital eSourcing Portal was used to manage this process.
- 1.3 The procurement exercise was led by the Royal Borough of Kensington and Chelsea (acting as the “Contracting Authority” for the purposes of the Public Contracts Regulations 2015). However, this was a joint procurement exercise and officers from both Councils were involved in the process.
- 1.4 The OJEU notice and Contract Terms were published on 14 October 2015. On 16 October 2015, the Invitation to Tender (ITT) and Pre-qualification Questionnaire (PQQ) were published.
- 1.5 Carrying out a joint procurement has enabled a single project team, including Legal Services and Procurement to develop the specification and Contract Terms. This has saved an estimated 25% of internal resource time when compared to running two separate procurement exercises.
- 1.6 Having a single Contract allows officers from both boroughs to work on LBHF and RBKC matters without additional training, special access being given or having to share systems across the boroughs, which attracts additional costs. Furthermore, the Contract maintains individual borough sovereignty that means policies can remain separate, where desired.
- 1.7 Tenderers were given the opportunity to submit questions for clarification before the closing date for receipt of tenders on 27 November 2015. The final tenders were supported by fully priced technical submissions. Robust evaluation was undertaken by officers from both Councils with 40% of the marks awarded for price and 60% awarded for quality. This report recommends the appointment of NSL Services Ltd (NSL) who scored highest in the evaluation, for the total contract sum of £1.29m to provide the Vehicle Removal and Car Pound Service. Of this figure, LBHF’s share will be 37% which amounts to £474k per annum.

2. RECOMMENDATIONS

- 2.1 That the London Borough of Hammersmith and Fulham (LBHF) authorise the Royal Borough of Kensington and Chelsea (RBKC) to award a shared contract for vehicle pound management and removals and relocation services to NSL at a

total cost to LBHF of £474,000 per annum over 12 years. The contractual arrangements between the two boroughs will be set out in the in the inter authority agreement.

3. REASONS FOR DECISION

- 3.1 The current Vehicle Removal and Pound Services Contracts in both LBHF and RBKC will expire in 2016. We are therefore required to renew them in accordance with the Councils' Contract Regulations.

4. BACKGROUND

- 4.1 In June 2013, the Members in LBHF and RBKC approved the establishment of a Shared Service Parking Office. Both boroughs have separate contracts for vehicle removal and Pound related services. LBHF's current Contractor is the Mansfield Group. RBKC's current Contractor is NSL Services Ltd.
- 4.2 LBHF's Contract with the Mansfield Group, formerly called On-time Services, commenced in January 2013. In 2014-15, the Mansfield Group processed 2,302 relocations and 1,177 removals in LBHF. The Contract expires in December 2016. It cannot be extended. A new Contract needs to be in place ahead of this date to ensure continued enforcement in the borough.
- 4.3 RBKC's Contract with NSL Services Ltd, the incumbent supplier, expires in July 2016. One possibility is that LBHF's Contract with Mansfield is terminated six month early to tie in with this date. Alternatively, it may be preferable to let the Contract run its course so as to enable a phased implementation.
- 4.4 The leading suppliers in the market have not changed significantly since the boroughs last conducted their separate procurement exercises. However, the pricing models, technology and the way the services are delivered have changed. The main change identified during our soft market testing exercises, which was included in the specifications, was to introduce a 12-year Contract term – the initial Contract will operate for four years with the option to extend for a further three years, plus three years, plus two years. This long-term offer appeals to the market. The review points will enable all parties to assess the quality of the service and identify changes to enable further efficiencies and operational enhancements. A 12-year term will also bring the end of the Vehicle Pound and removals Contract into alignment with end of the Parking IT Contract that was awarded in 2015.
- 4.5 The soft market testing exercise also confirmed officers' belief that securing suitable land for an alternative pound would be very difficult given the exceptionally high level of demand for development.

5. PROPOSAL AND ISSUES

Regulated procurement approach

- 5.1 The procurement exercise was conducted using the open procedure in accordance with the requirements of the Public Contracts Regulations 2015. A statutory contract notice was placed with the *Official Journal of the European Union* (OJEU) and the opportunity was advertised on the Capital eSourcing Portal.
- 5.2 The procurement exercise was led by the Royal Borough of Kensington and Chelsea (acting as the “Contracting Authority” for the purposes of the Public Contracts Regulations 2015). However, this was a joint procurement exercise and officers from both Councils were involved in the process.
- 5.3 The OJEU notice and Contract Terms were published on 14 October 2015. On 16 October 2015, the ITT and PQQ were published.
- 5.4 Tenderers were given the opportunity to submit questions for clarification before the closing date for receipt of tenders on 27 November 2015.
- 5.5 A separate report is being prepared for approval in RBKC on 8 February 2016. If the Members in both Councils agree to the officers’ recommendation that RBKC award the Contract to NSL they will be notified on or around 22 February 2016 following the ‘call in period’ required by RBKC. The unsuccessful bidders will be informed of the outcome at the same time.

Supplier Selection and Award Proposal

- 5.6 Bids were received from three established suppliers:
 - Company A
 - Company B
 - Company NSL
- 5.7 The identities of the anonymised companies above are displayed in the exempt part of this report on the exempt Cabinet agenda.
- 5.8 NSL Services Ltd currently provides both the on-street parking enforcement services and the pound management and vehicle removal service on behalf of the Royal Borough of Kensington and Chelsea.
- 5.9 The Contract specifications outlined the desired provision of a joint removal and enforcement service for LBHF and RBKC. Bidders were informed both Councils require that the service provider will manage all subsequent removal or relocation processes from point of notification of an offending vehicle by the on street Civil Enforcement Officers. Under the proposed Contract, both Councils will operate a similar relocation and removal process.

- 5.10 At all times both Councils' sovereignty will be maintained with PCN issuance being appropriate depending on location and Borough.
- 5.11 Bidders were also advised that the Councils are seeking to provide a shared service based at one location rather than the separate arrangements that are in place today. The Contractor will also provide a decant pound service to both Councils as part of this service.
- 5.13 Each of the three bidders that submitted tenders met the criteria in the PQQ. The criteria revolved around a bidder's experience of delivering similar services to large authorities. The three bidders also met the financial checks that the Councils' use to establish a supplier's suitability.
- 5.14 The evaluation exercise was undertaken by officers representing LBHF's Parking Service and RBKC's Parking Service. The scoring system was weighted with quality given 60% of the marks and price 40%, as agreed in September 2015.
- 5.15 Of the 60% awarded to quality, this was distributed as follows:
- General service – 9%
 - Locations of Work – 2%
 - Core Service Hours – 1%
 - Operational Bases/Car Pound – 4%
 - Vehicles – 5%
 - Staffing and Personnel – 5%
 - Training/Quality – 3%
 - Uniforms and OBCEO Equipment – 2%
 - Employees' Conduct – 2%
 - IT and Radio Equipment – 4%
 - Issue of PCNs – 2%
 - Vehicle Removals and Relocations – 5%
 - Monitoring and Reporting – 3%
 - Scrap and auction – 1%
 - Persistent Evaders – 1%
 - Disaster Recovery/Business Continuity – 3%
 - Complaint Handling – 2%
 - Fraud Detection – 2%
 - Damage to Vehicles – 2%
 - Abandoned Vehicles – 2%
- 5.16 For the purpose of this document percentages have been rounded to the nearest whole number. The results are set out in the Table below.

Quality and Price Evaluation Scores

	Max Score	Bidder A	Bidder B	NSL
Quality	60%	38%	32%	45%
Price	40%	32%	36%	40%
Total Score	100%	70%	68%	85%

- 5.17 The scores above show that Bidder A and Bidder B scored 70% and 68% respectively when the quality score and price score are combined. However, NSL's score is considerably higher at 85%.
- 5.18 Comments from Strategic Procurement, Finance and Legal Services have been taken into account. The officers who undertook the quality evaluation met at the Moderation Meetings where they agreed a consensus score for each answer. An officer from the Tri-borough Strategic Procurement Team (TBPT) Chaired the Moderation Meetings. A second officer from the TBPT acted as an observer.

6. OPTIONS AND ANALYSIS

- 6.1 In addition to the core requirement to operate a vehicle removal and pound service, the bidders were invited to offer responses to the following optional items:
- the proposed opening times for the car pound and the level of hours the service would require.
 - any alternative proposals to the Pound premises that the Council is providing and their reasoning behind the suggestion(s).
- 6.2 NSL's bid scored the highest of the three bidders for quality and represents excellent value for money. The car pound opening hours when the new Contract commences will be:
- Monday to Saturday 07:00 to 24:00
 - Sunday 08:00 to 18:00
- 6.3 The current LBHF pound opening hours are 07:00 to 24:00 Monday to Saturday but it is closed on Sundays. RBKC's pound currently provides a 24/7 service and this will be a change for them. From their experience and vehicle collection time

analysis, NSL believe the hours referred to provide a cost effective option for both Councils and convenience for owners / drivers who need to visit the pound.

6.4 NSL suggests an annual review the opening hours of the car pound with the Councils to ensure the service continues to meet the needs of residents and visitors. **Officers from both Councils recommend that the annual review option is taken up by the two Councils.**

6.5 In respect of alternative proposals to the Council's car pound, NSL reviewed its existing pound facilities across London for suitable alternatives. However, they do not believe that any of them are suitable for the Councils for one or more of the following reasons:

- proximity to the boroughs to attend to relocation and removal activities
- convenience for customer collection
- available space for use by the Councils
- cost of hiring additional space.

6.6 **Officers from both Councils recommend that this option is not pursued any further with NSL.**

7. **BENEFITS OF THE RECOMMENDED SUPPLIER**

7.1 The key benefits of NSL's offer are that:

- the Councils will work with a service provider that will manage a vehicle pound as well as relocating vehicles and removing vehicles parked in contravention across the boroughs in a cost effective manner
- they are familiar with the streets and roads in LBHF as they currently operate in the borough under a nationwide DVLA enforcement contract to combat road tax evasion
- will ensure deployed enforcement resources (drivers and On-board Civil Enforcement Officers), vehicles and associated equipment to fully meet the Councils' requirements for relocations and removals to meet the Key Performance Indicators (KPIs)
- have established proven procedures to lift and move vehicles that ensure all aspects of Health & Safety for the vehicle, members of the public and members of staff are maintained
- they will provide a service that will be unaffected by breakdowns or servicing/maintenance requirements as they will utilise spare vehicles from their fleet of over one hundred vehicles which can also be used for special events
- have a proven dynamic vehicle tracking system to monitor where vehicles are deployed and driving standards and to help minimise impacts on the environment
- have standard tachograph procedures used to ensure drivers hours of work remain within the legal regulations

- will use Hand Held Computers integrated with the Councils' IT system, including despatch control, to deliver an integrated solution
- will provide a value for money service through the shared use of the decant Pound in Mitcham
- will provide a local management team and staff who will utilise their local knowledge to provide a high quality, efficient and flexible operation with clear accountability for delivering service levels
- have support from a number of professional in-house support functions including; fleet, human resources, learning and development, information technology, finance, professional standards unit, legal, property, PR and marketing.
- have comprehensive policies, procedures and audit processes which will ensure compliance with the Councils' requirements and continue to protect the Councils' reputations whilst delivering customer excellence
- have a stable, high quality and well trained workforce in line with their Investors in People (IiP) Gold standard accreditation
- will manage performance to meet the Council's KPIs and report using comprehensive daily, weekly and monthly returns allowing the Councils and NSL management to respond quickly to trends
- will provide a high quality service that is rigorously measured, managed and continuously improved by a range of self-monitoring quality management tools.

Implementation timetable

- 7.2 Detailed work on the implementation will commence in February subject to Contract Award. The new Contract will commence on 4 July 2016. During this phase a detailed timetable, governance and deployment plan will be established. The need to implement as quickly as possible will be balanced with the need to mitigate risks and ensure minimal disruption to services in both boroughs.
- 7.3 In addition to regular meetings between officers and NSL's management, the Contract has built in break / review points in years four, seven and 10. This provides strategic points for the Councils and NSL to assess performance and look for mutually beneficial ways to improve the value for money and quality of service being received, taking into account developments in the parking industry or the Councils' circumstances.

8. CONSULTATION

- 8.1 This report has been developed in consultation with Elected Members and the Parking Service's Procurement Board. The latter includes representation from
- Parking Services
 - Legal Services
 - Procurement
 - Transport and Technical Services' Project Officers

8.3 There is no resident / user forum for Parking Services.

9. EQUALITY IMPLICATIONS

9.1 Schedule 9 of the Contract documents advised bidders that, 'The Service Provider shall not discriminate directly or indirectly, or by way of victimisation or harassment, against any person on grounds of colour, race, nationality, or ethnic or national origins contrary to the Equality Act 2010 and the Public Sector Equality Duty (PSED) 2011.'

9.2 NSL's tender stated that it is committed to ensuring that the resources and talents of all its colleagues are utilised to the full and that no job applicant or colleague receives less favourable treatment in any aspects of employment and training on the grounds of age, gender, ethnic origin, nationality, colour, religious belief, marital status, sexual orientation, pregnancy and maternity, disability or health problem, which cannot be shown to be relevant to the performance of the job.

9.3 The Company is committed to equality of opportunity and to the elimination of unlawful discrimination in employment. This policy applies to each colleague irrespective of any protected characteristics as covered by the Equality Act 2010. All members of the staff colleagues should follow the letter and spirit of Equality, Diversity and Equal Opportunities.

9.4 All of the above applies to members of the public who come in to contact with the service as well as employees.

10. SUSTAINABILITY / ENVIRONMENTAL CONSIDERATIONS

10.1 The removal trucks that NSL propose for use on this Contract will comply with local emission standards and TfL's emission standards. The vehicle tracking system will provide local management with fuel consumption / emission data that will help support the Councils' policies. NSL is a member of the Fleet Operators Recognition Scheme and they will include this Contract in their membership. This scheme aims to improve fleet activity in the UK and includes an element on operating in a way that minimises NSL's environmental impact. NSL also proposes to provide drivers with effective training materials to improve the environmental impact of the enforcement vehicles. The uniforms that NSL staff wear will be recycled securely to support the Councils' environmental policies and help maintain our reputation in this respect.

11. SOCIAL VALUE CONSIDERATION

11.1 In accordance with the Public Services (Social Value) Act 2012 the Council, as part of this procurement considered (a) how what is proposed to be procured might improve the economic, social and environmental well-being of the relevant

area, and, (b) how, in conducting the process of procurement, it might act with a view to securing the that improvement.

- 11.2 By removing illegally parked vehicles that are obstructively or dangerously parked, the Council can help improve road safety and traffic flow. Improved traffic flow also helps to reduce air pollution. In the Contract Specification we encouraged the use of environmentally friendly tow trucks with reduced emissions.

12. LEGAL IMPLICATIONS

- 12.1 The services to be provided to the Councils under the proposed contract are incidental to statutory functions and therefore lawful for the Councils to enter into. The procurement process described in this report complies with the Public Contracts Regulations 2015. The standing orders of RBKC (as lead authority) have been followed in respect of this procurement process.
- 12.2 The two boroughs will agree and enter into an inter-authority agreement (IAA) to ensure their respective obligations are met in respect of the Contract and the IAA will be signed prior to RBKC entering into the Contract with the Contractor.
- 12.3 There are no TUPE implications as a result of the recommendations in the report for the three LBHF staff who are employed as On-board Civil Enforcement Officers on the tow trucks in the Borough.
- 12.4 Staff employed by the incumbent Contractor, the Mansfield Group, will be subject to TUPE and will transfer to the successful Contractor from the service commencement date.
- 12.5 Legal Services will advise on the early termination of the LBHF contract with Mansfield. It appears that the contract can be terminated at any time (following the second anniversary of the contract) upon giving six calendar months' written notice without any liability arising on LBHF.

Legal implications provided by Alka Kingham-Senior, Senior Solicitor, Legal Shared Services tel; 07818 562798

13. FINANCIAL AND RESOURCES IMPLICATIONS

- 13.1 The Shared Director for Finance (ELRS and TTS) comments that the award of the Contract to NSL for an annual sum of £1.29m per annum provides the best overall value. Of this, LBHF's share will amount to £474k. This excludes the cost of the pound facility. The Contract includes a provision for an ongoing review of operational efficiency and costs. It should therefore deliver lower operating costs over the contract period.

- 13.2 The annual cost will be funded from the existing Parking revenue budget. Detailed financial evaluation of the tendered prices and its impact on the Council's budget is set out in the exempt report on the exempt Cabinet agenda.

Comments provided by Gary Hannaway, Head of Finance, TTS - 0208 753 6700

14. PROCUREMENT AND ICT STRATEGY IMPLICATIONS

Procurement implications

- 14.1 The Tender has been conducted in accordance with RBKC's Contract Regulations and the Public Contract Regulations 2015. The project was undertaken using the Council's e-tendering system. The bids were evaluated by a team of eight officers from both LBHF and RBKC. Moderation meetings were held to agree scores and they were chaired by the Interim Head of Procurement, LBHF.

Comments provided/verified by Alan Parry, Interim Head of Procurement, LBHF. 020 8753 2581.

ICT strategy implications

- 14.2 There are no ICT strategy implications as a result of the recommendations in the report.

15. PROPERTY IMPLICATIONS

- 15.1 LBHF's Pound is owned by TfL. RBKC owns the property at Lots Road from which their pound currently operates but this has been allocated for development within the next three to five years. This being the case, Lots Road will not be available for use once that development commences.
- 15.2 Parking Services are looking to operate from a single site in future and as such, Property representatives from both Councils, in conjunction with service representatives are actively seeking an alternative, long term location for this joint facility.
- 15.3 In the meantime LBHF's operation will be relocated to Lots Road until a suitable, new premises has been identified.
- 15.4 The property issue above was communicated to all bidding parties as part of the tender process.

LOCAL GOVERNMENT ACT 2000

LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT

No.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
1.	None		