

Cabinet Member Decision: 15 March 2018

Report title: Secure cycle parking provision

Wards: All

Portfolio: Councillor Jennifer Brathwaite, Cabinet Member for Housing and Environment:

Report Authorised by: Sue Foster: Strategic Director for Neighbourhoods and Growth

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Report summary

On payment of an annual rental charge of £42 per cycle, the Council has provided secure, sheltered, on-highway cycle parking for residents' cycles in the form of cycle hangars. This report seeks approval to enter contracts with Cyclehoop Ltd which will reduce the rental fee to £15.00 per annum as well as continue and expand the installation, management and maintenance of the on-highway cycle parking on new terms for a period of four years with an option to extend for up to a further two.

Finance summary

Entering into contract under Lot 1 (installation) does not commit the council to any expenditure. The estimated cost to the council of supplying and installing new cycle hangars is £630,000 over the maximum six-year duration of the contract but goods will only be purchased when funding has been secured.

If appointed, Cyclehoop Ltd will charge a rental £15.00 (inc VAT) a year for use of the cycle hangar, increasing annually by the rate of inflation. The contractor will manage the scheme, carry out defined maintenance and pay the council an amount to cover out of scope maintenance using the income generated. Accordingly, all maintenance, management and repair of cycle hangars is forecast to be at no net cost to the council.

Recommendations

1. To approve the contracts for both Lot 1 (supply and installation) and Lot 2 (ongoing management and maintenance) of residential cycle hangars be awarded to Cyclehoop Ltd for a period of four years with an option to extend for 1+1 years (4+1+1) and with an estimated contract value of £630,000 for the total duration of the contract including the optional extension periods. The anticipated contract start date is 22 March 2018.

Reasons for Exemption from disclosure

The accompanying Part II report is exempt from disclosure by virtue of the following paragraphs of Schedule 12A to the Local Government Act 1972:

3. Information relating to the financial or business affairs of a particular person. (Including the authority holding that information).

1. Context

- 1.1 The council's cycle hangar scheme has offered residents secure, sheltered, parking for their bicycle on the public highway in a cycle hangar upon payment of an annual £42 rental fee.

The scheme has seen unprecedented success with more than 180 units being installed across the borough to support around 1100 residents.

- 1.2 The last contract for the supply, installation and maintenance of cycle hangars (with Cyclehoop Ltd) expired on 19/08/2016. Re-launching this scheme supports Future Lambeth's priority of building strong and sustainable neighbourhoods by maintaining safe, clean and cohesive communities across the borough. Specifically, the scheme supports Lambeth Cycling Strategy's target of achieving, by 2020, 20% of all trips being made by bicycle. Offering secure cycle parking close to residents' homes is a cornerstone of the wider infrastructure changes being made across the borough to support more sustainable transport. Importantly, this procurement also secures a long-term maintenance agreement for all cycle hangars already installed at no net cost to the council
- 1.3 Following the approval of the procurement strategy, an OJEU tender notice was issued on 18 December 2017 through EU Supply (OJEU Contract Notice Reference Number 22017/S 243-506501) using a single stage Open Procedure. Potential suppliers were invited to submit their tenders by 26 January 2018. Tenders invited bids for two Lots; Lot 1 for supply and installation and Lot 2 for ongoing management and maintenance.
- 1.4 This is a Gateway 3 Procurement Report.

2. Proposal and Reasons

- 2.1 The tendering process involved potential service providers responding to a Method Statement and Pricing Schedule setting out proposals for the delivery of the contract. The suppliers were asked to submit their tenders for either Lot 1 or Lot 2, or they could bid for a combined Lots 1&2 delivery by providing bids for both Lots and responding to an additional Method Statement Question about benefits of a combined Lots 1&2 service delivery. A single contract for Lots 1 and 2 as a combined service was stated as the preferred option for the delivery of this service, however, tender submissions for individual lots were also invited. The assessment was based on the overall value of the service over the initial four-year contract period.
- 2.2 Three tenderers submitted bids for Lot 1 and one tenderer submitted a bid for Lot 2 and also for the combined Lots 1&2 service provision. The tenders were evaluated by an evaluation panel that assessed tender responses to the quality questions. Price was assessed on the tenderer who successfully passed the quality evaluation.
- 2.3 Cyclehoop Ltd was the only supplier with a compliant tender for both Lot 1 and Lot 2, and who have shown can also provide a combined service for Lot 1& Lot 2 provision. Cyclehoop has an established presence locally and within the London Boroughs market, this allows for the service provision to be undertaken swiftly in terms of urgent client requirements across new cycle hangars and reactive maintenance.
- 2.4 Cyclehoop scored highly on the quality evaluation because its product is proven to be hard wearing, vandal proof, easy to maintain and user friendly for residents of the Borough as well as holding a number of product specific accreditations. There are customisation options for the cycle hangar allowing for logos, signage and laser cut variations on the side panels. It bid adds value to the contract in that the cycle hangars are produced locally in Sydenham, allowing them to make shorter trips to deliver to site resulting in a reduced carbon footprint and better air quality.
- 2.5 Cyclehoop is also offering bespoke cycle hangar management software that helps to make registration easier. They will also effectively and importantly, securely, manage customer enquiries and information. With an established and community conscious approach to social value, Cyclehoop

Ltd have proposed to remove abandoned bikes from cycle parking facilities and donate these to The Bike Project, which is based locally in Herne Hill. These bikes are refurbished and then given to refugee communities. Therefore, it was determined that Cyclehoop Ltd provided the most economically advantageous tender and it is recommended to award this supplier contracts for both Lots.

3. Finance

Lot 1

- 3.1 Entering into contract for Lot 1 does not commit the council to any expenditure. Subject to the necessary capital funding being secured, the cost to the council of supplying and installing new cycle hangars is estimated to be £630,000 over the maximum six-year duration of the contract but goods will only be purchased when funding has been secured, the amount of which will vary from year to year.
- 3.2 In addition to costs arising under the Lot 1 contract, funding must cover fees, consultation, traffic management orders, supply and installation. These ancillary costs are forecast to total 15% of the value of goods purchased under Lot 1.
- 3.3 As currently scoped, the cycle-hangar project is to be financed from capital grant funding received from Transport from London (TfL), but other opportunities for external funding will be explored. In 2017/18, £237,450 of these TfL receipts have been allocated to this scheme as part of the Local Implementation Plan (LIP) settlement. In 2018/19 TfL have confirmed that £100,000 LIP will be awarded to this project. This will be sufficient to cover the expected costs of the first two years of the scheme as per the table in Part 2 of the CMDDR, and also the council's project management costs.
- 3.4 The scope of Lot 1 is not limited to the highways service; other council services such as Housing and Education may purchase hangars under the contract, subject to all ancillary costs described above also being funded.
- 3.5 Whilst funding for new cycle hangars has yet to be secured after 2019/20, the Cabinet Member for Housing and Environment has set a target of 1,000 new residential cycle parking spaces over the duration of Lot 1's four-year contract period. If this entire provision is to be met by hangars, 167 units would be installed by April 2022. Thereafter, a yearly provision of 20 new units each year is assumed to meet demand.

Lot 2

- 3.6 The maintenance and management of all existing and new cycle hangars over the initial four year period of the contract is forecast to be at no net cost to the council.
- 3.7 In return for paying the council a fixed annual amount for each operational cycle hangar (be it existing or one supplied under Lot 1), the Lot 2 supplier receives all residents' rental fees. The services that the supplier provides at no cost under Lot 2 extend only to specified standard maintenance and management tasks. To finance any repair or maintenance that is not specified in Lot 2's specification, it is proposed this will be monitored and be made equal to the amount paid to the council by the Lot 2 provider, thus ensuring there is not net increase in revenue.

4 Legal and Democracy

- 4.1 The Council has delegated the authority to enact this report's recommendations to the Cabinet Member for Housing and Environment. Before exercising that authority, this paper should be reviewed by the Procurement Board on 27th February 2018.

- 4.2 Under the Contract Standing Orders, all contracts with an estimated value of £100,000 or more must be competitively tendered and this report details how officers complied with this requirement.
- 4.3 The Public Contracts Regulations 2015 apply to the proposed contract award and as the services which form the subject of this report are listed at Schedule 3 the “Light Touch Regime” applies and the Council is obliged to comply with the full rigour of the procurement regime if the value of the framework exceeds £181,302. The authors have set out how officers have met this obligation.
- 4.4 As soon as possible after making the decision to award the contract, the Council must provide a written notice to any unsuccessful bidders, naming the winning bidder and describing the characteristics and relative advantages of the successful tender.
- 4.5 The notice also has to state when the 'standstill period' is expected to expire and the date before which the contracting authority will not enter into the contract or conclude the framework agreement.
- 4.6 This proposed key decision was entered in the Forward Plan on 13 January 2017 and the necessary 28 clear days' notice has been given. In addition, the Council's Constitution requires the report to be published on the website for five clear days before the proposed decision is approved by the Cabinet Member. Any representations received during this period must be considered by the decision-maker before the decision is taken. A further period of five clear days, the 'call-in period', must then elapse before the decision is enacted. If the decision is called-in during this period, it cannot be enacted until the call-in has been considered and resolved.

5. **Consultation and co-production**

- 5.1 New cycle hangar installations are prioritised by the number of requests the Council receives from residents on a road. Once a road is prioritised, an informal consultation, involving the whole road, is carried out. Roads located within Controlled Parking Zones require formal statutory consultation. Both consultation processes invite residents to be involved in the decision to site cycle hangars on their street.

6. **Risk management**

- 6.1 As the supplier until the last contract's expiry in 2016, the selection of Cyclehoop Ltd as the new supplier means that transition to the new contract is expected to be seamless and low risk.

Some risks have been identified as key for management and will be monitored. Likelihood is scored on a scale of 1-4 and impact on a scale of 1, 2, 4, and 8. The main risks (and control measures) are identified as follows

Item	Risk	Likelihood	Impact	Score	Control Measures
1	2017/18 LIP funding lost due to inability to place purchase order by end of March 2018	2	4	8	a) Project manager ensures that members of staff critical in meeting procurement timetable detailed in para 10 are available on specified dates to issue necessary approvals b) Programme manager escalates any non-adherence to this programme
2	Contractor might go into administration	1	4	4	a) Supplier has passed the pre-contract financial checks required under standing orders b) Supplier is required to submit and update regularly a Business Continuity Plan and an Exit strategy.

					c) Contract Manager will ensure that council's Business Continuity Plan for the service is up-to-date.
3	Performance under Lot 2 may not meet subscribers' expectations	1	4	4	The contract contains a performance clause where Key Performance Indicators (KPI's) are specified, and will be used to measure the quality of the supplier's delivery.

7. **Equalities impact assessment**

- 7.1 The overall conclusions of the Equalities Impact Assessment is that the provision and maintenance of cycle hangars provision has an overriding positive impact on the community with no disproportionate impact on people with any of the protected characteristics described by the Equality Act 2010. Cyclehoop's hangar however, is not suitable for parking some designs of cycle designed or adapted for use by people with such characteristics. Specifically, Cyclehoop's hangar will not accommodate wheelchair bikes, tricycles (which are more likely to be used by the elderly and disabled people who require extra support and stability while cycling), tandems (which are more likely to be used by people who are blind or partially sighted) and cycles with some designs of child seat attached. Because none of the bidders in Lot 1 offered a design more able to accommodate these vehicles, this non-provision was not a factor in tender assessment.
- 7.2 During the course of the contract, officers will continue to monitor residents' needs and will review and update the Equalities Impact Assessment. If products to accommodate non-standard designs become available and affordable, a separate business case will be prepared.
- 7.3 The locations for hangars are carefully selected to not obstruct pavements or mobility paths. Local resident approval is sought for every location prior to installation.

8. **Community safety**

- 8.1 This programme enhances community safety by enabling residents to park their bicycles in secure hangars rather than on-street where they could be a target for crime.

9. **Organisational implications**

9.1 **Environmental**

The outcome sought by this initiative is for residents to purchase and use cycles rather than use motor transport. Fewer motor vehicles will reduce air and noise pollution.

9.2 **Staffing and accommodation**

There are no TUPE implications.

9.3 **Procurement**

Comments have been included in the body of the report.

9.4 **Health**

The outcome sought by this initiative is for residents to cycle rather than use motor transport. Fewer motor vehicles will reduce air and noise pollution and reduce road danger. Research has demonstrated that, on average, the health benefits of cycling are substantially larger than the risks relative to car driving for individuals shifting their mode of transport.

9.5 **Social Value**

Entering into contract with Cyclehoop offers social value to Lambeth through three important routes. Firstly bikes that Cyclehoop removes as abandoned from cycle hangars, are donated to charity if they are not claimed within 3 months. Secondly Cyclehoop are committed to paying the London Living Wage, and as a local employer provides local employment opportunities for Lambeth residents. Cyclehoop are also able to offer apprenticeship opportunities for Lambeth residents.

The contract manager will monitor the implementation and performance of these proposals through regular supplier management meetings.

10. Timetable for implementation

Activity	Proposed date
Gateway 3 report presented to Procurement Board	27 Feb 2018
Cabinet Member Clearance	6 March 2018
Cabinet Member Decision published online (5 clear days)	7 to 15 Mar 2018
Add supplier to Contract Register	7 Mar 2018
Contract call in period	15 to 22 Mar 2018
Signing of contract	23 Mar 2018
Placing of first purchase order	23 Mar 2018
Contract start date	23 Mar 2018
Negotiate on first extension of contract	September 2021

10.1 Below is a list of measurable aims and outcomes with the date by which the contractor should have achieved them by. This forms part of the contract.

<u>Milestone</u>	<u>Description</u>	<u>Timeframe</u>
<u>1</u>	Client - contractor meeting and a schedule for a regular client – contractor meetings to be agreed.	Within week 2 of Contract Award
<u>2</u>	To agree procedures for the ordering and installation of units.	Within week 2 of Contract Award
<u>3</u>	To be ready to take orders and deliver the units.	Within month 2 of Contract Award
<u>4</u>	To provide delivery and installation schedules.	Within week 2 of receiving an order
<u>5</u>	Weekly reporting on progress with installation and delivery of units.	Within 1 day of agreed start installation date of an ordered units.

10.2 This contract will be monitored and administered by a Project Engineer from the Highways & Transportation Team and by existing officers in the Capital Programmes and Highways service

Audit Trail				
Consultation				
Name/Position	Lambeth directorate / department or partner	Date Sent	Date Received	Comments in paragraph:
Councillor Jennifer Brathwaite	Cabinet Member for Homes and Environment	28.02.18	07.03.18	
Sue Foster, Strategic Director	Neighbourhoods and Growth	06.03.18	07.03.18	
Raj Mistry, Director of Environment	Neighbourhoods and Growth	01.03.18	05.03.18	
Andrew Burton, Head of Capital Programmes & Highways	Neighbourhoods and Growth, Environment	16.02.18	18.02.18	Throughout
Russell Trewartha, Programme Manager	Neighbourhoods and Growth, Environment	14.02.18	16.02.18	Throughout
Andrew Ramsden, Assistant Director	Corporate Resources, Finance	16.02.18	20.02.18	3.0
Zanda Polka Procurement Officer	Corporate Resources, Procurement	02.02.18	16.02.18	Throughout
Michael O'Hora, Senior Contracts Lawyer	Corporate Resources, Legal Services	16.02.18	16.02.18	4.0
Henry Langford, Democratic Services Officer	Corporate Resources, Democratic Services	16.02.18	19.02.18	4.0

Report History	
Original discussion with Cabinet Member	13 January 2017
Part II Exempt from Disclosure/confidential accompanying report?	Yes
Key decision report	Yes
Date first appeared on forward plan	13 January 2017
Key decision reasons	2. Expenditure, income or savings in excess of £500,000
Background information	Lambeth Cycling Strategy
Appendices	None

APPROVAL BY CABINET MEMBER IN ACCORDANCE WITH SCHEME OF DELEGATION

I confirm I have consulted Finance, Legal, Democratic Services and the Procurement Board and taken account of their advice and comments in completing the report for approval:

Signature: _____ **Date:** _____

Post: Ann Marie Davis Environment Project Officer

I confirm I have consulted the relevant Cabinet Members, including the Leader of the Council (if required), and approve the above recommendations:

Signature: _____ **Date:** 15 March 2018

Post: Post: Councillor Jennifer Brathwaite Cabinet Member for Homes and Environment

Any declarations of interest (or exemptions granted): none.

Any conflicts of interest: none.

Any dispensations: none.