

Item No.	Classification: Open	Date: 30 January 2023	Meeting Name: Strategic Director of Environment and Leisure
Report title:		Gateway 2 - Contract Award Approval Provision of cycle hangars	
Ward(s) or groups affected:		All	
From:		Head of Highways	

RECOMMENDATION(S)

1. That the Strategic Director of Environment and Leisure approves the award for the supply of bicycle hangars to Cyclehoop. The initial contract period will be two years commencing on 01 March 2023 and ending on 28 February 2025, with a provision for two one-year extensions (2+1+1) at the Councils discretion, based on performance.

BACKGROUND INFORMATION

2. The current contract commenced on 1 March 2019 and ran for an initial two year period, with a further two 12 month extensions being exercised. The current contract will end on 28 February 2023.
3. There continues to be a significant increase in more sustainable forms of transport and a general trend in people actively seeking to follow a much healthier lifestyle, more people are choosing to cycle either for work or for leisure. Unfortunately the increase in cycle usage has led to an increase in bicycle theft throughout Greater London.
4. As of 31 October 2022 there are 8,874 requests for a space in a cycle hangar (each hangar can take six bikes). Only 352 of the 3,582 spaces currently provided were free (9.82%) at this time. This is a clear demonstration that there is scope to do much more to encourage cycling in the borough by the provision of safe and secure storage.
5. In acknowledgement of this the revised council delivery plan (2022-2026) includes a commitment to deliver 1,000 cycle hangars in the borough by end of March 2026.
6. Many residents in Southwark lack the space to securely store a bicycle in their home, especially lower income families living in flats. The provision of secure, convenient and available cycle parking is important to increase the popularity of cycling, in line with the objectives of the Sustainable Transport Strategy (formerly known as the Movement Plan).

Procurement project plan (Key Decision)

7.

Activity	Completed by/Complete by:
Forward Plan for Gateway 2 decision	09/11/2022
Briefed relevant cabinet member (over £100k)	27/01/2022
Approval of Gateway 1: Procurement Strategy Report	02/02/2022
Invitation to tender	31/10/2022
Closing date for return of tenders	28/11/2022
Completion of evaluation of tenders	07/12/2022
DCRB Review Gateway 2:	04/01/2023
Notification of forthcoming decision – Five clear working days	16/01/2023
Approval of Gateway 2: Contract Award Report	18/01/2023
Scrutiny Call-in period and notification of implementation of Gateway 2 decision	26/01/2023
Approval of Gateway 2: Contract Award Report	27/01/2023
Contract award	30/01/2023
Debrief Notice and Standstill Period (if applicable)	09/02/2023
Add to Contract Register	09/02/2023
Contract start	01/03/2023
Publication of award notice in Find a Tender Service	01/03/2023
Publication of award notice on Contracts Finder	01/03/2023
Contract completion date	28/02/2025
Contract completion date – if extension(s) exercised	28/02/2027

KEY ISSUES FOR CONSIDERATION

Description of procurement outcomes

8. Tenders from 6 suppliers were received, with one of them being excluded from the shortlist for not providing the required information as specified in the contract documents.

Key/Non-Key decisions

9. This report deals with a key decision.

Policy implications

10. The recommendations contained within this report are consistent with the missions of the Movement Plan 2019, particularly:
 - M3 Action 4 – Deliver infrastructure to support active travel
 - M3 Action 5 - Enable people to get active
 - M4 Action 8 – Use kerbside efficiently and promote less polluting vehicles
 - M4 Action 9 – Manage traffic to reduce the demand on our streets
11. The Southwark Climate Change Strategy and action plan sets out how we can deliver a sustainable future for the people of Southwark. The provision of cycle hangars will allow us to deliver on the following actions.
 - F.1.i - Double the number of cycle hangars in the borough to meet a target of 1,000 by 2026.

Tender process

12. The tender followed the open process. A notice under the public contracts regulations was published on the find a tender service.
13. The tender was issued on 31/10/2022 with a return date of 28/11/2022.

Tender evaluation

14. The tender evaluation was assessed against a 60/30/10 basis for price, quality and social value respectively. The scoring criteria can be seen as below.
15. Price – The lowest lump sum price submitted was evaluated as the baseline for establishing the % weighting for the remaining tenderers using the following formula; $(A/B) \times C$ where A = lowest lump sum price, B = next lowest lump sum price and C = overall weighting for price. For the avoidance of doubt, where the lowest lump sum price was scored it was divided by A/A rather than A/B and as a result scored the maximum price score.
16. Quality – Tenderers were required to provide the following 6 method statements which each had an individual weighting:

Method Statement Number	Method Statement Subject	Weighting
1	Product Description and Specification	30
2	Delivery and Installation	20
3	Product features and functionality	10
4	Quality Assurance	20
5	Innovation	10
6	Environmental sustainability	10

17. Each method statement was scored between 0 – 5, with 0 meaning it could not be scored, and 5 being excellent. The score was then multiplied by the weighting of each sub-criteria to give a final score.

18. Social Value – Tenderers were required to submit method statements to show how they would address the following Social Value themes, outcomes and measures (TOM's);

Social Value TOM's	Weighting
Percentage of women (FTE) hired on the contract	2%
Percentage of BAME employees (FTE) hired on the contract	2%
No. of weeks of apprenticeships on the contract that have either been completed during the year, or that will be supported by the organisation until completion in the following years - Level 2,3, or 4+	2%
Equipment or resources donated to VCSEs	2%
Equality, diversion and inclusion training provided both for staff and supply chain staff	2%

Financial Evaluation

19. The Council has decided to award the contract to Cyclehoop due to them having the highest combined score in the 3 criteria which were assessed as part of the tender; price, quality and social value. We acknowledge that their financial accounts show that a loss was made in 2021, but the previous years

show a good track record of financial stability, furthermore they recorded the 2nd lowest score on The Council's key loan to contract value indicator.

Plans for the transition from the old to the new contract

20. This contract provides for the supply only of new units. All units ordered under the current contract will be provided to a programme agreed with the contractor with payment made upon delivery. Once the units are delivered and the new contract commences this will end the current contractor's arrangement which will cease with the exception of honouring the warranty on manufacturing defects.

21. As the management and maintenance aspect of the contract is being brought in house, we have already discussed plans with the incumbent contractor about an exit strategy that will enable the Council to assume control of these duties with minimal impact on the level of service received by customers.

Plans for monitoring and management of the contract

22. The council's contract register publishes the details of all contracts over £5,000 in value to meet the obligations of the Local Government Transparency Code. The highways team will ensure that all appropriate details of this procurement are added to the contract register via the eProcurement System.

23. Monthly reports with details of hangars provided and a programme of deliveries for hangars ordered will be supplied.

24. Key performance indicators in the contract are that delivery of units should commence within one month of an order being issued to the contractor and should be completed within six months of an order being issued.

25. The presence of any manufacturers defects will be reported and discussed with the contractor on a monthly basis

26. Attempted theft will be reported on a monthly basis and the contract contains a KPI for this to be below 1%. Should there be an increase in criminal activity relating to the hangars the supplier should put in place an action plan to address any identified weaknesses.

27. Rate revisions will be assessed on the basis of a request submitted in writing by the contractor providing details of how the tendered rates have been affected.

Identified risks for the new contract

28. As the maintenance and management aspects of the service are now being brought in house, this is a risk that has to be considered. We have held conversations with other London Boroughs who have also brought these parts of the service in house over the past 12-24 months in order to seek advice from them based on their experiences.

No.	Risk	Risk Level	Mitigating Action
1	Provider unable to deliver the number of bike-hangars required	Likelihood low / impact high	Ensure confirmation of delivery prior to award of contract. Contract contains KPIs for delivery timescales.
2	Bike-hangars are vandalised	Likelihood low / impact high	The contract requires a high level of security features. Attendance in case of emergencies is within 24hrs as the maintenance will be dealt with by internal departments
3	Hangars fail to attract users	Likelihood low / impact low	The selection of locations for new units is demand led and informal consultation is carried out prior to installation. Current data indicates that demand is high across the borough. Projected numbers in the contract are for information purposes only and no guarantee of any minimum number of orders is given.
4	Hangars receive inadequate maintenance	Likelihood low / impact high	Ensure that necessary training and manuals are provided in order to carry out repairs to expected standards
5	Issues faced during transition period as maintenance and management of hangars is brought in house	Likelihood low / impact medium	Exit strategy in place with incumbent contractor to ensure smooth transition. We have also held discussions with other Boroughs who have also brought these

			functions in house to learn from their experiences.
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Community, equalities (including socio-economic) and health impacts

Community impact statement

29. The implementation of any transport project creates a range of community impacts. All transport schemes aim to improve the safety and security of vulnerable groups and support economic development by improving the overall transport system and access to it.

30. With the exception of those benefits identified above, the implementation of cycle hangars is not considered to have a disproportionate effect on any particular community group.

31. The implementation of cycle hangars support the council's equalities and human rights policies and promote social inclusion by:

- Offering secure cycle parking facilities for residents in line the Councils movement plan.
- A lack of space to store bicycles affects families from lower incomes more, this provision will seek to address this.
- The tender will include an assessment of each product to understand their ability to accommodate cycles adapted for people who have particular needs.

Equalities (including socio-economic) impact statement

32. The implementation of cycle hangars is not considered to have any adverse effect on socio-economic or health equalities.

33. Encouraging wider uptake of cycling is expected to have a positive impact by reducing the use of motor vehicles and their associated air quality impacts which can disproportionately affect certain health conditions.

Health impact statement

34. The proposals support the council's mission to encourage movement to benefit physical wellbeing and reduce traffic.

Climate change implications

35. The implementation of cycle hangars links into the actions set out under 'Priority 2 – Active and Sustainable Travel' of the Climate Change Strategy, and by nature of building more cycle hangar infrastructure, the scheme is working to reduce carbon emissions by making it easier not to use motor vehicles.
36. A just and inclusive transition is at the heart of the council's emerging climate policy. This proposal prioritises the movement of people first and foremost, while retaining vehicle access for those who require it. In delivering safe and secure cycle parking facilities, the measures are in accordance with the council's approach to addressing the climate emergency.

Social Value considerations

37. The Public Services (Social Value) Act 2012 requires that the council considers, before commencing a procurement process, how wider social, economic and environmental benefits that may improve the well-being of the local area can be secured. The social value considerations included in the tender (as outlined in the Gateway 1 report) are set out in the following paragraphs in relation to the tender responses, evaluation and commitments to be delivered under the proposed contract.
38. Tender submissions have been assessed against the social value themes, outcomes and measures using the Social Value Portal.
39. Social value accounted for 10% of the tender assessment.
40. Bringing the management and maintenance of hangars in-house will provide employment opportunities for local people.

Economic considerations

41. Local organisations are looking at ways to improve transport options for their employees. Changes in how staff travel to and from work, and make journeys during the working day, can save time and money for both the businesses and their employers. These changes can also provide health, social and environmental benefits for the community at large.

Social considerations

42. The successful tenderer will be required to provide opportunities for apprentices as part of this contract, and provide equality, diversity and inclusion training for members of staff working on this contract.

Environmental/Sustainability considerations

43. The introduction of secure cycle parking encourages sustainable modes of transport, and is in line with Southwark's Sustainable Transport Strategy (formerly the Movement Plan) which prioritises kerbside space for sustainable modes of transport.

Market considerations

44. Cycle hangars are a popular provision with council's, particularly in cities where space is limited in peoples' homes but cycling provides an excellent choice for transport. In view of this the market for providers continues to expand. Not all providers offer the option of a managed service however, and this was part of the consideration of taking the management in-house since this would give a much wider range of potential suppliers and allow the council to achieve the most economically advantageous solution for the capital costs.

Staffing implications

45. Additional staff will be required to manage this contract as the management and maintenance will now be delivered by internal departments.

46. Following discussions with the incumbent contractor, additional staff will not be taken on through the TUPE process, as there are no individuals who have been dedicated to the Southwark work on a greater than 50% basis over any period of time.

Financial implications

47. For construction (works) contracts, the council is/is not the end user in relation to Domestic Reverse Charge (DRC) and notification of this will be included in the letter of award to the successful contractor.

Investment implications

48. The asset and installation is paid upfront under this contract, with the ongoing maintenance and management costs covered by rental charges collected directly from the user.

49. Any surplus revenue from rental charges will be used to provide new hangars.

Legal implications

50. A stage 1 ELI request was sent to the current contractor to provide details of any staff who may be eligible for TUPE. The contractor has confirmed that the operations of the company across many contracts mean that no single member of staff has their role dependant on this contract.

51. For further details of legal implications please see concurrent from the Director of Law and Governance.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Finance and Governance (EL22/104)

52. The strategic director of finance and governance notes the recommendation to the Strategic Director of Environment and Leisure to approve the award for the supply of bicycle hangars to Cyclehoop. The strategic director of finance and governance notes the outcome of the financial evaluation of the potential suppliers.

53. The strategic director of finance and governance also notes the financial implications above, and that there are sufficient resources available in Cycle hanger capital programme budget to fund this proposal.

54. It is also noted that there are no additional staffing implications and officers' time and any other costs connected with this recommendation will be contained within existing departmental budgets.

Head of Procurement

55. This report seeks approval of contract award to Cyclehoop for the supply of bicycle hangars in Southwark. A council led procurement was undertaken in alignment with the Public Contract Regulations 2015 and (PCR 2015) council Contract Standing Orders, (CSOs) with award of contract in January 2023 (as detailed within timetable contained at the end of paragraph 7 of this report).

56. Risks associated with the award are contained at the end of paragraph 28, and the report notes the potential impact of inflationary pressures, together with associated mitigation, and issues with general performance, again referencing planned mitigation.

57. Proposed methodology for contract monitoring is detailed within paragraphs 22 – 27.

58. The Community Impact, Equalities and Health Impact statements are set out in paragraphs 29 - 34.

59. The Climate Change, Economic, Social and Environmental / Sustainability statements are set out in paragraphs 35 – 41.

Director of Law and Governance

60. This report seeks approval of the award of a contract for the supply of bicycle hangars, as detailed in the Recommendation.
61. The nature and estimated value of the proposed contract means that its procurement is subject to the Public Contracts Regulations (PCR) 2015. As noted in paragraphs 12 and 13 a competitive tendering exercise has been conducted, following the Open Procedure prescribed by the PCR and including the publication of a contract notice on the UK Find-a-Tender service.
62. The proposed contract award is also consistent with the council's Contract Standing Orders (CSOs) which reserve the decision to the Strategic Director of Environment and Leisure.
63. The Strategic Director's attention is drawn to the Public Sector Equality Duty (PSED) under the Equality Act 2010, and when making decisions to have due regard to the need to eliminate discrimination, harassment, victimisation or other prohibited conduct, and to advance equality of opportunity and foster good relations between persons who share a relevant protected characteristic and those who do not share it. The relevant characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion, religion or belief, sex and sexual orientation, The duty also applies to marriage and civil partnership but only in relation to the elimination of discrimination. The community impact statement at paragraphs 29 to 31 notes that the award of this contract is not considered to have a disproportionate effect on any particular community group.

PART A – TO BE COMPLETED FOR ALL DELEGATED DECISIONS

Under the powers delegated to me in accordance with the council's Contract Standing Orders, I authorise action in accordance with the recommendation(s) contained in the above report (and as otherwise recorded in Part B below).

Signature: Caroline Bruce

Date: 27 January 2023

Designation Strategic Director, Environment & Leisure

PART B – TO BE COMPLETED BY THE DECISION TAKER FOR:

- 1) All key decisions taken by officers
- 2) Any non-key decisions that are sufficiently important and/or sensitive that a reasonable member of the public would reasonably expect it to be publicly available (see 'FOR DELEGATED DECISIONS' section of the guidance).

1. DECISION(S)

As set out in the recommendations of the report.

2. REASONS FOR DECISION

As set out in the report.

3. ALTERNATIVE OPTIONS CONSIDERED AND REJECTED BY THE OFFICER WHEN MAKING THE DECISION

Not applicable.

4. ANY CONFLICT OF INTEREST DECLARED BY ANY CABINET MEMBER WHO IS CONSULTED BY THE OFFICER WHICH RELATES TO THIS DECISION

No conflict of interest.

5. NOTE OF ANY DISPENSATION GRANTED BY THE MONITORING OFFICER, IN RESPECT OF ANY DECLARED CONFLICT OF INTEREST

If a decision taker or cabinet member is unsure as to whether there is a conflict of interest they should contact the legal governance team for advice.

Not applicable.

6. DECLARATION ON CONFLICTS OF INTERESTS

I declare that I was informed of no conflicts of interests.*

7. CONSIDERATION GIVEN TO WHETHER, AS A NON-KEY DECISION, THIS SHOULD BE FORWARDED TO THE CONSTITUTIONAL TEAM FOR PUBLICATION IN ACCORDANCE WITH REGULATION 13(4)*

The decision taker should consider whether although a non-key decision, the decision is sufficiently important and/or sensitive that a reasonable member of the public would reasonably expect it to be publicly available. Where there is any doubt, having considered the importance and/or sensitivity of a decision, it should be deemed that Regulation 13(4) would apply.

Not applicable as a Key decision.

* Under the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, the council is required to put in place a scheme for recording and publishing some officer executive decisions. This process is sometimes referred to as "Regulation 13(4)".

BACKGROUND DOCUMENTS

Background documents	Held At	Contact
Movement Plan 2019	160 Tooley Street SE1 2QH	George Mellish 020 7525 7903
Link: https://www.southwark.gov.uk/planning-and-building-control/planning-policy-and-transport-policy/transport-policy/policy-and-guidance-documents/movement-plan		
Climate Change Action Plan	160 Tooley Street SE1 2QH	Chris Page
Link: https://www.southwark.gov.uk/environment/climate-emergency/reaching-net-zero/our-plan-for-net-zero		

APPENDICES

No	Title
Appendix 1	Provision and maintenance of Cycle Hangars – Gateway 1 Report

AUDIT TRAIL

Lead Officer	Dale Foden - Head of Highways	
Report Author	George Mellish – Principal Transport Projects Engineer	
Version	Final	
Dated	09/01/23	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Strategic Director of Finance and Governance	Yes	Yes
Head of Procurement	Yes	Yes
Director of Law and Governance	Yes	Yes
Cabinet Member	Yes	Yes

Contract Review Boards		
Departmental Contract Review Board	Yes	Yes
Corporate Contract Review Board	No	No
Cabinet	No	No
Date final report sent to Constitutional Team		27 January 2023