

Report of: Licensing and Finance Manager

Report to: Head of Elections, Licensing and Registration

Date: 21 July 2016

Subject: Waiver of Contracts Procedure Rules No 8.1 and 8.2 to Award HPI Online Provider for Taxi & Private Hire Licensing

Are specific electoral Wards affected?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, name(s) of Ward(s):		
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, Access to Information Procedure Rule number: 10.4		
Appendix number: 1 and 2 (commercially sensitive information see para 4.5.1)		

Summary of main issues

1. The public must be safe and comfortable in a licensed taxi or private hire vehicle and there is an expectation that this will be the case when a vehicle has been licensed by our Section. At Leeds City Council the standard conditions attached to Taxi and private hire saloon and "people carrier" vehicle licence stipulates that:-
 - 1.1. At the point of licensing, a vehicle must hold full 'Whole Vehicle Type 'European Approval'. In the event of any changes or modification to the vehicle during the lifetime of the licence, the vehicle must attain 'Whole Vehicle Type European Approval' in its adapted form before being taken into licensed use again; and
 - 1.2. A vehicle licence will not normally be granted if it has sustained accident damage resulting in structural distortion beyond the accepted limits of the vehicle manufacturer, or, has been disposed of under an insurance salvage agreement (categories A, B, C, and D).
2. In order to comply with the above requirements, officers at Taxi and Private Hire Licensing Section use a HPI online checking system that will allow them to instantly see if the vehicle is HPI Clear.

Recommendations

3. That the Head of Elections, Licensing & Registration approve the waiver of Contracts Procedure Rules No 8.1 and 8.2 – Intermediate value procurements – and award a

contract and enter into a direct contract with HPI for the period 4 years (1 August 2016 to 31 July 2020) with an option for a 1 year extension.

1 Purpose of this report

- 1.1 Under Contract Procedure Rules 8.1 and 8.2 all contracts with a value of between £10k and £100k are to be competitively tendered by formally inviting a minimum of three tenders.
- 1.2 The Taxi and Private Hire Licensing Section are seeking approval to waive this requirement to ensure continuity of the service by engaging the existing provider, HPI, with better terms and conditions.

2 Background information

- 2.1 In accordance with the council's duty to obtain the best value for money, I have undertaken a review of the current contract with HPI. In a meeting held with HPI in May 2016, it was evidenced that HPI were providing a good service to Leeds City Council. However current contract was not representing the best value for money.
- 2.2 A HPI check allows Officers to obtain vital information regarding a vehicle at the time of accepting a vehicle licence application. The checks are also carried out when a licenced vehicle has been involved a road accident. This information include: Vehicle ID, information as to whether the vehicle has been stolen, any finance attached to it, insurance write off as a result of damage or theft.

3 Main issues

Reason for Contracts Procedure Rules Waiver

- 3.1 HPI has been providing this service to us for many years. By entering the new contract, the council will be making savings on this service in the excess of 40%, whilst continuing to enjoy a reliable service.
- 3.2 The financial value of the contract is low (approximately £7,000 per year) in return for good benefit to the Council both in the recharge rates and in service and user satisfaction.
- 3.3 The contract is a source of income for the Section. Currently the cost to the Section for a HPI check is £4.12 and this will be reduced to £1.41 under the new contract.
- 3.4 Given the volume of HPI checks that we do (between 200 and 300 HPI per month). HPI are proposing to enter a contract 300 checks per month as follows:

Items	Cost	Monthly Fixed Fee	Excess Rate Per HPI Check
300 fixed fee HPI checks + 50 FOC HPI checks	£1.41 each	£423.00	£1.48 each
Monthly subscription fee	£7.08	£7.08	N/A
	Totals	£430.08	

- 3.5 The waiver is requested to enable the Section to continue to benefit from the current service provision with significant savings.

Consequences if the proposed action is not approved

- 3.6 If this waiver is not approved the contract will be put out to tender which will be costly and time consuming for the Section. In the meantime the Council will have to continue to use this service under current terms and conditions which is very costly.
- 3.7 If we don't have a HPI service in place, this will have a knock on effect that the Section would be unable to accept any new vehicle applications and this in turn will affect the income with Section receives. We will also not have the ability to carry out safety checks on taxi and private hire vehicle which have been involved in an accident.
- 3.8 If we are unable to accept new applications the council will be criticised by the trade for potential loss of income and by the public who rely on taxi and private hire transport.

Advertising

- 3.9 In accordance with the procurement regulations and the Council's contract procedure rules, we have tried to obtain 3 quotations. Four companies were approached but only two suppliers provided quotations. The other two suppliers declined to provide a quote on the phone saying that the volume of checks that we do was very low compare to the car dealers, therefore were not interested in submitting any quotations.
- 3.10 The companies contacted were:-
- HPI (current provider) – see appendix 1
 - UKVehicle.com – see appendix 2
 - AA – declined to provide quotation
 - RAC – declined to provide quotation

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 It is not considered necessary to consult with service users and stakeholders at this stage since the decision being sought is to award a contract with the current provider and will not result in any increase in the current fees which they pay for this service.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 There are no issues to consider at this time as all vehicle applicants are required to be checked prior to the grant of a licence. This is regardless of the service provider.

4.3 Council Policies and City Priorities

4.3.1 The Taxi & Private Hire Licensing policies contribute to the following aims:

Best Council Plan 2013 -17

Towards being an Enterprising Council

Our Ambition and Approach

Our Ambition is for Leeds to be the best city and Leeds City Council to be the best council in the UK – fair, open and welcoming with an economy that is both prosperous and sustainable so all our communities are successful.

Our Approach is to adopt a new leadership style of civic enterprise, where the council becomes more enterprising, business and partners become more civic, and citizens become more actively engaged in the work of the city.

Our Best Council Outcomes

Make it easier for people to do business with us

Our Best Council Objectives

Promoting sustainable and inclusive economic growth – Improving the economic wellbeing of local people and businesses. With a focus on:

- Helping people into jobs,
- Boosting the local economy
- Generating income for the council

Ensuring high quality public services – improving quality, efficiency and involving people in shaping their city. With a focus on;

- Getting services right first time
- Improving customer satisfaction

4.3.2 The Taxi & Private Hire Licensing policies contribute to priorities:

- Reduce crime levels and their impact across Leeds
- Effectively tackle and reduce anti-social behaviour in communities

4.3.3 Safeguarding children and vulnerable adults:

Leeds City Council has both a moral and legal obligation to ensure the duty of care for both children and vulnerable adults across all of its services. This cannot be achieved by any single service or agency. Safeguarding is ultimately the responsibility of all of us and depends on the everyday vigilance of staff who play a part in the lives of children or vulnerable adults.

4.4 Resources and Value for Money

- 4.4.1 Over many years HPI have provided an excellent service to the Section and our service users. The new contract will allow the Council to make some significant savings
- 4.4.2 The HPI is a source of income for the Section. There is no impact to staffing should the waiver be approved.

4.5 Legal Implications, Access to Information and Call In

- 4.5.1 Any decision to procure that includes a waiver of Contracts Procedure Rules is a Significant Operational Decision, regardless of the value. The appendices to the report are exempt from publication as they contain commercially sensitive information. This delegated decision is not eligible for call in under the Access to Information Rules.
- 4.5.2 Awarding contracts directly to the consultant service provider in this way could leave the Council open to a potential claim from other providers, to whom this contract could be of interest, that it has not been wholly transparent. In terms of transparency it should be noted that case law suggests that contracts of this value should be subject to a degree of advertising, particularly if it would be of interest to contractors in other member states. It is up to the Council to decide what degree of advertising is appropriate but consideration should be given to the subject-matter of the contract, its estimated value, the specifics of the sector concerned (size and structure of the market, commercial practices, etc) and the geographical location of the place of performance.
- 4.5.2 The Head of Elections, Licensing & Registration has considered this and, due to the nature of the services being delivered, the relatively low value of the contract and the requirement to physically deliver the training in Leeds, is of the view that the scope and nature of the services is such that it would not be of interest to contractors in other EU member states.
- 4.5.4 There is a risk of an ombudsman investigation arising from a complaint that the Council has not followed its own procedures, resulting in a loss of opportunity. Obviously, the complainant would have to establish maladministration. It is not considered that such an investigation would necessarily result in a finding of maladministration however such investigations are by their nature more subjective than legal proceedings.
- 4.5.5 Although there is no overriding legal obstacle preventing the waiver CPR 8.1 and 8.2, the above comments should be noted. In making his final decision, the Head of Elections, Licensing & Registration should be satisfied that the course of action chosen represents Best Value for the Council.

4.6 Risk Management

- 4.6.1 If the waiver is approved there are no additional risks. If the waiver is not approved there is a risk in terms of income to the Section and exposing the Council to criticism as outlined at 3.6, 3.7 and 3.8

5 Conclusions

- 5.1 It is Council policy to be looking for price reduction year on year. This new contract with HPI meets the Council's duty to obtain best value for money.

6 Recommendations

- 6.1 That the Head of Elections, Licensing & Registration approve the waiver of Contracts Procedure Rules No 8.1 and 8.2 – Intermediate value procurements – and award a contract and enter into a direct contract with HPI for the period 4 years (1 August 2016 to 31 July 2020) with an option for a 1 year extension.

7 Background documents

- 7.1 None.