



## CABINET

24<sup>th</sup> June 2020

**Subject Heading:**

Procurement of ULEZ compliant buses for PTS to transport clients on behalf of Children and Adult Services

**Cabinet Member:**

Councillor Jason Frost – Cabinet Member for Health & Adult Care Services

**SLT Lead:**

Barbara Nicholls – Director of Adult Social Care

**Report Author and contact details:**

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**Policy context:**

Supporting the Communities objectives within the Corporate Plan: Helping young and old fulfil their potential through high-achieving schools and by supporting people to live safe, healthy and independent lives

**Financial summary:**

The value of the proposed contract award is £1,539m funded from capital receipts generated from the disposal of existing vehicles, supplemented by funding from the Fleet Replacement Reserve

**Is this a Key Decision?**

Yes

Expenditure or saving (including anticipated income) of £500,000 or more

**When should this matter be reviewed?**

May 2021

**Reviewing OSC:**

Individuals O&S

**The subject matter of this report deals with the following Council Objectives**

Communities making Havering  
Places making Havering  
Opportunities making Havering  
Connections making Havering

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## **SUMMARY**

This report considers the procurement of 14 replacement buses for the Passenger Transport Service (PTS), primarily for Home to School transport for SEN children but also other transport work conducted on behalf of Children and Adults Services. These vehicles represent the remaining fleet assets that are not currently Euro 6 standard and therefore require replacement in advance of the new LEZ/ULEZ regulations to ensure compliance.

## **RECOMMENDATIONS**

For the reasons set out in the report, Cabinet is recommended to agree the award of contracts to:

- Alexander Dennis Limited for the purchase of 3 x 12.8m Single Deck Coaches
- Treka Bus Limited for the purchase of 6 x 18 Seater Front Entry XLWB Vans
- Mellor Coachcraft for the purchase of 2 x 30 Seater buses and 3 x 24 seater buses

as set out within the exempt Appendix A to this report, for the provision of replacement vehicles.

## **REPORT DETAIL**

Havering's Passenger Travel Services (PTS) currently operates 58 vehicles that provide specialist home to school transport, conveying children & adults with either physical or mental disabilities to various specialist schools or day centres for Children's Services and Adults Social Care (CAD). Unlike some local authorities, Havering do not hold any 'spare' fleet assets, as a result of which all 58 vehicles are in daily use.

The PTS service works with client departments to reduce the demand for Home to School transport promoting other solutions where possible e.g. independent travel training, as a means of mitigating increasing demands and consequent budgetary pressures upon the service. Notwithstanding these efforts, demand for transport has increased significantly over the past 4 years from 34 routes in 2015/16 to 40 routes in 2018/19 with an average of 346.4 passengers transported per day by PTS. Demographic forecasts for the borough indicate an ongoing and potentially increasing need for Home to School transport over the next 3-4 years. (see table below)

**Borough wide (Primary, Secondary, Special Schools and Post 16) demand**

Year	Cognition and Learning	Communication and Interaction	SEMH	Sensory and or Physical needs	Total
2016/17	419	537	143	137	1236
2017/18	425	608	163	152	1348
2018/19	461	720	193	156	1530
2019/20	476	809	225	161	1672
2020/21	469	913	268	170	1820
2021/22	462	1060	304	166	1992
2022/23	469	1218	328	167	2181

As a further measure to mitigate budget pressures on Children's and Adults Services, the PTS service seeks to utilise available capacity within the fleet outside of core hours to undertake additional contract and ad-hoc work for other clients, with the operating surplus from this activity being used to reduce recharges to internal clients.

Of the 58 vehicles currently operated, 18 do not meet the revised standards for the London Ultra/Low Emission Zone (ULEZ /LEZ), set to come into force in April 2021. The ULEZ will apply to the area west of the A406 so would have little impact upon core work undertaken on behalf of Children Services and Adults Social Care. However the LEZ will extend to the M25 from October 2020, meaning that any non-compliant vehicle weighing over 5 tons will incur a daily fine of £100 for entering the LEZ area, thereby impacting upon all Havering home to school routes. (Note: charges have been suspended until the end of Feb 2021 as a result of the Covid-19 outbreak)

There is accordingly a need to replace the non-compliant vehicles in advance of the LEZ implementation date. Beyond achieving LEZ compliance, it is proposed that the replacement vehicles will have an increased capacity in order to meet increasing demand from CAD and offer greater operational flexibility.

Beyond the core internal work, a fully compliant fleet offers secondary benefits as follows:

- Greater potential to undertake contract and other ad-hoc work extending into the ULEZ zone as and when opportunities arise.
- The new regulations are likely to serve as a watershed for some transport operators whereby smaller firms may not be able to commit the capital investment required to update their fleet, potentially reducing the number of competitors within the market.
- environmental benefits for transport operations

The TPPL Bus and Coach framework has 14 specialist coach and bus manufacturers. The Council's requirements may be met via mini competitions under Lots 6 (18-36 seat coach built accessible and non-accessible) and 7 (8.9m – 18.7m coach built to include double decked, articulated, and tri-axle from 36-75 seats) of the framework. A mini competition carried out under this framework offers an EU compliant and competitive route to market and is considered to offer the optimum and best value route to market.

**Procurement Process Adopted:**

The TPPL Framework runs for 48 months until August 2021.

The Framework provides access to 27 suppliers (with a mix of OE manufacturers and specialised vehicle convertors).

The relevant OJEU notices are: Contract Notice Award Notice 2017/S 106-212142 2017/S 159-328518

Specifications were provided by the stakeholder Simon Blake, Head of Transport - these were then signed off internally and reviewed by TTPL before they issued via their DELTA e-sourcing portal on our behalf.

The evaluation panel comprised of 3 members of the Transport team each member evaluated via moderation meetings being used to agree a group score. Procurement supported the write up and summarisation of these meetings. The group signed off and agreed the final outcomes which represent this award. Clarification meetings on cost were held. Financial checks on the companies have been taken previously however will be repeated prior to award.

**PROCUREMENT TIMETABLE**

This procurement is intended to follow the time-line below:

<b>Stage</b>	<b>Date(s) and time(s)</b>
Issue of Invitation to Tender	16 <sup>th</sup> December 2019
Last date for Clarification questions	3 <sup>rd</sup> January 2020
Response to Clarification questions	3 <sup>rd</sup> January 2020
Submission of Tenders	6 <sup>th</sup> January 2020
Evaluation of Tenders	7 <sup>th</sup> January – 9 <sup>th</sup> January 2020
Checkpoint 2 approval	12 <sup>th</sup> March 2020
Review by O&S	17 <sup>th</sup> June 2020
Cabinet	24 <sup>th</sup> June 2020
Notification of result of evaluation	25 <sup>th</sup> June 2020
Standstill period (VOL 2 DAY STANDSTILL)	29 <sup>th</sup> June 2020
Expected date of award of Contract(s)	30 <sup>th</sup> June 2020
Add to Contract Register	30 <sup>th</sup> June 2020
<b>Contract</b> commencement	1 <sup>st</sup> July with phased delivery schedule for Bus delivery 2020
<b>Initial Contract</b> completion date	December 2020

Multiple Call offs were undertaken with TPPL for different lots, and vehicle types which comprises of the 14 buses seeking to be purchased.

The above time table applies to both Alexander Dennis & Treka procurement awards

For Mellor the only difference in timescales is stated below, all other dates are the same.

Stage	Date(s) and time(s)
Issue of Invitation to Tender	29 <sup>th</sup> January 2020
Last date for Clarification questions	7 <sup>th</sup> February 2020
Response to Clarification questions	7 <sup>th</sup> February 2020
Submission of Tenders	19 <sup>th</sup> February 2020
Evaluation of Tenders	27 <sup>th</sup> February 2020

## **REASONS AND OPTIONS**

### **Reasons for the decision:**

The 14 vehicles require replacement with Euro 6 standard models in order to achieve compliance with the forthcoming LEZ/ULEZ regulations. A full procurement exercise has been undertaken via a national framework comprising multiple suppliers to achieve the most competitive prices.

### **Other options considered:**

#### ***Do nothing***

In light of the increasing demand upon the Passenger Travel Service in recent years it is considered essential to replace the old and non-compliant existing fleet with new vehicles.

Operating non-compliant vehicles will generate a fine of £100 on each occasion that a vehicle enters the ULEZ/LEZ area. It would not be operationally feasible to undertake core LBH routes using only the remaining 34 compliant vehicles

#### ***Use an alternative framework Options:***

ESPO - this framework has 7 specialist coach and bus manufacturers limiting scope of competition based on our vehicle specification requirements.

YPO – this framework has 11 specialist coach and bus manufacturers which have more suppliers fulfilling our specification requirements, but this was ruled out, due to the TPPL framework having a greater number of specialist coach and bus manufacturers which would create greater competition whilst meeting our specification requirements under *specified lots*.

***Carry out a fully EU compliant open procurement process***

This option will take longer and will use more procurement and service resources than a mini competition. The high number of suppliers available to the Council via the TPPL Bus and Coach Framework is considered to offer sufficient competition to allow the Council to meet its requirements and achieve best value. Accordingly, this option is not recommended.

***Contract hire rather than purchase***

These vehicles require a large capital investment which specialist hire companies would have little interest in. Maximum contract hire term is 7 years and the annual lease charges would be higher than purchasing them outright. Having the vehicles being purchased for a longer operating period reduces PTS running costs and charges to its internal clients.

***Consideration of electric fleet options***

An extensive evaluation was undertaken of the potential to transition fleet assets to electric vehicles including purchase costs, operating costs, range restrictions, warranties and infrastructure requirements.

Equivalent electric vehicles, where available are generally between 2-3 times the price of a conventional Euro 6 alternative and whilst operational savings are generated, the financial modelling undertaken indicates that the level of savings would require a 53 year payback period in order to recover the additional capital investment.

PTS vehicles ordinarily have a 10 year operating life and most manufacturers of electric vehicles will not warranty the batteries beyond 5 years, presenting operational and financial risks. Furthermore the stated operational range of these vehicles is a maximum of 100 miles on a single charge, presenting further operational risks as the average daily mileage for the PTS fleet is 80 miles.

<b>IMPLICATIONS AND RISKS</b>
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**Financial implications and risks:**

The estimated value of the PTS vehicle procurement is £1.539m.

Replacement vehicles across the corporate fleet are funded from the Fleet Replacement Reserve. The Council generally purchases fleet assets (rather than leasing/contract hire) and then applies an internal financing charge over the operational life of the vehicle. This financing charge is set at a rate that replenishes the vehicle replacement reserve on a rolling basis. The amount recovered via the annual internal leasing revenue charge over the life of the asset equates to the purchase price less the residual value. At the end of the asset's useful life the residual value is charged to the revenue account, as is any capital receipt which is realised from its sale – the two should broadly offset each other.

If the annual whole life cost charge (internal leasing, tax and maintenance) for a like-for-like replacement vehicle is more than that of the vehicle its replacing the additional revenue budget is given to the transport service to pay for the increased charge. Transport would then recalculate the PTS charges based on the more expensive annual vehicle charge and pass this cost (and the budget) to Social Services. If the annual whole life cost charge is less than that of the vehicle it is replacing, the saving is taken corporately.

In this instance, the annual charge across the new fleet being purchased is broadly the same as that of the existing fleet, therefore, there are no revenue budget implications.

The new suite of vehicles might have the added benefit of increasing the services' ability to bid for external work/contracts which would assist in reducing the overall cost of the service to the Council and would contribute towards MTFS savings targets.

**Legal implications and risks:**

- 1 This report seeks approval of a procurement strategy that has been undertaken, to tender and now award contract to the three preferred suppliers (as set out within the Recommendation section above), at the total estimated expenditure of £1,538,905.98, by using the Procurement Partnership Limited (TPPL) national Minibus, Bus and Coach Procurement Framework that will run until August 2021, as set out within the body of the report and within the attached.
- 2 The Council has the general power of competence under section 1 of the Localism Act 2011 to do anything an individual may generally do, together with the power under section 111 of the Local Government Act 1972 to do anything ancillary to or which facilitates any of its functions. The contract may be procured in accordance with these powers.
- 3 The indicative value of the contract exceeds the current EU threshold of £181,302 for provision of supplies. The procurement must therefore comply with the requirements of the PCR 2015. With the assistance of the Procurement unit, the client department has undertaken a tender process which is allowable under the Public Contracts Regulations 2015 ("**PCR 2015**") and the Council's Contract Procedure Rules ("**CPR**"), the Bath and North East Somerset Bus and Coach Procurement Framework (TPPL Framework) is open to members of The Procurement Partnership Limited. London Borough of Havering is a member of TPPL and may therefore call off contracts from the TPPL Framework. The body of the report sets out how the Council has complied with the Call Off procedures of the TPPL Framework, the CPR and PCR 2015 requirements whilst procuring the new contract provisions.
- 4 Contract Procedure Rule 3.2 provides that a contract may only be awarded if the expenditure has been included in approved revenue or capital estimates or has been otherwise approved by, or on behalf of the council. The body of this report sets out the relevant financial implications arising from the Council procuring the provision of the replacement fleet vehicles under the TPPL Framework Agreement.

- 5 The Public Sector Equality Duty (PSED) is set out in section 149 of the Equality Act 2010. At each stage, in exercising its function (and in its decision making processes) the council must have due regard to the need to:
- a) eliminate discrimination, harassment, victimisation or other prohibited conduct;
  - b) advance equality of opportunity between persons who share a relevant protected characteristic and those who do not share it;
  - c) foster good relations between person who share a relevant protected characteristic and those who do not share it.

The relevant protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

- 6 The Legal and Governance officers are available to assist the client department in drafting and finalising the terms and conditions of the proposed contract between the parties.

**Human Resources implications and risks:**

There are no anticipated HR issues resulting from this decision.

**Equalities implications and risks:**

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have 'due regard' to:

- (i) The need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- (ii) The need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
- (iii) Foster good relations between those who have protected characteristics and those who do not.

Note: 'Protected characteristics' are age, disability, gender reassignment, marriage and civil partnerships, pregnancy and maternity, race, religion or belief, sex/gender, and sexual orientation.

The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants.

An EqHIA (Equality and Health Impact Assessment) is usually carried out when a current or planned service/policy/activity is likely to affect staff, service users, or other residents. It is acknowledged that in emergency or urgent situations it will not always be possible to carry out an EqHIA in advance of a relevant activity, however, managers will undertake the required EqHIAs at the earliest opportunity. Where managers are already clear that



protected groups/users will be impacted negatively by the intended activity, then this will be noted in the next paragraph and/or put into EqHIAs. Where the negative impact of the intended activity can be mitigated, this too should be set out in this report and/or the EqHIA.

In all situations, urgent or not, the Council will seek to ensure equality, inclusion, and dignity for all.

PTS transport is generally provided on behalf of vulnerable client groups due to age, disability or a combination of factors.

The replacement fleet assets will continue to be fully accessible to wheelchair users with the appropriate clamps and other safety features for the welfare of service clients

**Health and Wellbeing implications and Risks:**

The proposed purchase of ULEZ compliant vehicles will support the Council's health and wellbeing aspirations, in particular the environmental objectives set out within the Council's Air Quality Action Plan to reduce air-borne pollution derived from vehicle emissions.

**BACKGROUND PAPERS**

None.