



Notice of KEY Executive Decision

Appendix A to this report is exempt from publication by virtue of paragraph 3 and 5 of the Access to Information Procedure Rules set out in the Constitution pursuant to Schedule 12A Local Government Act 1972, as amended in that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information).

Subject Heading:	Award of contract for 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
CMT Lead:	Barbara Nicholls – Director of Adult Social Care
Report Author and contact details:	Simon Blake – Head of Transport Services Tel: 01708 433202 Simon.Blake@oneSource.co.uk
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 £654k funded from capital receipts generated from the disposal of existing vehicles, supplemented by funding from the Fleet Replacement Reserve

Key Executive Decision

Reason decision is Key	Yes Expenditure or saving (including anticipated income) of £500,000 or more
Date notice given of intended decision:	16.10.20
Relevant OSC:	Individuals O&S
Is it an urgent decision?	No
Is this decision exempt from being called-in?	No

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

Communities making Havering	<input checked="" type="checkbox"/>
Places making Havering	<input checked="" type="checkbox"/>
Opportunities making Havering	<input type="checkbox"/>
Connections making Havering	<input type="checkbox"/>

Key Executive Decision

Part A – Report seeking decision

DETAIL OF THE DECISION REQUESTED AND RECOMMENDED ACTION

To approve the award of a call-off contract from the Procurement Partnership Limited (TPPL) National, Minibus and Coach framework (Contract Notice Award Notice 2017/S 106-212142 2017/S 159-328518) under Lot 7 to the award of contract to:

- Alexander Dennis Limited for the purchase of 4 x 10.8m Single Deck Buses.
- Total contract value of £654K

AUTHORITY UNDER WHICH DECISION IS MADE

Part 3 Responsibility for Functions of the Council's Constitution

3.3 Powers of Members of the Senior Leadership Team

Members of the Senior Leadership Team (SLT) have delegated authority to act as follows within the assigned service service/portfolio of responsibilities, subject to the general provisions and limitations set out in section 3.1 above.

Contract powers

(b) To award all contracts with a total contract value of between £500,000 and £5,000,000.

STATEMENT OF THE REASONS FOR THE DECISION

On 24.06.20 Cabinet approved the purchase of 14 vehicles (currently on order). The 4 vehicles referenced in this report represent the remaining balance from a total of 18 fleet assets that were non-compliant with Euro 6 standards and therefore required replacement. The purchase of 14 vehicles were agreed at checkpoint 2 on the 12.03.20 and it was also mentioned on the report that a further 4 vehicles are to be procured and would be subject to a separate CP2, which has also happened and been agreed.

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)

Key Executive Decision

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, 4 now 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 extended to the M25 from October 2020, meaning that any non-compliant vehicle weighing over 5 tons incurs 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 now extended to Feb 2021 due to Covid. 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 PSVAR (Public Service Vehicle Accessibility 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 and increasing Transport's external income.
- 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.

Key Executive Decision

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 159-328518

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

The evaluation comprised of 1 member of the Transport team and 1 Category Procurement Specialist, carrying out a joint evaluation to agree a score. Procurement supported the write up and summarisation of these meetings. The evaluation team 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.

In general competition was low, 2 of the largest suppliers responded to lot 7 BNES TPPL framework which meant 2 bids was received meeting our specification requirements. The commercial strategy however was successful and savings were made. Value for money is still therefore deemed to have been secured irrespective of a lack of competition.

OTHER OPTIONS CONSIDERED AND REJECTED

Reasons for the decision:

The 4 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

Key Executive Decision

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.

PRE-DECISION CONSULTATION

None

Key Executive Decision

NAME AND JOB TITLE OF STAFF MEMBER ADVISING THE DECISION-MAKER

Name: Simon Blake

Designation: Head of Transport

Signature: *S Blake*

Date: 01.02.21

Part B - Assessment of implications and risks

LEGAL IMPLICATIONS AND RISKS

The Council has a statutory duty under Section 508A of the Education Act 1996 to promote the use of sustainable modes of travel to meet the school travel needs of their area. The recommendation to award the aforementioned contract is compatible with this statutory duty.

Bath & North East Somerset Council Bus Purchase and Contract Hire Framework (OJEU Ref: 2017/S 159-328518) appears to be compliant with the Public Contracts Regulations 2015. The Framework Agreement was executed on 17 August 2017. Participating authorities therefore have until August 2021 to call-off a supplier from this Framework.

The Framework is open to members of the Procurement Partnership Limited including the London Borough of Havering. The Council's Contract Procedure Rules confirm that all subsequent purchases under a framework shall either not require further competition (if a single supplier) or, if there are two or more suppliers for those goods or services on the framework, follow the express framework provisions for choosing a supplier.

Officers ran a further competition in accordance with the Framework's requirements and have satisfied themselves that the bid submitted by Alexander Dennis Limited represented the most economically advantageous tender for the Council overall.

As the contract value exceeds £150,000 the contract must be executed as a deed by the affixing of the Council's seal. The call-off contract must therefore be sent to Legal Services to be executed.

FINANCIAL IMPLICATIONS AND RISKS

The estimated value of the PTS vehicle procurement is £654k.

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.

Key Executive Decision

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.

HUMAN RESOURCES IMPLICATIONS AND RISKS (AND ACCOMMODATION IMPLICATIONS WHERE RELEVANT)

There are no anticipated HR issues resulting from this decision.

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.

Key Executive Decision

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

BACKGROUND PAPERS

None

Key Executive Decision

Part C – Record of decision

I have made this executive decision in accordance with authority delegated to me by the Leader of the Council and in compliance with the requirements of the Constitution.

Decision

Proposal agreed

Delete as applicable

Proposal NOT agreed because

Details of decision maker

Signed

Name: Barbara Nicholls

Cabinet Portfolio held:

CMT Member title: Director of Adult Services

Head of Service title

Other manager title:

Date: 2nd February 2021

Lodging this notice

The signed decision notice must be delivered to the proper officer, Andrew Beesley, Committee Administration & Interim Member Support Manager in the Town Hall.

For use by Committee Administration

This notice was lodged with me on _____

Signed _____

Key Executive Decision