

## Notice of Non-key Executive Decision

<b>Subject Heading:</b>	Commencement of a procurement process for the replacement of Passenger Transport Assets
<b>Decision Maker:</b>	Dave McNamara – Interim Section 151 Officer
<b>Cabinet Member:</b>	Councillor Roger Ramsey – Cabinet Member for Finance and Resources
<b>SLT Lead:</b>	Dave McNamara – Interim S151 Officer
<b>Report Author and contact details:</b>	Simon Blake 01708 433202 <a href="mailto:Simon.Blake@onesource.co.uk">Simon.Blake@onesource.co.uk</a>
<b>Policy context:</b>	Supporting the Places objectives within the Corporate Plan and in particular the Council's Air Quality Action Plan
<b>Financial summary:</b>	<p>There are no direct financial implications associated with commencing the procurement process as this will be conducted within existing resources.</p> <p>The indicative total value of the procurement is £1.913m funded from a combination of capital receipts generated from the disposal of existing vehicles and the Internal Leasing Reserve.</p>
<b>Relevant OSC:</b>	Environment O&S
<b>Is this decision exempt from being called-in?</b>	No

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

Communities making Havering	x
Places making Havering	x
Opportunities making Havering	[]
Connections making Havering	[]

**Part A – Report seeking decision**

<b>DETAIL OF THE DECISION REQUESTED AND RECOMMENDED ACTION</b>
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## Non-key Executive Decision

To agree to the commencement of a procurement process for supplies contracts for 29 replacement vehicles within the Passenger Transport fleet as follows:

- (a) 20 via a mini competition under Lot 2 of the Procurement Partnership Limited Minibus, Bus and Coach Procurement Framework at an estimated contract value of £1.229m
- (b) 7 via a mini competition under Lot 3 of the Procurement Partnership Limited Minibus, Bus and Coach Procurement Framework at an estimated contract value of £638k
- (c) 2 via a mini competition under Lot 2 of the Cars, Light and Medium Commercial Vehicles up to 12.5t GVW, Pedestrian and Compact Sweepers up to 12.5t GVW, Vehicle Racking and Van Conversions, Telematics Equipment and Electric Vehicle Charging Infrastructure Framework at an estimated contract value £46k.

### **AUTHORITY UNDER WHICH DECISION IS MADE**

Part 3, para 3.3 of the Constitution –Powers of Members of the Senior Leadership Team.

Contract powers: (a) to approve commencement of a tendering process for all contracts above a total contract value of £500,000

### **STATEMENT OF THE REASONS FOR THE DECISION**

Havering's Passenger Travel Services (PTS) currently operates 52 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 52 vehicles are in daily use. The 29 vehicles that require replacing are all at the end of their useful operating life.

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 38 education routes in 2017/18 (303) passengers to 42 education routes in 2021/22 with an average of 369 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 linked to the forecast increase in children with Special Educational Needs. (see table below)

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

<b>Academic year</b>	<b>Cognition and Learning</b>	<b>Communication and Interaction</b>	<b>SEMH</b>	<b>Physical and/or Sensory</b>	<b>Totals</b>
2017/18	414	599	165	150	1328
2018/19	435	737	193	169	1534
2019/20	488	802	227	176	1693

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2020/21	533	882	274	180	1869
2021/22	617	1034	330	208	2189
2022/23	686	1128	388	222	2424
2023/24	761	1218	461	229	2669
2024/25	864	1305	567	236	2972
2025/26	959	1405	684	245	3293

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.

The 29 vehicles will meet the current LEZ / ULEZ standards for London and will be running on GTL (Natural Gas to Liquid).

Beyond the core internal work, acquiring these vehicles will be advantageous when it comes to additional income from private hire and adult work for schools in neighbouring boroughs.

## **OTHER OPTIONS CONSIDERED AND REJECTED**

### ***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 potentially non-compliant existing fleet with new vehicles. These vehicles are at the end of their natural operating life and extending the life of the vehicles will see more age related breakdowns with increased maintenance and hire costs. This would impact on home to school routes. If vehicles were not available some routes would temporarily be suspended until the vehicles were made available again.

Operating potentially non-compliant vehicles (currently the vehicles are under 5 tonnes and are compliant at present regarding the LEZ /ULEZ, but the LEZ/ULEZ threshold will change within the next 18 months as these vehicles are Euro 4/5 and not the cleaner EURO 6 which is less damaging to the environment). If the vehicles are not replaced the potential impact could generate a fine of £100 per day 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 23 compliant vehicles.

### ***Spot Hire***

The 16 seat coach built buses are extremely hard to acquire via spot hire and would cost in the region of £1560 per month for a 16 seat LEZ/ULEZ Euro 6 compliant vehicle. These vehicles would be used for a minimum of 45 weeks per year. Our current vehicles under WLC, cost £1,246 per month on average, £314 less per month than the hired vehicle.

### ***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. Purchasing the vehicles reduces PTS running costs and charges to its internal clients over the operating period.

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### ***BEV (Battery Electric Vehicle) and Infrastructure***

A paper was presented at Theme Board on the 8<sup>th</sup> June 2020 linked to the details below:

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. If we were to revisit this evaluation again, a further feasibility study would be required from UK Power Networks to establish Central Depots required power consumption, grounds costs including cabling and the provision of a new substation. On top of this, a charging network supplier would need to be identified including costs of smart chargers to be installed (rated @ 22kw) x 52 vehicle points.

Equivalent electric vehicles, where available and 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 and winter operations can drastically reduce the battery operating range due to heating and tail lift operations. The need to charge regularly would reduce fleet availability and impact on the delivery of the PTS operations including support functions under a pandemic.

### **PRE-DECISION CONSULTATION**

*None.*

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

Name: Simon Blake

Designation: Head of Transport

Signature: *S. Blake*

Date: 05.04.22

## Part B - Assessment of implications and risks

### LEGAL IMPLICATIONS AND RISKS

The Council has a statutory duty under Section 508A(1)(c) of the Education Act 1996 to promote the use of sustainable modes of travel to meet the school travel needs of their area. The Council is making a decision to procure a service contract to carry out this duty.

The Council has the power to procure a contract for this work through section 111 of the Local Government Act 1972, which allows the Council to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions, or through its general power of competence under section 1 of the Localism Act 2011 to do anything that individuals generally may do. There are limitations on the general power of competence, but the limitations do not apply to this decision.

The proposed procurement value exceeds the applicable public procurement threshold for supplies contracts stipulated in the Public Contracts Regulations 2015 ("PCR") of (£213,477). Therefore, this procurement is subject to the full PCR regime.

According to the Council's Contract Procedure Rule 20.4, where a framework agreement is operational, all subsequent purchases under a framework either do 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 or in the absence of an express framework a mini competition should be held amongst the relevant suppliers.

The two Frameworks afford participating authorities the option of holding a mini-competition provided that all Suppliers on the relevant Lot are invited to bid. Therefore, officers will conduct mini competitions and tenders will be evaluated against the frameworks pre-determined best price-quality ratio of 40% price and 60% quality weightings.

For the reasons set out above, the Council can commence the tender process.

### FINANCIAL IMPLICATIONS AND RISKS

The indicative value of the PTS vehicle procurement is £1.913m. This decision only seeks to commence a procurement process so is accordingly of little financial impact (hence Non-Key). No costs are envisaged for carrying out the procurement process as it will be undertaken by existing Council staff. A subsequent Key Decision will be issued to approve the final purchase. Whilst the financial implications of the purchase will be reassessed at that time, the expected implications are set out below for completeness.

#### Capital Implications of the purchase

Replacement vehicles across the corporate fleet are largely funded from the Internal Lease Reserve with a contribution from capital receipts generated from the sale of existing vehicles. The Internal Lease Reserve will be replenished over the useful life of the vehicles through the annual whole life cost charge to revenue. 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 existing vehicle will be sold, realising a capital

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receipt and the reserve is used to fund the difference between the sums realised from sale of the old vehicle and the purchase price of its replacement.

### **Revenue Implications of the purchase**

As stated above, there will be an annual charge to the service Passenger Travel Service revenue budgets (PTS) to reflect the whole life cost (WLC) of the vehicles. This includes the replenishing the internal lease plus annualised costs of the estimated routine maintenance/MOT costs, road fund licence and insurance costs over the life of the vehicle. It is estimated that the net annual Whole life cost of the replacement vehicles will be £33k per lower than the existing vehicles thus offering a saving to the Passenger Travel Service.

In addition to a lower WLC the replacement of these vehicles will also avoid Passenger Travel Service from funding further ad hoc maintenance costs. These are currently quite high as the vehicles have reached the end of their useful life which has already been extended from 7 to 10 years.

The savings to the PTS budgets will be used to offset any costs arising in the service to ensure that the overall charge to internal clients namely adults & children's services is kept as low as possible.

Wherever possible these vehicles will be used to maximise income by utilising spare capacity to provide ad hoc services to external clients such as schools, academies and other Councils. Reduce costs may also make the service more competitive when bidding for such work, generating more income should there be an increase in contracts won.

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

There are no anticipated HR issues resulting from this decision

## **EQUALITIES AND SOCIAL INCLUSION 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, sex, race, disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment.

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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 proposed or planned activity is likely to affect staff, service users, or other residents.

The Council seeks to ensure equality, inclusion, and dignity for all in all situations.

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.

### **ENVIRONMENTAL AND CLIMATE CHANGE IMPLICATIONS AND RISKS**

The Buses to be purchased are EURO 6 with stop start systems and Ad blue. A treatment injected into the SCR (Selective Catalytic Reduction) systems which removes harmful nitrogen oxide converting it into nitrogen and water.

All of the New Buses will be fully compliant to meet the strict ULEZ / LEZ standards for London and will be running on GTL .This is the current green alternative fuel to diesel which all our current fleet vehicles operate on.

GTL complies with EN15940 standards and reduces NOx by 37% and Particulate Matter by 50% reducing our carbon footprint.

Other advantages of GTL:

- It has a much higher cetane number (fuel burns better within the engine)
- It has a higher mass calorific value
- It has a lower sulphur levels
- It has lower levels aromatics
- It is almost free from other unsaturated molecules such as olefins (unsaturated hydrocarbon compounds)
- More efficient combustion at lower temperatures (improved cold starting)
- Fully Bio- Degradable and Non Toxic with a low hazard rating (evaporates if spilt )
- Reduced noise levels by 1-4Db (uniform combustion shortens ignition delay reducing diesel knock)
- Reduced fuel consumption due to a more efficient fuel burn rate
- No smell from the fuel or from the exhaust
- Reduction in the following harmful gases: Nitrogen oxides (NOx) Particulate Matter (PM) Carbon monoxide (CO) and Hydrocarbons (HC) all associated with respiratory illness.



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Other measures to reduce fuel consumption:

All our PTS bus drivers are subjected to periodic training which includes eco driver training and anti –idle training, which identifies the health benefits and the impact on the environment from efficient driving techniques.

All bus routes are designed to be as fuel efficient as possible taking in the need of our clients, distance, time and destination.

**BACKGROUND PAPERS**

None.

**APPENDICIES**

None.

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**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.

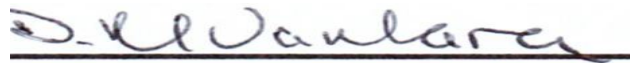
**Decision**

Proposal agreed

*Delete as applicable*

**Details of decision maker**

Signed



Name: Dave McNamara

SLT Member title: Interim S151 Officer

Date: 24<sup>th</sup> May 2022

**Lodging this notice**

The signed decision notice must be delivered to Democratic Services, in the Town Hall.

**For use by Committee Administration**

This notice was lodged with me on \_\_\_\_\_

Signed \_\_\_\_\_

**Executive Decision Report Audit Trail**

**Non-key Executive Decision**

Position/Title	Directorate	Date Sent	Date received	Date Cleared
	Cabinet Lead			
	Member			
	SLT Director			
	Legal			
	Finance			
	Human			
	Resources			
	Equalities			
	Health			
	Democratic			
	Services			