



This Report is part exempt and Appendix A is not available for public inspection as it relates to exempt information within the meaning of paragraph 3 of Schedule 12A to the Local Government Act 1972. It is exempt because it refers to commercially sensitive information, and the public interest in maintaining the exemption outweighs the public interest in disclosing the information

CABINET

9th October 2024

Subject Heading:

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

Cabinet Member:

Councillor Barry Mugglestone– Cabinet Member for Environment

SLT Lead:

Neil Stubbings – Strategic Director of Place

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Policy context:

Supporting the Places objectives within the Corporate Plan and in particular the Council's Air Quality Action Plan 20182023

Financial summary:

The value of the proposed contract award is £1.647m. This will be funded from the £1.678m Capital budget (C38880) available.

Is this a Key Decision?

Yes

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

When should this matter be reviewed? Sept 2024

Reviewing OSC: Place OSSC

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

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

SUMMARY

This report considers the procurement of 13 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 some of the remaining fleet assets that are not currently Euro 6 standard and therefore require replacement before the grace period for the TFL Community Bus Certificate expires in October 2025. After this date the buses will be subject to a £100 charge per vehicle per day to operate within the ULEZ.

These vehicles are also at least 3 years beyond their typical operating life and if not replaced are likely to present increased maintenance and reliability risks to PTS operations.

RECOMMENDATIONS

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

- Treka Bus Limited (Company No. 15320085) for the purchase of thirteen 16 Seater Coach Built Buses.

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

REPORT DETAIL

STATEMENT OF THE REASONS FOR THE DECISION

Havering's Passenger Travel Service (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 13 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 7 years from 38 education routes in 2017/18 (303) passengers to 42 education routes in 2022/23 with an average of (449) 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 4-7 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

Academic year	Cognition and Learning	Communication and Interaction	SEMH	Physical and/ or Sensory	Totals
2020/21	544	905	272	173	1894
2021/22	574	1057	312	195	2138
2022/23	562	1251	385	204	2402
2023/24	592	1354	381	205	2533
2024/25	621	1525	418	215	2779
2025/26	631	1702	438	227	2998
2026/27	645	1891	452	246	3234
2027/28	655	2082	451	264	3452
2028/29	673	2269	448	280	3670
2029/30	691	2433	448	292	3864

In order to maximise the overall Council's income, 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. Acquiring these vehicles will accordingly

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be advantageous in generating additional income from private hire and adult work for schools in neighbouring boroughs. External work of this nature generated additional turnover of approximately £1m in the last financial year.

The 13 vehicles will meet the current LEZ / ULEZ standards for London and will be running on GTL (Natural Gas to Liquid). The Home to School transport review has now been implemented, but the demand for bus transport continues to increase as a result of demographic pressures, notwithstanding increasing take up of personal travel budgets and independent travel training. It is recommended to use the remaining available balance of £1.678m from the existing capital Project Code C38880 to purchase 13 ULEZ-compliant, wheelchair-accessible buses to meet this demand.

The TPPL Bus and Coach framework was utilised to procure these vehicles. This framework has 27 specialist coach and bus manufacturers. The Council's requirements have been met via mini competitions under Lots 2 (5-26 seater bus van conversions (15 suppliers for accessible and non-accessible) and Lot 3 (5-36 seater coach built buses (9 suppliers fully accessible) of the framework.

A mini competition carried out under this framework offers a 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 2025.

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

The relevant Contract notices are: Contract Notice Award Notice 2021/S 000-011496 2021/S 000-020126

The Framework permits mini-competitions, inviting all suppliers on the relevant lots to bid on the specifications provided. Officers conducted mini-competitions and tenders have been evaluated against the Framework's pre-determined best price-quality ratio of 40% price and 60% quality weightings.

The quality ratings was broken down into the following categories;

- Aftersales 20%
- Delivery 20%
- Dealer Network 10%
- Breakdown cover (VOR) 5%
- Parts Delivery 5%

Specifications were provided by the stakeholder Simon Blake, Head of Transport for Lots 2 & 3 - these were then signed off internally and reviewed by TTPL before they issued a mini competition via their DELTA e-sourcing portal on our behalf.

3 bids were received, 2 for Lot 2 (Van Conversions) and 1 for Lot 3 (Coach Built). Due to the total value of the bids exceeding available capital budget and the largest proportion of vehicles required was under Lot 3, the decision was made to procure 13 vehicles only under Lot 3. The Lot 3 bid was shared with procurement and the supplier fully meets the tender specifications required. The TPPL framework allows for flexibility regarding the award process as no bid is guaranteed to be awarded. The successful bid was shared with Procurement at Gateway 2. The Gateway group signed off and agreed the final outcomes which represent this award.

Throughout the mini competition the framework provider (TPPL) held clarification questions with suppliers based on specifications provided, with responses sent directly to the framework provider (TPPL). Financial checks on the companies will be taken by procurement prior to award.

REASONS AND OPTIONS

Reasons for the decision:

The 13 vehicles require replacement with Euro 6 standard models in order to achieve compliance with the forthcoming LEZ/ULEZ regulations. Replacement of aging fleet will also reduce future unplanned maintenance costs and maximise availability for statutory Home to School work. 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 potentially non-compliant existing fleet with new vehicles. These vehicles are at the end of their 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.

There is also risk in 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 compliant vehicles.

Spot Hire (flexible rental agreement which is daily, monthly, or annual with no termination costs).

The 16-seat coach built buses are extremely hard to acquire via spot hire and would cost in the region of £1,560 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) whole life cost, which includes maintenance and wear and tear is £1,246 per month on average, £314 less per month than the spot hired vehicles.

Contract hire (fixed rental term over a set period of years) vs outright purchase

These vehicles require a large capital investment which specialist hire companies would have little interest in. Maximum contract hire (lease) term is 7 years with an agreed fixed annual rental & mileages. The annual lease charges would be higher than purchasing the vehicle outright and there is the risk of betterment charges and excess mileage charges at the end of the lease period. Leases are not extendable at the end of the agreement and must be returned on a predetermined date with a minimum of 6 months MOT still current on the vehicle to be returned.

Purchasing the vehicles reduces PTS running costs and charges to its internal clients over the operating period with more flexibility regarding the usage (mileage).

BEV (Battery Electric Vehicle) and Infrastructure

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. Where appropriate, transition to electric vehicles has been progressed e.g. Grounds Maintenance fleet.

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 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 as it would take at least 8 to 10 hours to recharge between morning and afternoon runs with the real risk that the vehicles would not have enough battery capacity (charge) to continue their scheduled afternoon routes. This would have a serious impact on the service delivery of the PTS operations including support functions under a pandemic or emergency evacuations such as the fires in Rainham.

Beyond the factors above, the additional power demands arising from transitioning the PTS fleet to EV's would require a significant capital investment beyond the

charging infrastructure already planned, triggered by the capacity limits of the existing sub-station at Central Depot.

IMPLICATIONS AND RISKS

Financial implications and risks:

Capital Implications of the purchase:

The initial capital budget available was for the purchase of 16 new buses due to deferring the replacement of 19 buses back in December 2022. The budget is established within Asset Management against capital project C38880. However due to the increase in chassis prices the budget only covers the purchase of 13 buses after the tender exercise. The remaining balance of vehicles will be replaced when more capital is available 2025/26.

The existing available capital budget will be used to fund the purchase of the 13 buses. 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 13 years. This financing charge is set at a rate that replenishes the vehicle replacement reserve on a rolling basis.

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 £34k less than the current vehicles. A breakdown of these costs are outlined in the table below:

Item	Old Vehicles (£)	New Vehicles (£)	Difference (£)
Financing	164,693	158,815	-5,878
Tax	3,540	4,485	- 945
Maintenance	103,426	73,957	29,469
Total	271,659	237,257	-34,402

What is not included in the table above are the likely ULEZ fines that will be imposed once the Community Bus Certificate (exemption) expires in October 2025.

This is estimated to cost: £100 fine per day per bus x 190 academic days x 13 vehicles = £247K per annum. In addition, 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 to 13 years.

As a short term fix, Transport will seek to install exhaust after treatment systems on the remaining balance of vehicles not replaced, which would be otherwise subject to a £100 per day ULEZ charge from October 2025.

Any 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. Reduced costs may also make the service more competitive when bidding for such work, generating more income should there be an increase in contracts won.

Legal implications and risks:

This report seeks approval to award 1 contract to the named supplier within the Recommendations.

The Council has a statutory duty under Section 508A (1) (c) of the Education Act 1996 (as amended by the Education and Inspections Act 2006) to promote the use of sustainable modes of travel to meet the school travel needs of its area. The recommendations within this report are in keeping with this duty.

The procurement process followed has already been set out in the body of this report and appears to be a fully compliant procedure.

Officers have conducted mini competitions using the Procurement Partnership Limited (TPPL) national Minibus, Bus and Coach Procurement Framework (Contract Award Notice 2021/S 000-020126) for the purchase of replacement buses.

This is in accordance with the Council's Contract Procedure Rule 20.4, which requires all purchases under a multi supplier framework to follow the express framework provisions for choosing a supplier and if there are no such express provisions to hold mini-competitions amongst the relevant suppliers.

The Framework itself was launched in August 2021. Participating authorities therefore have until August 2025 to call-off from this Framework.

Officers have satisfied themselves that the bid submitted by Treka Bus Limited represents the most economically advantageous tender for the Council overall.

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, sex, race, disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment.

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.

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, physical or mental disability or a combination of all factors.

The replacement fleet assets will continue to be fully accessible to wheelchair users with the appropriate comfort, cooling / heating, lighting, wheel chair securing, all age seat belts and other safety features for the welfare of our service clients

There are no equalities and social inclusion implications and risks associated with this decision and an EqHIA (Equality and Health Impact Assessment) is not required on this occasion.

Health and Wellbeing implications and risks

Below lists the positive health and wellbeing implications relating to the proposed decision to purchase the 13 buses designed to carry children & adults with special educational needs.

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- The proposed vehicles are designed for maximum comfort and come with full climate control, tinted windows and mood lighting to aid mental health and wellbeing
- The proposed vehicles are fully accessible and will provide all age groups access to education or any other training opportunities agreed by the authority (CAD)
- Employment, income, opportunities for economic development
- These buses will be able to access green spaces (parks), sports facilities, and any other opportunities to allow the clients to be active in partnership with CAD
- The buses will be used to take clients to day centres which allows the clients the opportunity to interact socially with other people, prevent social isolation, foster community support networks and assist residents being able to live independently
- Ability to access health and social care services
- Flexible Transport, and connections to places within or between the Borough

Environmental and Climate Change Implications and risks

The buses recommended for purchase are EURO 6 compliant 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 proposed replacement 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 of the Council's 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)

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- 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 (NO_x) Particulate Matter (PM) Carbon monoxide (CO) and Hydrocarbons (HC) all associated with respiratory illness.

Other measures to reduce fuel consumption:

All PTS drivers are subjected to periodic training which includes eco driver training and anti –idle training, which identify 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 clients, distance, time and destination

BACKGROUND PAPERS

None.