

Notice of KEY Executive Decision

Subject Heading:	Award of contract for ULEZ compliant assets for Passenger Transport Services
Decision Maker:	Councillor Barry Mugglestone– Cabinet Member for Environment
Cabinet Member:	Councillor Barry Mugglestone– Cabinet Member for Environment
ELT Lead:	Neil Stubbings – Strategic Director of Place
Report Author and contact details:	Simon Blake 01708 433202 Simon.Blake@haverling.gov.uk
Policy context:	Supporting the Places objectives within the Corporate Plan and in particular the Council's Air Quality Action Plan 20182023
Financial summary:	The total value of the proposed contract award is £1,041m funded from a combination of capital receipts generated from the disposal of existing vehicles and the Internal Leasing Reserve.
Reason decision is Key	Expenditure or saving (including anticipated income) of £500,000 or more
Date notice given of intended decision:	16.10.25

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Relevant Overview & Scrutiny Committee:	Places O&S Sub Committee
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

People - Supporting our residents to stay safe and well

Place - A great place to live, work and enjoy

Resources - Enabling a resident-focused and resilient Council

Part A – Report seeking decision

DETAIL OF THE DECISION REQUESTED AND RECOMMENDED ACTION

This report considers the procurement of 5 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 operating under grace period certificates and therefore the new assets will meet LEZ/ULEZ regulations to ensure compliance.

For the reasons set out in the report, it is recommended to agree the award of contract via The BNES (Bath & North East Somerset Council) / Procurement Partnership Limited (TPPL) Framework TPPLBNES03 Mini Comp:

Lot 1 Bus & Coaches 5 > 75 seats to the following supplier:

- Alexander Dennis Limited (ADL) for the purchase of 5 x 28-Seater Buses
Total Value £1,040,625.00

It is also recommended to agree to the waiver of CPR 18.4 requires tenders to be evaluated against a pre-determined best price-quality ratio of 70% cost and 30% quality weighting.

AUTHORITY UNDER WHICH DECISION IS MADE

Part 3.2 Executive Functions

3.7 To approve an exception to the Contracts Procedure Rules set out in Part 4 of this constitution, in accordance with Rule 14(1) of those Rules.

14.1 No exception to these Rules shall be permitted except upon approval by an individual Cabinet member using an Executive Decision or by some other provision in this Rule. The report shall set out the background, the rule being waived, the reasons the waiver is required, how value for money will be demonstrated, any legal or financial risks or implications and shall be approved by the Director of Legal and Governance and the Chief Executive.

3.8 To approve the commencement of the tender process, to award contracts, agree extensions of contract terms where the value of such matter is between £1,000,000 and £2,000,000 subject to consultation with the Strategic Director of Resources. (Note: Pension Committee has powers to invite tenders and award contracts for investment matters within their terms of reference)

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

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Social Care (CAD). Unlike some local authorities, Havering do not hold any 'spare' fleet assets, because of which all 52 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. Recent changes to the Home to School Transport policy have achieved an increase in Personal Travel Budgets as an alternative to direct transport provision – there has also been some success in transferring children previously transported in private taxi to existing PTS bus routes, achieving a lower unit cost.

Notwithstanding these efforts, demand for PTS transport has increased significantly over the past 8 years from 303 passengers per day in 2017/18 to a daily average of 430 passengers in 2025/26.

Demographic forecasts for the borough indicate an ongoing 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

Approval was given in 2023 to replace 13 buses from a remaining available balance of £1.67m from the existing capital Project Code C38880. Vehicles of this nature have a lengthy lead-in and manufacture time, such that these previous replacements are only now arriving on the fleet.

It was decided in 2023 to defer replacement of the remaining 7 vehicles that were due for replacement at that time:

- due to there being insufficient funds within the fleet replacement reserve at that point
- to allow sufficient time to monitor the impact of the new Home to School policy, relative to demographic growth pressures, to confirm future fleet capacity requirements

The operating life of some of these retained vehicles has since increased to 15 years therefore, presenting an increased risk of unplanned maintenance, higher operating costs and resultant unavailability.

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These remaining 7 vehicles are also non-ULEZ compliant, albeit they are temporarily exempt from incurring daily fines courtesy of a TfL Community Bus Certificate, which expires in October 2027.

Having reviewed current and forecast operating needs, the Transport service is recommending replacement of the existing 7 x 16 seat buses with 5, larger capacity, 28 seat, wheelchair-accessible vehicles. This proposal reduces the number of vehicles required, and related operating costs, whilst increasing the seating capacity (28 additional seats when compared against the 7 existing vehicles) to absorb future demand.

The proposed replacement vehicles will be ULEZ-compliant, eliminating the risk of ongoing fines once the current exemption certificate expires.

Beyond the core Home to School work, acquiring these vehicles can also be utilised for external hire, generating additional income outside of core hours.

The TPPL Bus and Coach 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 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 2025 but was amended (variation) from 12th May 2025 (extended 31st December 2025).

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 2021/S 000-011496 2021/S 000-020126

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

Only one bid was received which matched the Tender specification.

The one tender bid was shared with Procurement and Transport. Procurement & the Head of Transport evaluated and scored the tender bid pack on the framework providers (TPPL) scoring matrix. The score was shared with Procurement Gateway (GR2) for transparency. The group signed off and agreed the final outcomes which represent this award.

Throughout the mini competition the framework provider (TPPL) was available for any Clarification questions with suppliers, based on specifications provided with responses to be sent directly to the framework provider (TPPL). Financial checks on the companies will be taken prior to award.

PROCUREMENT TIMETABLE

Stage	Date(s) and time(s)
Issue of Invitation to Tender	17 th October 2025

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Last date for Clarification questions	30 th October 2025
Response to Clarification questions	None received
Closing date for submission of Tenders	06 th November 2025
Evaluation of Tender	12 th November 2025

OTHER OPTIONS CONSIDERED AND REJECTED

Do nothing

Considering the ongoing 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 further still 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.

Currently the vehicles are under 5 tonnes and are LEZ /ULEZ compliant due to the TFL community bus certificates with an extended grace period to October 2027. However, the LEZ/ULEZ threshold will still apply to these vehicles in less than 19 months. It takes at least 40 weeks from place of order for the recommended replacements vehicles to be built. If the 7 non-compliant vehicles are not replaced the potential impact will generate a fine of £100 per day on each occasion that a vehicle enters the ULEZ/LEZ area or 190 academic days x 100 x 7 vehicles = £133k. It would not be operationally feasible to undertake core LBH routes using the remaining compliant PTS vehicles.

Spot Hire

The 28-seat coach-built buses are not available on spot hire, only on long term contract hire with a maximum duration of 7 years and excess mileage penalty clauses. Outright purchase gives the operator the advantage of a longer operating period and no limitations on mileage.

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.

BEV (Battery Electric Vehicle) and Infrastructure

Currently the government has introduced a £30million depot charging scheme to support businesses and local authorities in installing the necessary infrastructure for charging zero emission heavy goods vehicles, vans, buses and coaches. The scheme offers fleets up to 75% off the eligible project costs with a deadline of 28th November for applications. The scheme is capped at £1million and all agreed works to be completed by 31st March 2026. This is a tight deadline to meet and would require a full site survey of Central Depot to establish the sites current electrical demand and spare capacity including the power required for the site if all the fleet was BEV.

Equivalent electric vocational vehicles are available and are generally twice the price of a conventional Euro 6 alternatives. BEV's offer some operational savings such as slightly reduced

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maintenance and cost of charging vs fuel usage which is dependent on the type of charger required and the established cost of the supply (Kwh). However, the initial outlay for these types of vehicles and the uncertainty surrounding residual values would drive the operational cost up for internal leasing and the costs to clients, also the charging infrastructure would need to be established first in any case.

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: 13.11.25

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 recommendations within this report are in keeping with this duty.

A call off from an active, fit for purpose framework (procured under Regulation 33 of the Public Contracts Regulations 2015) is a permissible route to procurement.

The framework is open to all Local Authorities in the UK and members of the Procurement Partnership Limited (TPPL) including the London Borough of Havering. The Framework itself was launched in August 2021, and participating authorities have until December 2025 to call-off from this Framework.

The framework affords participating authorities the option of holding a mini-competition, managed and delivered free of charge by TPPL via the Delta e-Sourcing portal. This option is also in accordance with the Council's Contract Procedure Rule (CRR) 20.4.

Tenders evaluated against 40% price and 60% quality weightings. CPR 18.4 requires tenders to be evaluated against pre-determined best price-quality ratio of 70% cost and 30% quality weighting. Therefore, for the reasons set out in this report, Officers also seek authority to waive this Contract Procedure Rule.

CPR 14 provides that a waiver of the Rules is permissible if all relevant law is complied with and the governance sets out the background, the rule being waived, the reasons the waiver is required, how value for money will be demonstrated and any legal or financial risks or implications. The Public Contract Regulations confirm that contracting authorities have flexibility of choice in selecting their price/quality evaluation model. Officers have satisfied themselves that the requirements for a waiver have been met in this instance and that this decision will result in the best value for the Council overall.

FINANCIAL IMPLICATIONS AND RISKS

This paper seeks Member approval to award a contract to Alexander Dennis Limited (ADL) via the BNES (Bath & North East Somerset Council)/(Procurement Partnership Limited) Minibus, Bus and Coach Procurement Framework with a total value of the PTS vehicle procurement of £1.041m. Contract payments will be made on or after delivery of the new 28 seater buses.

The paper has expressed that due to the size and significant cost of each of these buses, that the outright purchase option as opposed to an external lease is the preferred avenue. The paper also recommends deviation from the Council's standard weighting criteria, via a waiver, due to the importance of getting the right quality of bus given the capital outlay.

Capital Implications of the purchase

Due to vehicle lead times, delivery of the 5 buses will not be until the financial year 2026/27. Therefore, the Original Capital Programme Budget for 2026/27 will reflect this as a new addition subject to approval of this paper.

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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 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.

This purchase will not incur borrowing costs, as the reserve and appropriate capital receipts will fund it.

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 £2.7k less than the current vehicles and the revised cost will be covered within existing budgets. A breakdown of these costs is outlined in the table below:

Item	Old Vehicles x 7 (£)	New Vehicles x 5 (£)	Difference (£)
Financing	77,875	86,750	8,875
Tax	1,162	1,150	(12)
Maintenance	47,662	36,095	(11,567)
Total	126,699	123,995	(2,704)

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 2027. This is estimated to cost: £100 fine per day per bus x 190 academic days x 7 vehicles = £133,000 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 7 to 15 years.

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.

Along with the modelled cost reduction, and further ULEZ and maintenance charges, considering the PTS vehicles are all in use with no spare fleet vehicles, if the old vehicles are not replaced and breakdown, leading to an extended time out of operation or are deemed unfit

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for use, this could cost the council further in costs of providing alternative provision for the Home-to-School transport service.

Completes phase of original Cabinet Paper

This contract award will complete the phase of PTS bus replacement originally approved by Cabinet in November 2022, which sort to replace 27 buses in total for £2.2m. Following that paper, only 4 were purchased, following a range of reasons such a change to Children's Services Policy, provider failure and wishing to avoid borrowing costs a staggered approach was pursued. In April 2024, a subsequent decision to procure 16 buses was agreed but due to rising manufacturing costs and demand for vehicles, the Council purchased 13 buses to remain within the budget envelope.

Therefore, the cost is estimated to have risen to £3m with a purchase of 22 buses overall. This reduction in buses is not purely down to cost rises but also a change to the preferred model and seating capacity (i.e. purchasing 5 larger buses compared to 7 direct replacements).

Financial Risks

The Framework expires at the end of December which leaves a small margin of time to place the order after the approval of this decision therefore delays must be avoided. If the deadline is missed, then the procurement will have failed, and the service will need to start again.

The service will need to ensure smooth transition between disposing of old assets and receiving the new buses to ensure no adverse operation impact is felt.

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;

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- (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.

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.

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

The replacement of these vehicles will have a positive impact on residents with protected characteristics, particularly disabled children and adults who rely on accessible transport. The new vehicles will be fully wheelchair-accessible and equipped with safety and comfort features. An Equality and Health Impact Assessment has been considered and confirms that the proposal supports the Council's duties under the Equality Act 2010. The Council will continue to monitor service delivery to ensure equitable access and high standards of care.

HEALTH AND WELLBEING IMPLICATIONS AND RISKS

Below lists the positive health and wellbeing implications relating to the proposed decision to purchase the 5 buses designed to carry children & adults with special educational needs.

- The New Buses are designed for maximum comfort and come with full climate control, tinted windows and mood lighting to aid Mental health and wellbeing
- The New Buses 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 assist clients with tackling social isolation as they will be transported to day centres which allows the clients the opportunity to interact socially with other people, community support networks and to help 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

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The Buses to be purchased are EURO 6d 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 the New Buses will be fully compliant to meet the strict ULEZ / LEZ standards for London and will be running on HVO. This is the current green alternative fuel to diesel which all our current fleet vehicles operate on.

HVO complies with EN15940, and the supply chain is approved under the Renewable Energy Directive (RED II) issued with an ISCC (International Sustainability and Carbon Certificate) which validates the supply and is also approved under the Renewable Fuels Assurance Scheme.

HVO reduces up to 90% Net CO2 reducing our carbon footprint.

Other advantages of HVO:

- Reduced greenhouse gases emissions.
- Improved air quality – Burns cleaner producing less NOx and particulate matter, leading to cleaner air in urban areas.
- Sustainable and renewable – Made from used cooking oil.
- Reduced Carbon Footprint.
- Direct drop-in replacement for diesel fuel with no requirements for filter changes from first use.
- More efficient combustion at lower temperatures (improved cold starting)
- Longer Shelf life – Does not require heating when stored.
- Reduction in the following harmful gases: Nitrogen oxides (NOx) Particulate Matter (PM) Carbon monoxide (CO) and Hydrocarbons (HC) all associated with respiratory illness.
- Approved by major engine manufacturers.

Other measures to reduce fuel consumption:

All 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

Executive Decision 10th October 2025 – Commencement of a procurement process for the replacement of passenger transport assets

APPENDICES

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

Details of decision maker

Signed *Barry Mugglestone*

Name: Cllr Barry Mugglestone

Cabinet Portfolio held: Cabinet Member for Environment

Date: 11 December 2025

Lodging this notice

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

For use by Committee Administration

This notice was lodged with me on _____

Signed _____