

MUNICIPAL YEAR 2018/2019 REPORT NO.

ACTION TO BE TAKEN UNDER DELEGATED AUTHORITY

OPERATIONAL DECISION OF:

Executive Director – Place

Contact officer and telephone number:

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Agenda – Part: 1	KD 4708
Subject: Replacement of 13 x 24 Seat Buses for People Transport Service	
Wards: All Julian Minta – 07790 585086	

1. EXECUTIVE SUMMARY

- 1.1 This report seeks the approval for the purchase of 13 x 24 seat large buses to the specifications agreed with the service and for use by the Council's People Transport Service.
- 1.2 The tender has been successfully run for the Procurement of the vehicles as part of a mini competition through the London Tenders Portal.
- 1.3 The vehicles will be funded from the internal leasing fund as a Direct Purchase. The vehicles will have an asset life of 7 years, the first 3 Years will be covered Under manufacture warranty's. The maintenance of Vehicles will be undertaken by the Council's fleet Department. Procurement Officers have been consulted and support this method.

2. RECOMMENDATIONS

That the Executive Director – Place:

- 2.1 Authorises the purchase of 13 x 24 seat busses through the internal leasing fund (in the sum of £1,118,000) as part of the on-going fleet replacement program
- 2.2 These will replace all existing vehicles (which will be non-compliant with new emission regulations). The current vehicles which are owned will be sold via auction, with proceeds transferred back to the internal leasing fund

3. BACKGROUND

- 3.1 The People Transport Service of Enfield Council currently operates 13 x 24 seat busses originally purchased in 2008, with a life expectancy of 7 years. These vehicles are owned assets. The vehicles are proving to operate with excessive repair costs and will also not comply with new emission regulations, CLOC's and WRRR regulations which are due to come into force in 2019/20.
- 3.2 We currently need to hire-in additional vehicles to cover breakdowns to ensure continued service efficiency and back up the current fleet. This is proving extremely costly to the service.
- 3.3 The vehicles are used by People Transport Service primarily in the transportation of children on school runs, visits and school swimming programs.
- 3.4 The current fleet was due for replacement in 2015, however, delays in the procurement of other vehicles for other services has caused the existing vehicle fleet to be rolled over for the last couple of years.
- 3.5 The vehicles are built into the Council's vehicle replacement program.
- 3.6 The current fleet size configuration is:

- 11 x LBE vehicles
- 1 x LBE vehicle scrapped for spares
- 2 x Star Bus vehicles on hire
- 1 x London Hire

Therefore, our strategy of 13 vehicles plus keeping 2 of the current fleet for cover is reflective of our operating requirement. The 3 hired vehicles would be returned.

- 3.7 A competitive tender process has been completed via the London Tenders Portal. Evaluation of the bids was conducted and the successful bidder on all Sections of the bid (price, specification, quality and deliver dates) was Nu-Track (part of the Wight's Bus Group)

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 Do nothing, and do not replace. This has been dismissed as the vehicle will not meet forthcoming emission standards and the excessive current maintenance cost means that current fleet is not cost effective to operate.
- 4.2 Enter into a full contract hire agreement. This has also been dismissed for the reasons of being not cost effective, but in addition does not give us the facility to dispose of the proposed owned vehicles should service arrangements change.

4.3 Outsourced contracts - Following the extensive marketing activity for the previous transport tenders, there is not the private vehicle resource in the Borough to competitively cover this type of activity. The PTS, as part of the competitive marketing process, interviewed a large number of local bus service providers. This evidence is further supported by the findings of the LBE Commercial team who identified the same challenges in their review of the swims program. They also found that the PTS team offered considerably better value than the commercial market:

- The vehicle size is specialist and not the norm for a commercial operation.
- 24 seat category falls between minibus and coach and not popular with commercial operators.
- Larger vehicles cannot be used because of the street width access. We pick up from home and access is usually limited. Vehicles in excess of 24 seats cannot navigate the smaller streets either safely or at all.
- Using more smaller vehicles is not cost effective. Not only would we require at least 2 smaller vehicles to cover the work of each bus, we would need extra drivers and PA's.
- Most of the vehicles have seats removed to allow for wheelchair use. Commercial operators would need to reconfigure vehicles every time they want to use them for other activity and given that this would take a number of hours and 2 staff, it is not practical. Therefore, these vehicles would have to be procured specifically and solely for PTS contracts.
- We currently undertake 39 swim routes per week, although this figure does vary. This would also need to be contracted out.
- Commercial Services cost analysis below

Transport provider		COMPARISON - RATES PER RETURN JOURNEY											
		The Council	The Little Bus Co	Golden Boy Coaches					Momentum Coach Hire				
Number of runs (return)		1	1	1	2	3	4	Additional runs	1	2	3	4	Additional runs
Total charge per bus	16/24/29 seater	£75							£190	£245	£270	£295	£25
	33/35 seater		£155	Full day £340 (up to 20 miles)					£230	£290	£315	£340	£25
Price per run for all pupils	16/24/29 seater*	£150							£380	£245	£180	£148	£50
	33/35 seater		£155	£150-170	£170	£113	£85	£1.70 per mile	£230	£145	£105	£85	£25

5. REASONS FOR RECOMMENDATIONS

5.1 When comparing external contract hire against outright purchase, the outright purchase option is the best value for money option. The difference between the cost of outright purchase using the internal leasing fund and the cost of external contract hire is approximately £1.462m over the 7-year life of the assets or £208,000 per annum year on year. The cost of internal maintenance has been

taken in to consideration when calculating these costs which have been reviewed and approved by finance.

- 5.2 The replacement vehicles will be able to provide the continued support and cost efficiencies for the service.
- 5.3 This recommendation is to replace an existing fleet that is now beyond economical repair and will be non-compliant with new emission regulations. The current vehicles which are fully owned will be sold at auction with the proceeds transferred back to the internal leasing fund. The existing back up rental vehicles will be returned to the suppliers. The method of procuring through contract hire will cost the Council a lot more than outright purchase (see financial implications table).

6. COMMENTS OF THE DIRECTOR OF FINANCE, RESOURCES AND CUSTOMER SERVICES, AND OTHER DEPARTMENTS

6.1 Financial Implications

- 6.1.1 The report is seeking the approval for the replacement of 13 x 24 Seat Buses for People Transport Service These vehicles will be funded from the internal leasing fund as a Direct Purchase. The vehicles will have an asset life of 7 years; the first 3 Years will be covered Under manufacture warranty's. The maintenance of Vehicles will be undertaken by the Council's fleet Department. Procurement Officers have been consulted and support this method.
- 6.1.2 The business case demonstrates the cost efficiency of continuing with the current arrangement of outright owned buses via moving to a contract hire method (see table below).
- And outsourcing the work carried out by these buses has been assessed to be less cost effective (see paragraph 4.4).
- 6.1.3 The purchase costs will be funded from the internal leasing fund "Vehicle & Parks Equipment Replacement Reserve (94729)".
- 6.1.4 As per the recent Fleet vehicles management arrangement (agreed by Operational Services, Fleet Management and Finance); these vehicles will be wholly owned and run by Fleet Management Services and only, fuel, non-routine and damage costs will be charged to clients cost centres – all routine maintenance costs will be carried out by fleet, this is a similar concept to contract hire company's arrangements.
- 6.1.5 Any cost savings will arise from running modern and efficient fleet. And any savings that could arise from the purchase of these vehicles will be reviewed with the management of the centralised of Fleet vehicles.

of transparency, equal treatment, non- discrimination and proportionality, whatever the design of the procurement process.

- 6.2.6 Council officers should be mindful of the requirement pursuant to CPR 1.18, to obtain sufficient security (in any of the manners outlined in CPRs 1.18.1 – 1.18.4) from the supplier. It is important to consider this as early as possible during the procurement process, including relevant information in the invitation to tender documentation.
- 6.2.7 Should the Council deem it unnecessary to obtain sufficient security then reasons why must be recorded on the Council's E-Tendering Portal for audit purposes. Furthermore, in accordance with CPR 1.19, the relevant Authority Report must set out the reason why it is proposed that the contract should be awarded despite absence of security and what measures are to be taken to manage this risk.
- 6.2.8 The resultant contracts (and any relevant associated contractual documentation) awarded must be in a form agreed by Legal Services.
- 6.2.9 This report constitutes a Key Decision and the Council's Key Decision process must be followed.

6.3 Property Implications

There are no property implications associated with this report as the recommendation merely replace the existing vehicles

6.4 Procurement Implications

All procurement was in line with the CPR's, UK and EU regulations. Procurement activity was compliantly run through the London Tenders Portal and all documents uploaded into the Portal.

7. KEY RISKS

- 7.1 The cost implications of continuing to operate the ageing fleet, rent or lease new vehicles puts additional strain on the service budget. In addition to this by the end of 2019 the vehicles will not meet the new London Emission Standards
- 7.2 If the service demand changes and there is no further need for the vehicle. This is mitigated by owning the vehicle. If service changes and there is no longer a requirement, then the vehicle can be disposed of. Under lease arrangements we would be forced to pay an early termination charge

8. INTERNAL DEPARTMENT IMPLICATIONS/CONSULTATION

People Transport service management have been consulted about this proposal and report and agree with its contents

9. IMPACT ON COUNCIL PRIORITIES

9.1 Fairness for All

By replacing the older vehicles, the new proposed fleet will provide the service with better efficiencies and overall savings against the alternatives available of keeping the existing in-efficient vehicles or leasing alternatives.

9.2 Growth and Sustainability

9.2.1 By using proven vehicle convertors, the vehicle will have the benefit of a full warranty backup and parts supply chain in the event of breakdown

9.2.2 The vehicles that are to be provided meets all current and future emission regulations giving us the cleanest vehicles available when it comes to exhaust gasses. This will also ensure our carbon footprint is kept the absolute minimum when it comes to vehicle operation

9.3 Strong Communities

By the introduction of new more reliable vehicles it will reduce the need to supplement the fleet with rental vehicles. This will enhance the reliability of the service provided to the customers of the People Transport Service. The new vehicles will also provide better levels of comfort for the people using the service and the busses

10. EQUALITY IMPACT IMPLICATIONS

10.1 Corporate advice has been sought regarding equalities and an agreement has been reached that an equalities impact assessment is neither relevant nor proportionate for the approval of this report.

10.2 However, it should be noted that the any contracts awarded should include a duty on the successful applicant to assist us with meeting our obligations under the Equalities Act 2010.

11. PERFORMANCE MANAGEMENT IMPLICATIONS

The new vehicles will enable the council to streamline the performance of the fleet using a single vehicle manufacture as part of the full fleet renewal programmer. This will provide consistency in operation and service delivery.

12. HEALTH AND SAFETY IMPLICATIONS

The new vehicles have been designed to meet all health and safety and EU regulations. In addition, we are fully compliant with the forthcoming The Construction Logistics and Cyclist Safety report and Work Related Road Risk regulations. All drivers will have induction training as part of the contract and

all workshop technicians will have full training on maintenance and operation of the equipment.

13. PUBLIC HEALTH IMPLICATIONS

The new vehicles will conform to the latest emission standards (Euro 6) and will be compliant with any proposed extension to the London Ultra Low Emission Zone promoting clean air for the residents of all London Boroughs. Further, the new vehicles will have better fuel efficiency reducing pollution and improving air quality.

Background Papers

None