

Forward Plan reference number: *FP/214/08/18*

Report title: Community Link Vehicle Replacement scheme	
Report to: Councillor Ray Gooding, Cabinet Member for Education and Skills	
Report author: Helen Morris, Head of IPTU	
Date: 15 November 2018	For: Decision
Enquiries to: Rachael Price, Lead for Commercial Operations, IPTU	
County Divisions affected: All Essex	

1. Purpose of Report

- 1.1 To seek approval to place the order for the replacement of 54 leased vehicles for Community Link in house fleet.

2. Recommendations

- 2.1 To agree for the order to be placed for the replacement of 54 leased vehicles for Community Link, for Essex County Councils in house fleet of 11-16 seater mini buses, under the Leased Commercial Vehicles Contract dated 1 May 2018.

3. Summary of issue

Background

- 3.1 Community Link, Essex County Councils (ECC) in house fleet, currently operates 77 commercial vehicles of which 54 are now out of contract and due for replacement. Those that need to be replaced consist of 11-16 seater mini buses used for Special Educational Needs, Adult Social Care, Home to School and Local Bus transport...
- 3.2 Since 2008 the provision of the existing leased fleet contract has been managed by Vehicle Lease and Service Limited (VLS). This contract expired on 30th April 2018. However, a service contract continues with VLS for vehicles that are still within the lease term (up to 2022).
- 3.3 In July 2017, permission was granted for the procurement of the leased commercial vehicles contract, which is inclusive of routine maintenance / repairs, servicing, interim safety inspections and short term hire provision (FP/754/02/17). Subsequently and following a single stage 'open' procurement procedure, the contract was awarded to the company SHB Hire Ltd by the director of Business Operations and came into effect from the 1st May 2018.
- 3.4 Under the provisions of that contract ECC is able to place orders for vehicles as its current fleet comes out of contract, or requires replacement. Accordingly ECC has identified 54 vehicles consisting of 11-16 seater mini buses which are used for Special Educational Needs, Adult Social Care, Home to School and

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Local Bus transport which are now out of contract, and which in some instances over 10 years old. The order of these 54 vehicles will be placed as one order on a like for like basis, under the terms of the Leased Commercial Vehicles Contract. Once the order has been received by the supplier the vehicles are then built to the required specification. The manufacturing process takes time and the vehicles will be released once they have been completed, which is estimated to be between 6 months to a year. The cost of this order is £473,429, which will be spread over monthly payments under the terms of the lease on delivery of the vehicles, and within the original budget for this contract.

Community Link Service Transformation Plan

3.5 This refresh of the ageing fleet is the first phase of a three phase transformation:

- **Phase 1** involves putting Community Link on a stable financial footing. The ageing fleet is resulting in additional costs because of maintenance, having to use short term financially more costly leases; and because older vehicles are less fuel efficient. This refresh will allow the service to lower costs and without it will experience budget pressures. This phase has also included a pre-pricing of contracts with existing customers and a re-base lining of budgets to put Community Link in a break even position – consistent with ECC policy for internally traded services.
- **Phase 2** is about the longer term strategy for service delivery for internal customers – which are the current customer base. Community Link is currently running a pilot service funded by South East Essex College onto which the service plans to introduce a digital booking service from January. Community Link is also running the home to school service into Ongar Academy which will become the first home to school pilot for digital booking. This pilot will test whether ECC can successfully sell spare capacity (and potentially additional capacity) and reduce cost for mainstream home to school by using non-entitled paying passengers to cross subsidise entitled passengers. The service will also work closely with Adult Social Care on their long term plans for day opportunities for adults – this is currently the main area of work. In addition, the service is looking at whether supported Sunday services in some districts might be run significantly more cheaply with digital demand responsive transport. ECC would potentially cost an in-house model against a commercial offer.
- **Phase 3** would then focus on finding external customers. This is the least developed phase as yet but could potentially include school events and group trips.

4. Options

Give permission to replace the in house fleet of vehicles (recommended)

- 4.1 This will provide a new fleet of vehicles and reduce the fuel and maintenance costs.
- 4.2 The lease on the current vehicles has expired. The current vehicles are old and maintenance and repair costs are increasing. Until a new order is placed

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vehicles are being replaced through a daily, short term hire contract. This is putting additional strain on the budget.

- 4.3 The new vehicles will have improved efficiency, lower emissions and better fuel economy, reducing fuel and maintenance costs, and are needed to fulfil the contracts within ECC with the Adult Social Care and Education Transport Teams.

Do nothing (not recommended)

- 4.4 Community Link will not be able to fulfil the contractual arrangements without vehicles. The vehicles currently provide Special Educational Needs, Adult Social Care, Home to School and Local Bus transport for ECC. The current vehicles are, over ten years old and the Community Link Team are experiencing more break downs which is resulting in increasing maintenance costs and an unreliable service to those that rely upon the transport. Older engines also are less efficient, increasing the cost of fuel and producing higher emissions.

5. Issues for consideration

5.1 Financial implications

- 5.1.1 The procurement of the Community Link vehicles was agreed under decision FP/745/02/17, which focused on the tender of the Authority's total commercial fleet, from which SHB Hire Ltd was the successful bidder.
- 5.1.2 The anticipated profile of spend for the Community Link vehicles will be spread across several financial years. Purchase orders will be raised and authorised on an annual basis as and when vehicles within ECC's fleet need replacing, to execute the anticipated contract spend of £3.314m. Each vehicle will have its own lease, under which monthly payments relating to that vehicle will be made.
- 5.1.3 There is no guaranteed minimum spend or number of vehicles associated with this contract with each vehicle having its own individual leasing agreement. This allows ECC flexibility to change its requirements as necessary.
- 5.1.4 Within the current MTRS, there is sufficient funding to cover the on-going cost. Should a budget pressure emerge in future years the service will mitigate this by utilising opportunities within the wider Passenger Transport budget.

5.2 Legal implications

- 5.2.1 The Contract awarded to SHB Hire Ltd was procured in accordance with the Public Contracts Regulations 2015, and ECC's procurement policy and procedures. The Provisions of the contract enable ECC to place orders for vehicles it requires which will be subject to a 7 year lease period. This order is in line with those contractual provisions.

6. Equality and Diversity implications

- 6.1 The Public Sector Equality Duty applies to the Council when it makes decisions. The duty requires us to have regard to the need to:
- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act. In summary, the Act makes discrimination etc on the grounds of a protected characteristic unlawful
 - (b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 6.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, gender, and sexual orientation. The Act states that 'marriage and civil partnership' is not a relevant protected characteristic for (b) or (c) although it is relevant for (a).
- 6.3 The equality impact assessment indicates that the proposals in this report will not have a disproportionately adverse impact on any people with a particular characteristic.

7. List of appendices

- 7.1 Appendix 1 - EQIA

8. List of Background papers

- 8.1 FP/754/02/17 Procurement of Commercial Vehicles and Associated Maintenance Services
- 8.2 COA Procurement of Commercial Vehicle Provision and Maintenance – Decision to Award

I approve the above recommendations set out above for the reasons set out in the report.	Date
Councillor Ray Gooding, Cabinet Member for Education and Skills	19.11.18

In consultation with:

Role	Date
Mark Carroll, Executive Director, Economy, Localities and Public Health	15.11.18

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Executive Director for Corporate and Customer Services (S151 Officer) Margaret Lee	14.11.18
Director, Legal and Assurance (Monitoring Officer) Kim Cole on behalf of Paul Turner	02.11.18