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Purchase of new Passenger Transport Coaches
Councillor Lynne Ayres, Cabinet Member for Childrens Services, Education, Skills and the University
October 2021
Deadline Date: October 2021

Cabinet portfolio holder	Councillor Lynne Ayres, Cabinet Member for Childrens Services, Education, Skills and the University In consultation with Councillor Simons, Cabinet Member for Waste, Street Scene and the Environment
Responsible Director	Steve Cox – Executive Director Place and Economy
Is this a Key Decision? If yes has it been included on the Forward Plan	Yes, reference number – KEY/26APR2021/07 Yes
Is this decision eligible for call-in?	Yes
Does this Public report have any annex that contains exempt information?	No

RECOMMENDATIONS	
<p>The Cabinet Member for Children’s Services, Education, Skills and the University, in consultation with the Cabinet Member for Waste, Street Scene and the Environment, is recommended to:</p> <ol style="list-style-type: none">1. Approve the release of capital funding from the capital programme to purchase 5 x coaches for the delivery of Passenger Transport services.2. Award a contract for the purchase of 5 coaches to Dawson’s Rental for the sum of £721,250.00.3. Authorise the Director of Law and Governance in consultation with the Director of Resources and relevant Service Director to make decisions and enter into legal agreements necessary to give effect to these arrangements including the termination of existing hire agreements, the purchase of the coaches and the amendment of the Operational Services Agreement to include change to the hire terms, cost structure and vehicle schedules.	

1. SUMMARY OF MAIN ISSUES

- 1.1. This report outlines the details needed for approval to be given to release capital funding for the purchase of 5 coaches for the Passenger Transport services delivered within Peterborough by Peterborough Limited (“PL”) on behalf of the Council in accordance with the terms of the Operational Services Agreement (“OSA”) between the Council and PL. The decision to purchase the coaches has been determined due to the ongoing excessive costs of leasing coaches: the capital purchase price against the ongoing leasing costs will offer a monthly saving to the authority.
- 1.2. The capital funding is to invest capital to reduce revenue expenditure on leased vehicles
- 1.3. The coaches will become and remain the property of the Council and will be made available to PL in order to deliver Passenger Transport Services.
- 1.4. The OSA will require amendment to reflect changes to existing hire terms, cost structure and vehicle schedules.

2. PURPOSE AND REASON FOR REPORT

- 2.1 This report is for the Cabinet Member for Children’s Services, Education, Skills and University to consider exercising delegated authority under paragraph 3.4.3 of Part 3 of the constitution in accordance with the terms of their portfolio at paragraph (g).
- 2.2 The purpose of this report is to seek approval to award contracts for purchase of coaches from Dawsons Vehicles Rental and release capital funds from the capital programme to purchase these coaches for the delivery of Passenger Transport services.

3. TIMESCALE

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting	N/A
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4. BACKGROUND AND KEY ISSUES

- 4.1 The delivery of Passenger Transport services is heavily reliant on good quality reliable vehicles, and these coaches will be used to transport children to and from school for 190 days per year. As such they need to be safe and reliable to ensure a good quality service.
- 4.2 Aragon Direct Services currently hire these 5 coaches from Dawson Rental and consequently they are aware of the quality of these vehicles and their mechanical and service history which confirms their reliability.
- 4.3 The coaches are currently around [4] years old and at this stage under a leasing arrangement the Council would typically be considering terminating such arrangements in order to enter into new hire agreements. However, given that the Council and Peterborough Limited are satisfied as to the reliability of the coaches, combined with the need to meet the Council’s carbon commitments by 2030 which will require investment in electric vehicles by that date, purchasing these vehicles is the most cost effective option in the interim. The Council undertook a Soft Market Test in July 2021 and received 4 responses. Of these, 2 submissions clarified that the Council would experience significant challenges in obtaining both an extended warranty and the five vehicles requested. The two remaining suppliers (Dawsons Group Ltd and a second company) stated that they were able to supply the vehicles to the specification required. A Dunn and Bradstreet

financial health check was undertaken for both these companies, which evidenced that there was a higher risk in doing business with the second company compared to Dawsons Group. Furthermore, in purchasing a used fleet from the second company, Peterborough Ltd would require full party indemnification and the purchase of an additional new vehicle to mitigate against risk of breakdown. In addition, four neighbouring local authorities were also approached to understand how they met their fleet requirements. In all cases the response was that they leased or purchased new if necessary. Consequently, there no other viable purchase options available. The purchase of these coaches by PCC instead of Peterborough Limited continuing to hire them will maintain the reliability of the current home to school service while reducing ongoing revenue costs under the OSA.

- 4.4 The coaches will be operated by Peterborough Limited under the Aragon Direct Services banner. The Council will own the new fleet and the operation, maintenance and repair costs will be borne by PL in accordance with the terms of the OSA.

5. CONSULTATION

- 5.1 No external consultation is required
- 5.2 Internal consultation has been carried out with PL and Council officers.

6. ANTICIPATED OUTCOMES OR IMPACT

- 6.1 Award of contracts to Dawsons Rental for the purchase of 5 coaches, this will eliminate the cost of hiring the current vehicles and avoids the need to purchase newer more expensive coaches.

7. REASON FOR THE RECOMMENDATIONS

- 7.1 The current coaches are known to be mechanically reliable and are in excellent condition, the benefits of knowing the current history of the vehicles far outway obtaining other second-hand coaches where we do not know how reliable they will be.
- 7.2 The coaches will also allow sufficient time for the market to bring out further cost-effective electric options so this can be retendered before 2030 to meet the carbon ambitions of the authority.

8. ALTERNATIVE OPTIONS CONSIDERED

- 8.1 Do nothing – this was not considered viable as the Council would continue to hire the coaches with significant revenue cost..
- 8.2 Procure new coaches – this was not taken forwards as there is currently not a cost-effective electric option. Purchasing replacement new diesel coaches would mean that the Council would be unable to dispose of these in 2030 when such vehicles are phased out. Purchasing these coaches second hand will allow the Council to operate but also have the flexibility to meet its 2030 ambitions.
- 8.3 Purchase alternative second hand coaches. The market was tested but no viable alternative supplier was identified.

9. IMPLICATIONS

Financial Implications

- 9.1 The total capital purchase is £721,250.

Legal Implications

- 9.1 Prior to determining that the second hand coaches should be purchased from the existing leasing company, the Council carried out a soft market testing exercise in accordance with Regulation 40. This exercise established that there was no viable alternative provider of coaches of a minimum quality and maximum age required by the Council.
- 9.2 This contract is awarded under Regulation 32 of the Public Contract Regulations which allows the negotiated procedure without prior publication to be used for public supply contracts where the works, supplies or services can be supplied only by a particular economic operator when competition is absent for technical reasons and where no reasonable alternative or substitute exists and the absence of competition is not the result of an artificial narrowing down of the parameters of the procurement.

Equalities Implications

- 9.3 There are no negative equalities implications.

HR Implications

- 9.4 None at this time

Carbon Impact Assessment

- 9.7

10. BACKGROUND DOCUMENTS

- 10.1 None

11. DECLARATIONS / CONFLICTS OF INTEREST & DISPENSATIONS GRANTED

- 11.1 None

12. APPENDICES