

Finance and Resources Committee

10.00 am, Tuesday, 27 March 2018

Award of Contract for the Purchase of 12 Welfare/Accessible Buses

Item number	8.6
Report number	
Routine	
Wards	All
Council Commitments	34, 35

Executive Summary

This report seeks the approval of the Finance and Resources Committee to award a contract for the purchase of 12 Welfare/Accessible Buses.

The contract term will be five years and the total estimated value is £1,058,700 which includes a five year warranty and cost of ownership.

Finance and Resources Committee

Award of Contract for the Purchase of 12 Welfare/Accessible Buses

1. Recommendations

- 1.1 It is recommended that the Finance and Resources Committee approves the award of a contract to Woodall Nicholson Ltd, T/A Mellor Coachcraft to purchase 12 low floor welfare/accessible buses.
- 1.2 It is also recommended that the Finance and Resources Committee approves the commencement of the contract on 1 May 2018 for a period of five years, with the estimated value £1,058,700.

2. Background

- 2.1 The Council requires to replace part of their current fleet of vehicles. The current minibus fleet vehicles are six years beyond their planned operational life which is affecting the delivery of the service. The vehicles are unreliable and are experiencing increasingly expensive repair bills.
- 2.2 Analysis of the way that the fleet is used, along with current operational requirements, will change the bias of the fleet towards the 16 passenger-seat adapted minibuses that can be driven on a D1 licence. This contract has been tendered on this basis.
- 2.3 The service is considered to be a key element in allowing vulnerable adults/children with additional support needs and mobility impaired residents of Edinburgh to live an independent life whilst supporting social inclusion.
- 2.4 In the most recent survey, the average number of passenger journeys per day was approximately 1,800. 71% of these are journeys where people cannot use standard bus services; the other 29% are journeys which are Social Care/additional support needs-related at a day centre or to support the Curriculum for Excellence.
- 2.5 The current eligibility criteria in Health and Social Care and Communities and Families have helped target transport to those with critical and substantial needs. However, the demand on existing transport is set to increase across key domain ages 48 years old – 85 years old by an additional 24%-28% (National Records office Scotland 2016)

- 2.6 With an increasingly older population and rising school rolls, there is an expectation that demand on transport will increase significantly over the life of the existing and new vehicle contract.
- 2.7 Service delivery has changed to accommodate increased level of needs across children and all adults, ranging from children who require “end of life” care to adults with acute and long-term conditions.
- 2.8 The current vehicles are at present failing to provide a service to all clients operating powered wheelchairs and non-standard wheelchairs as well as increased volume of passengers travelling with walking/mobility aids due to limitations of the current fleet.
- 2.9 Currently older people and adults with mobility impairments are finding the steps up into the current vehicles difficult; this is one of the principal factors that necessitate a low floor fleet. Low floor vehicles are fitted with ramps, rather than tail lifts, which slightly reduces the maintenance cost of these vehicles.
- 2.10 Demand is expected to rise in terms of accessible transport across Communities and Families and the Edinburgh Health and Social Care Partnership by 26-28%.

3. Main report

- 3.1 Council officers undertook a mini-competition utilising the Scotland Excel (SXL) Heavy and Municipal Vehicles Framework, under Lot 8 – Accessible Buses.
- 3.2 Similar Frameworks operated by Yorkshire Purchasing Organisation, Eastern Shires Purchasing Organisation and Crown Commercial Services were considered as options but upon analysis, SXL was considered the best option to meet the requirements of the Council for several reasons:
 - 3.2.1 SXL had virtually identical market players to the other Frameworks;
 - 3.2.2 Several Frameworks charged suppliers for being on the Framework, and it was confirmed that these charges are passed on to purchasing organisations; and
 - 3.2.3 City of Edinburgh Council already pays SXL a standing charge for using their frameworks
- 3.3 On 13 October 2017, tenders were invited from the five organisations on the framework agreement using the Public Contracts Scotland Portal. Three tender responses were received from two bidders, one of which submitted two vehicle options, by the tender closing date on 10 November 2017.
- 3.4 The tenders were evaluated by a panel consisting of three Council officers. The panel was advised by Commercial and Procurement Services.
- 3.5 To identify the tenderer offering the best value, the tender evaluation included an emphasis on quality as well as price and submissions were assessed on most economically advantageous tender. Whole life costing was used to establish best

value to the Council across the life of the asset, not just on the initial purchase price.

- 3.6 The 60/40 price/quality ratio adopted from the SXL Framework for Heavy and Municipal Vehicle was set to reflect the need for quality at the most economic price.
- 3.7 Following the tender evaluation, the vehicles recommended for purchase are 12 Mellor Orion welfare/accessibile minibuses.
- 3.8 A summary of the tender process is set out at Appendix 1. The outcome of the tender evaluation was:

Tendering company	Quality	Price	Score summary
Woodall and Nicholson Ltd T/A Mellor Coachcraft	36	58	94 Ranking:1
Bidder 2 (Vehicle option 1)	25	60	85 Ranking: 2
Bidder 2 (Vehicle option 2)	25	58	83 Ranking: 3

4. Measures of success

- 4.1 The new vehicles will be fitted with Diesel Euro VI engines, improving air quality significantly compared to the current vehicles with reduced Nitrogen Oxide and Particulate Matter (PM10) pollution. For this type of vehicle there are no alternative fuels that are not “aftermarket” adaptations. Many of these adaptations can reduce Nitrogen Oxide and Particulate Matter (PM10), but will increase greenhouse gases (CO₂) and require investment in infrastructure to support them. The vehicles have improved maintenance regimes including long-life synthetic oils that result in longer periods between servicing; therefore, the quality of the vehicles will be higher and cheaper to maintain due to a lower risk of vehicle breakdown and more environmentally friendly features.
- 4.2 The new vehicles will offer the Council the flexibility to examine alternative methods of working and the ability to consider innovative solutions to the transport of the elderly and vulnerable such as demand responsive transport.
- 4.3 The low-floor design will offer passengers an improved experience, for example the vehicles have no stairs at the front of the vehicle for those with difficulty walking and will have ramps rather than hydraulic tail lifts that will allow many larger adapted wheelchairs access to the vehicles.

5. Financial impact

- 5.1 The overall cost to the Council of procuring these 12 Welfare/Accessible Buses will be £1,058,700 (including a warranty for the fifth year) calculated as follows:

Description	Qty	Price each	Total Price
Welfare/Accessible Bus	12	£88,225	£1,058,700

- 5.2 Revenue budget is available and the financing options for the vehicles will be finalised after the vehicles have been purchased. Treasury will carry out a financial options appraisal to identify the method of financing that will deliver best value for the Council. The estimated savings are £117,633 from discount rates applied to the Framework.
- 5.3 When the vehicles are purchased, options that will be considered include: - (i) Operating Lease through sale and lease back mechanism or - (ii) Public Works Loan Board (Prudential).
- 5.4 This report outlines expenditure of £1,058,700 that following Treasury assessment could potentially be funded through capital expenditure. If this is progressed and it were to be funded fully by borrowing, the overall loan charges associated with this expenditure over an average asset life of seven years would be a principal amount of £1,058,700, with interest of £108,483 resulting in a total cost of £1,167,183 based on a projected Prudential Works Loan Board rate of 2.5%. The annual loan charges would be £166,740.
- 5.5 Should the expenditure outlined in this report be funded through capital, provision for funding the associated loan charges will be met from the Place revenue budget.
- 5.6 It should be noted that the delivery lead time for these vehicles is around 14 weeks so the actual expenditure for these vehicles will fall within the 2018/19 financial year.
- 5.7 Alternative methods of fleet provision and financing are being investigated as part of the ongoing fleet review project however, the purchase of these vehicles cannot be delayed until the final outcome of this review which is not expected until April 2018.
- 5.8 The cost associated with procuring this contract is estimated at between £10,001 and £20,000.

6. Risk, policy, compliance and governance impact

- 6.1 The current vehicles require to be replaced, before they develop any serious mechanical problems.
- 6.2 The purchase of these vehicles is key to the development of the Council's Corporate Transport activity and any substantial delay in the purchase of these

vehicles will impact their ability to achieve the savings or planned service modernisation. The new vehicles are more flexible than the current fleet and this coupled with the increased reliability will allow the new fleet of vehicles to be utilised more fully.

7. Equalities impact

- 7.1 An equality and rights impact assessment was conducted in relation to a recent previous purchase of identical vehicles. Input was taken and considered from stakeholders, however, while cognisance was taken of the points raised these were balanced against required vehicle capacity and cost of operations.
- 7.2 Many of the factors, such as the access and egress issues from the vehicle were addressed in the adoption of these low floor vehicles.
- 7.3 The vehicles selected are of a design that does not have the “institutional attachment” that many users felt applied to the older vehicles which are operated on many rural bus routes. This addresses one of the main concerns of the users that the current vehicles carried a stigma.

8. Sustainability impact

- 8.1 The impacts of this report have been considered in relation to the three elements of the Climate Change (Scotland) Act 2009 Public Bodies Duties and the relevant Council sustainable development policies have been taken into account.
- 8.2 Please see the environmental benefits detailed in paragraph 4.1 above “Measures of success”.

9. Consultation and engagement

- 9.1 Fleet Service involved the final user department at each stage of the procurement, so that they had input at all stages.

10. Background reading/external references

- 10.1 N/A

Paul Lawrence

Executive Director of Place

Contact: Scott Millar, Fleet and Workshops Manager

E-mail: scott.millar@edinburgh.gov.uk | Tel: 0131 347 1902

11. Appendices

Appendix 1 – Summary of Tendering and Tender Evaluation Processes

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Contract	Award of Contract for the Purchase of 12 Welfare/Accessible Buses Ref: CT2147
Contract Period	1 May 2018 – 30 April 2023
Estimated Value	£1,058,700
Estimated Savings	£117,633
Procedure Chosen	Mini-competition under Scotland Excel Heavy and Municipal Vehicles Framework
Tenders Returned	2
Preferred Supplier	1
Primary Criteria	Most economically advantageous tender to have met the qualitative and technical specification of the service area. 60% Price 40% Quality as determined by Scotland Excel
Evaluation Team	Fleet Resource and Asset Manager Contracts Manager City Wide Services Manager