

Divisions Affected – All Divisions

Delegated Decisions by Cabinet Member for Finance

12 July 2024

Supported Transport – 71 x Vehicle Leases

Executive Director of Resources and Section 151 Officer

RECOMMENDATION

1. **The Cabinet Member is RECOMMENDED to:**
 - (a) Endorse the approach and proposals to provide Supported Transport with new leases for 71 vehicles engaged in home to school transport for children with special educational needs
 - (b) Authorise Officers to prepare and commence the procurement of the leases for those 71 vehicles.
 - (c) Approve delegated authority to the Director of Property and Assets, to award, following a compliant procurement process, of 71 new leases for Supported Transport accessible minibuses, providing essential home to school transport for children with special educational needs.

Executive Summary

2. The Supported Transport Team (ST) fulfil a statutory duty to provide free transport for entitled mainstream and Special Educational Needs (SEN) students to and from their 'allocated' school.
3. The ST fleet currently comprises leased vehicles supplied by Dawsons, London Hire and Enterprise Flex-E-rent, as well as vehicles owned outright by OCC.
4. The majority of the ST fleet's lease arrangements are due to expire by the end of Q4, 2024/25. 24 of the vehicles (supplied by Dawsons) are due for lease expiry in November 2024. There is therefore an urgent business need to secure new lease arrangements with supplier(s), to ensure service continuity and to make sure the service has the vehicles it needs in advance of the lease agreement end dates in November and December 2024 and by the end of

March 2025. This procurement will secure those vehicles and ensure service continuity.

Overview

5. The Supported Transport Team (ST) fulfil a statutory duty to provide free transport for entitled mainstream and Special Educational Needs (SEN) students to and from their 'allocated' school. The current fleet consists of 97 vehicles.
6. This decision relates to a procurement tender will cater for procurement of a total of 71 of those vehicles, through lease agreements, in 3 sequential Lots, at an estimated £4.5m total contract value, over a 3 year lease.
7. No further lease extension is available on 24 of these vehicles, based on current lease arrangements. There is no compliant method to substantially extend the current arrangement for vehicles on which the service depends. Therefore, the procurement will be designed to accommodate the possibility of utilising the existing vehicles, should the incumbent supplier win the tender. It also provides the opportunity to include additional Lots for vehicles due to reach the end of their existing leases in December 2024 and in March 2025.
8. Vehicle Management Services (VMS – formerly One Fleet) will hold and manage the leases on behalf of OCC and will supply the vehicles to the user service, Supported Transport. VMS and Supported Transport have been working together on planning this procurement and the specifications for the vehicles concerned.
9. While the primary purpose of the procurement is to ensure fleet vehicle continuity in service from November 2024 onwards, reflection and review points will be built into the tender to ensure older vehicles can be exchanged with new(er) electric vehicle alternatives, subject to market availability. This new lease arrangement also provides time for new/nearly new EV to be purchased to support OCC fleet transition to net zero tailpipe alternatives.
10. Many of the vehicles within this procurement do not currently have suitable EV alternatives, so the lease approach provides time for market maturity, as we transition to outright purchase of EVs. There are also significant lead times for outright purchase of these types of electric vehicles (recently experienced 12 months from award of contract to initial wave of vehicle delivery for 9 seater electric minibuses for Adult Services), meaning that route is not suitable currently for this particular part of the OCC fleet

Financial Implications

11. The monthly lease charges due to the external lease company(ies) will be paid by Vehicle Management Services (VMS). The budget holder is The Head of Business Services and Operations for Property.

VMS will then cross-charge Supported Transport for the lease cost, with a management fee applied.

The spend has been approved by the Supported Transport and VMS senior leadership teams.

Expected direct costs (estimated) - composite monthly figure per vehicle	Expected direct costs (estimated) - composite annual 12 months figure per vehicle	36 months total figure per vehicle (estimated)	71 vehicle total cost over 36 months (estimated)
£1,833.33	£22,000	£66,000	£4.686,000

Expected composite rates above are based on current service spend.

12. Monthly direct costs will be paid by VMS, with the service then incurring a monthly on-charge, consisting of the direct lease cost, plus a VMS management charge, for looking after all fleet management aspects of the vehicle and its supporting lease. The VMS on-charge banding for vehicle management volume of this size is planned to be 5%. ST will therefore incur the lease charge plus 5% management. The principle of the VMS on-charge is covered in previous approved One Fleet vision papers and in models applied by Finance Team at year end 2023/24.
13. Cost savings are not expected to be significant through this procurement, compared to the existing arrangement, although all efforts will be made to optimise leases secured.
14. Until completion of tender process there is an inherent risk against current service spend levels.
15. VMS will proactively manage costs to ensure compliance with procurement process and contract arrangements.
16. Risk through lease arrangement is expected to be very low on an ongoing business as usual basis.

Comments checked by:

Drew Hodgson, Strategic Finance Business Partner,
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Procurement process

17. The procurement will be conducted via mini competition through the TPPL vehicle hire framework. Bids will be evaluated on a combination of cost, quality and social value, exact weightings to be confirmed.
18. The standard evaluation and moderation process will be followed, ensuring conflict of interest is assessed for all evaluators and a thorough moderation of scores is completed, led by the procurement team.
19. Further detail of the procurement process will be detailed within the Award Recommendation Report.

Legal Implications

20. The vehicles will be leased following a mini competition process under the above-named framework. This is compliant with the Public Contracts Regulations. The framework and Call Off process are currently being reviewed by Legal Services with a view to ensuring that the terms comply with the specific operational requirements of the Council. Minimum service levels will be used to ensure that the service meets the Council standards.
21. As the Council has a statutory duty to provide free transport for entitled mainstream and Special Educational Needs (SEN) students to and from their 'allocated' school, the procurement of these vehicles is essential to ensure that Oxfordshire County Council meets its obligations including under section 509 of the Education Act 1996.

Comments checked by:

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Staff Implications

22. The procurement process to secure the vehicle leases will involve procurement team working with both VMS and the Service. Once procured, the vehicles will be managed by staff from VMS with the Service acting as an internal customer. There will be ongoing communication between VMS staff and staff members from the Service. Day-to-day use of the vehicles will occur within the Service. Asset management will be provided by VMS staff.

Equality & Inclusion Implications

23. There are no noteworthy equality and inclusion implications from this procurement.

Sustainability Implications

24. This procurement presents positive sustainability implications in that the new leases will include reflection and review points, to assess ongoing market availability of zero emission alternatives to the fleet currently operated. The market does not currently provide suitable alternatives to diesel vehicles required for some operations but technological developments are fast-paced and continual, so these reflection and review points will ensure our fleet can take advantage during the term of the leases.

Risk Management

25.

Risk	Impact	Likelihood	Mitigation
Procurement timeline slip	New contract(s) not in place by the current contract expiry, leaving service without compliant vehicle for statutory duties	Possible – now working to a tight timeline	Pre-planning/drafting of documents etc. Pre-engagement with award report signatories to avoid delay. Vehicle specifications already completed and ready to go with tender pack
Low bidder response	Insufficient interest from the market to ensure provision of vehicles required	Possible but unlikely as multiple lease companies already involved in vehicle provision to ST and known interest expressed	Liaison (not in breach of procurement regs) with market and soft market testing of interest and awareness of procurement timescales and programme

NAME

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Annex:

Nil

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July 2024