
Meeting:	Transport for the North Board
Subject:	Options Paper on Regional Fleet Procurement Support
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Meeting Date:	Monday 16 September 2024

1. Purpose of the Report:

- 1.1 At Transport for the North's Partnership Board and through recent engagements, several members suggested that fleet procurement, specifically bus, could be a specific area for Transport for the North to support at a pan-regional level to help achieve their local ambitions efficiently. The devolution provided to Transport for the North members enables them to identify opportunities to work together where it may be effective and efficient to do so.
- 1.2 In response to member suggestions, TfN's executive has explored with officers what fleet procurement may look like and identified a tiered menu of options for members to consider. We would welcome comments from Scrutiny Committee before taking a steer from the Board in developing a detailed proposition with their local officers, should they wish us to do so.

2. Recommendations:

- 2.1 The Board is asked to provide an initial steer on their preferred option(s) to be developed in more detail with their local officers.

3. Scrutiny Committee

- 3.1 The options outlined were presented to Scrutiny Committee on September 5th, 2024, and the feedback received has been integrated into this report. This includes a specific emphasis on the Strategic Transport Plan's priorities of decarbonisation and inclusive transport, as well as including consideration of alternative fuel types.

4. Enabling Implementation:

- 4.1 Framed from the initial suggestion by some members, and in discussion with relevant officers, we have identified two targeted areas where Transport for the North can add value in enabling implementation on fleet procurement. These are:
 - Structuring economies of scale in the procurement of, primarily zero-emission, fleet for those authorities who will seek to update their fleet, in line with bus reform ambitions, and/or providing access to this capability for authorities seeking to fund newer fleet via grant funding to transport operators under any Bus Service Improvement Plan (BSIP) arrangement.
 - Providing a pipeline of fleet delivery, and supporting infrastructure for alternative fuels where relevant, across multiple areas to reduce the risk of areas being restricted by a limited supply chain – this would also open opportunities for the movement of fleet across the region to infill gaps or provide newer-used fleet at reduced rates.
- 4.2 As with most exploratory areas of work, the scope and scale of this will need to be steered by our partners appetite/timeframes and our organisational capability and capacity to deliver.

- 4.3 It is also worth noting that areas in the North are at varying stages in their bus reform journeys and may not have in place a fleet/asset management strategy so this early consideration of what might be helpful at a regional level, should some authorities wish to work together, is timely.
- 4.4 The high-level objective underpinning this work, should members choose to work collaboratively through TfN, is in line with the Strategic Transport Plan's focus on decarbonising our transport networks. It also opens support for local implementation of more inclusive transportation by, for instance, enhancing the standardisation of accessibility features on board.

5. Options for Consideration:

- 5.1 To help shape the next steps of this emergent area of work, Transport for the North's executive has defined a tiered menu of options developed in consultation with officers from amongst our members against which we are now seeking an initial steer from the Board.
- 5.2 Each option will carry financial and resource implications, with this increasing with each 'tier', and the detail of which will need to be worked through the business planning process.
- 5.3 At this stage all options would be achievable within Transport for the North's existing powers, however for options three and four it may be worth further consideration if changes to our powers would make them easier to deliver.

Option 1 – Light Support

- 5.4 Light touch support anchored around our convening role. We would bring together those authorities with fleet ambitions into a regional working group to pipeline and support - through shared specifications and frameworks - the delivery of fleet across the region and to identify more opportunities for joint working/joint procurement.
- 5.5 Limited internal resource requirement, so could be delivered now but also limited impact for partners and highly dependent on collaboration occurring organically post-convening of partners.

Option 2 – Medium Support

- 5.6 Transport for the North facilitates the development of a regional fleet procurement framework, hosted in a member authority, that can be called-off by our membership to reduce capital costs and to help structure supply chain timescales more efficiently and equitably across multiple geographical demands.
- 5.7 For authorities not looking to procure directly, we would also develop a grant funding framework that can be delivered inside of subsidy control regulations (nee State Aid).
- 5.8 This would have resourcing implications for Transport for the North, which would need to be explored in detail in the business planning process.

Option 3 – Direct Delivery

- 5.9 Transport for the North directly develops and procures against a fleet procurement framework, alongside a regional fleet delivery programme, shaped by the programmatic timetables for those members involved to timetable the supply chain for equitable fleet delivery and directly deliver the procurement and issue of these to our partners.
- 5.10 This would see Transport for the North take the lead on the actual procurement and programme management of fleet and, as such, would have more significant

resource implications for the recruitment/secondment of procurement specialists and wider VAT/Liability matters to be worked through.

Option 4 – 'Regional Fleet Management'

- 5.11 This would see Transport for the North, via our membership, create a special purpose / joint venture company to administer and deliver regional fleet procurement and management.
- 5.12 This joint venture would own the fleet procurement framework and, potentially, take on a role as a regional fleet management company providing access to a larger fleet across the region and reducing fleet management costs – providing the ability to move fleet between geographies as required and better allocate new vehicles equitably.
- 5.13 This would be a materially different direction and, as such, would require resource and significant partner buy-in – however their ownership of this joint venture would provide delivery with administration only provided via Transport for the North or a designated lead authority.

Option 5 - Do Nothing

- 5.14 Transport for the North doesn't currently have a role in such procurement: this paper is setting out options for members to consider, should they find it helpful. Currently each authority is responsible, where they seek to procure fleet directly or indirectly, for the specification, tendering, grant funding and procurement of these assets individually.
- 5.15 This is a call on local capacity and capability. – Some form of regional function could potentially support and provide efficiencies in spend. Equally, there is the risk of a limited supply chain being stretched by competing demands across the North (one area taking up majority of fleet build capacity for example).

6. Next Steps:

- 6.1 In preparation for business planning, an initial steer is being sought from the Board on if they wish the TfN executive to work with their officers to develop a more detailed proposal and to what level of support this should cover.
- 6.2 Regardless of the options chosen, the manufacturer and used-vehicle marketplace for passenger carrying vehicles is small with few suppliers; so, an immediate area of work for Transport for the North could be to benchmark the ability of that manufacturing base, for both electric and hydrogen vehicles, to meet the demand of the North's bus reform agenda through surveying the capacity and pipeline of that supply chain for both the vehicles and fuel provision infrastructure.
- 6.3 If this is an area of activity the Board wish the executive to develop, then as we progress through business planning, we will be able to consider our organisational capacity to realise the options being proposed – especially where there may be a resourcing, tax or liability risk in achieving them.

7. Corporate Considerations:

Financial Implications

- 7.1 Options where Transport for the North would directly manage procurement would likely have VAT implications for the organisation and, as such, may not be the most financially efficient delivery approach.

Any solutions involving incremental resources (capacity and / or capability) will need an appropriate funding solution in place prior to committing any costs.

Resource Implications

- 7.2 Anything beyond 'Option 1 – Light Support' will carry resource implications which will need to be factored into business planning.
- 7.3 It may be worth considering secondment opportunities to work together regionally to cross-fertilise skills from authorities ahead on their fleet journey.
- 7.4 More in-depth resource assessment would be needed following a steer on the preferred way forward from the Board.

Legal Implications

- 7.6 Legal implications will vary depending on the option(s) preferred by the Board. These may range from the development of contractual frameworks through to the provision of a joint venture governance framework. The detail will need to be explored following a steer from the Board.

Risk Management and Key Issues

- 7.7 There are no direct risks implications because of this report. A full risk management assessment will be undertaken as a more in-depth proposal is developed following a steer from the Board.

Environmental Implications

- 7.8 No environmental implications arise from this report, but the more detailed consideration of the emerging work could contribute to the decarbonisation of surface fleets.

Equality and Diversity

- 7.9 No direct equality and diversity implications arise from this report however the procurement of fleet will be bound by accessibility regulations and the need to ensure those with protected characteristics are represented in any future frameworks.

8. Appendices:

- 8.1 None

Glossary of terms, abbreviations and acronyms used:
a) TfN – Transport for the North
b) BSIP – Bus Service Improvement Plan