

REPORT TO:	CABINET 15 OCTOBER 2018
SUBJECT:	PASSENGER TRANSPORT PROCUREMENT STRATEGY
LEAD OFFICER:	RICHARD SIMPSON, RESOURCES, EXECUTIVE DIRECTOR SARAH WARMAN, COMMISSIONING AND PROCUREMENT, DIRECTOR
CABINET MEMBER:	CLLR ALISA FLEMMING, CABINET MEMBER FOR CHILDREN AND YOUNG PEOPLE CLLR JANE AVIS, CABINET MEMBER FOR FAMILIES, HEALTH AND SOCIAL CARE CLLR SIMON HALL, CABINET MEMBER FOR FINANCE AND TREASURY
WARDS:	ALL
CORPORATE PRIORITY/POLICY CONTEXT/ AMBITIOUS FOR CROYDON <p>The delivery of a high quality Passenger Transport service has a positive impact on the outcomes of children, young people and vulnerable adults. It contributes to the following corporate objective:</p> <ul style="list-style-type: none">• Growth: To enable people of all ages to reach their potential through access to quality schools and learning <p>It also reflects the following priorities within the Community Strategy 2016-2021:</p> <ul style="list-style-type: none">• To support individuals and families with complex needs• To deliver better education and the opportunity for everyone to reach their full potential	
FINANCIAL IMPACT <p>The financial impact of this report covers the DPS for taxis and the contract for mini buses. Across both contracts the impact is £74 million in total (across the different terms).</p> <p>The DPS agreement is for a term of four years, plus 2 extension periods of two years (4+2+2), to deliver taxi services to the total of £68 million (across 8 years).</p> <p>The Minibus contract is split into two Lots. Under Lot 1, the term will be 1 year, plus 2 extension periods of 1 year (1+1+1) to the total of £2.5 million (across 3 years). Under Lot 2, for a term of 2 years, plus 2 extension periods of 1 year (2+1+1) to the total of £3.5 million (across 4 years).</p>	

The Leader of the Council has delegated to the Cabinet the power to make the decisions set out in the recommendations below:

1. RECOMMENDATIONS

- 1.1 To approve the strategy identified within the detail of this report to procure suppliers to be appointed under a DPS agreement for a term of four years, plus 2 extension periods of two years (4+2+2), to deliver taxi services to the total of £68 million (across 8 years);
- 1.2 To approve the strategy identified within the detail of this report to procure suppliers to be appointed under a contract, for Lot 1, for a term of 1 years, plus 2 extension periods of 1 year (1+1+1) to deliver minibuss services for children/young people with Special Educational Needs/Disabilities and vulnerable adults, to the total of £2.5 million (across 3 years);
- 1.3 To approve the strategy identified within the detail of this report to procure suppliers to be appointed under a contract, for Lot 2, for a term of 2 years, plus 2 extension periods of 1 year (2+1+1) to deliver minibuss services for children/young people with Special Educational Needs/Disabilities and vulnerable adults, to the total of £3.5 million (across 4 years);
- 1.4 To approve the deviation from the Council's Tender and Contract regulation 21 for the reasons set out in section 3.5, to depart from the standard evaluation split of 60:40 (cost: quality) to allow a weighting of 100% quality for admittance on to the taxi service DPS, noting that the Council's standard split 60:40 (cost: quality) will apply to operation of the DPS.

2. EXECUTIVE SUMMARY

- 2.1 The Council provides home-to-school travel support for children and young people with Special Education Needs and/or Disabilities (SEND), and home-to care provision travel support for vulnerable adults, in accordance with its statutory obligations and published eligibility policies. Travel support takes many forms, including the provision of independent travel training to enable clients to travel independently on public transport, and personal travel budgets and direct payments to enable clients to make their own travel arrangements. Nevertheless, the direct provision of passenger transport is still the most common provision for eligible clients.

- A quality transport service for all clients
- Transport which meet the clients' needs, no matter how complex
- A service which works within the Council's budgetary restraints
- An increase in clients becoming independent

For Publication

- 2.2 The Council want to fulfil their statutory responsibility to provide free transport for all pupils of compulsory school age and make transport arrangements for children with special educational needs. The current Passenger Transport framework is coming to an end in August 2019 and a new service needs to be procured before the new academic year 2019/20.

3. DETAIL

- 3.1 The re-procurement of services must be flexible enough to meet future changing service needs and to be able to adapt to the new requirements of any alternative travel and transport service delivery model that the Council may wish to adopt in future.

3.2.1 Taxi DPS

The DPS for taxis will follow the rules of the restricted tender (reg 34 (5) PCR 2015), advertised through OJEU, the eportal and industry publications. As providers can join a DPS at any point during the term, work on further market engagement happen post May 2019.

- 3.2.2 The suggested term for the DPS is 4 years plus 2 extension periods of 2 years (so a total of 8 years). As long as the DPS works for the Council and the service this allow continuity in the market. Flexibility is needed in this contract due to the changing nature of the service with increasing in-house provision and in-borough educational provision.

3.3.1 Minibus contracts

As part of the Independent Travel Service is to be brought in house across the next 3 years (2019 to 2021), the mini bus contract needs to be flexible to ensure that the Council can phase the insourcing of routes. The Council have elected for the schools to be batched up as Lots, to align with the insourcing timetable. This will also create volume within the contract for providers, and be more attractive to the market (increasing competition).

- 3.3.2 The timetable for insourcing is:

Sept 2019	Red Gates & Castle Hill	13 routes (current)
Sept 2020	Bensham Manor & St Nicholas (and Timebridge)	13 routes (current) + new provision
Sept 2021	St Giles & Rutherfords	12 routes (current)

- 3.3.3 The mini bus contract will be an open tender, advertised through OJEU, the eportal and industry publications.
The term for the mini bus contract will be 4 years in total but will be broken up depending on the Lot:
- Lot 1 – Bensham Manor and St Nicholas (1 year term + 1 year + 1 year extension period)

For Publication

Annual Value - £833,333

- Lot 2 - St Giles and Rutherfords (2 year term + 1 year + 1 year extension period)

Annual Value - £875,000

As the in sourcing programme is only projected at this time, the contract needs to allow for flexibility in case all routes cannot be brought in, in this timescale.

- 3.3.4 This model has resilience as providers will have certainty in the contract term, unlike a framework where there is no certainty of contracts. The minibus contract will prohibit one provider winning more than one Lot – so the risk is spread across the contract. The Council has built in resilience if there are any issues with providers, as there is an on-going in house service providing passenger transport minibus service across the borough. There is also a specific Contracts and Procurement Officer to work on the Passenger Transport contracts, which mean the minibus contract will be strategically contract managed throughout the term.

3.4 Both Contracts

The Council are looking to digitise the passenger transport service, so both contracts will include an option for providers to quote for routes with tracking software included. For the DPS this will be through the selection of a Category by the provider and for the minibus contract there will be an option to quote for the routes with this feature.

3.5 Social Value

- 3.5.1. Social value will differ across the two contracts, depending on the values of the contracts. London Living Wage will be applied to both contracts and managed throughout the contract periods.

3.5.2 Social Value - Taxi DPS

The DPS will not mean guaranteed work for any provider on the framework, so providers will be asked in the tender process what their current social value policy is and examples of social value work they have completed. This could include employing local people, using the local market (eg for MOTs) and using vehicles with low emissions. Once a provider gets £500,000 value of work on the DPS, the Contracts and Procurement Officer will contact the provider to set out a social value action plan for the next year (as contracts on the framework will last a year to fit in with school terms). The social value requirements will be embedded in the specification and Strategic Contract Management meetings. This will be communicated through the tender documents.

- 3.5.3 Social Value will be discussed twice yearly at Strategic Contract Meetings for the providers with the highest value work and then other providers with lower value contracts will be met once a year and held accountable for their social value progress. There will be a proportionate approach to the contractors. The framework will be an open and proactive engagement, which will create social value, by increasing the sole traders on the framework.

3.5.4 Social Value - Minibus contracts

The minibus contract is set out differently and the provider who wins a Lot will get guaranteed work for 1-2 years, of at least £833,333. Providers who tender for this contract will be asked to set out their social value action plan as part of the evaluation process. The tender will highlight the Council's Value Croydon framework for providers to use:

<http://valuecroydon.com/councils-social-value-framework>

3.6 Employment Considerations

3.6.1 There are TUPE implications for both the taxi DPS and minibus contract.

TUPE information is collected every year by the service when the routes are re-tendered in the summer period – so there is a good indication of the impact on providers. It is anticipated that TUPE will have a greater impact on the mini bus contracts, as the majority of staff working on the taxi contracts are self-employed.

3.6.2 No transfers of staff that are currently employed by the Council to contractors will result from this procurement. However, the tender documents will note the potential for the application of TUPE obligations with regard to the transfer of staff from existing providers to new providers, including some employees who have retained their previous terms and conditions related to their previous employment with Croydon Council. Such transfers are legally a matter between the existing and future contractors. However, where appropriate to assist the transition of services the Council may facilitate liaison between the providers as far as possible particularly with regard to the communication of information between the parties. Provision will also need to be made within the pricing arrangements to allow for variations in pricing to accommodate the additional costs that will be implicit in a transfer of former Council employees from one provider to another if a route is transferred by the Council.

3.7 Tender Process

The procurement process will be an open procedure for both the DPS and the mini bus contract, and tenders will be returned electronically via the e-tendering portal. An evaluation panel has already been established to assess each submission and will be evaluated in accordance with the Tenders and Contracts Regulations to ensure probity, value for money and that the most economically advantageous contractor is chosen.

3.8 Tender Evaluation - Taxi DPS

Appointment to the DPS

3.8.1. The DPS tender evaluation criteria will differ from the Council's standard weightings of 60 cost /40 quality for the first stage of the evaluation. For a provider to be awarded a place on the DPS, the evaluation criteria will therefore be 100% quality at this first stage based on ability to achieve minimum service standards. During the tender process, quality will be assessed against these criteria: service delivery, staff vetting and employment, staff competency, continuity of staff provision, risk assessment, safeguarding, vehicle requirement, PSP and social value.

For Publication

3.8.2 As required by EU procurement regulations, the invitation to tender will explain how tenders will be evaluated and scored. An Evaluation Panel will be appointed to carry out the tender evaluation.

3.8.3 The tender evaluation panel will be:

- Head of C&P – Independent Travel Service
- Operational Manager - CTS
- Travel Assistance Commissioner
- Contracts and Procurement Officer
- Autism Services Manager
- A Member of the Mobility Forum
- A Member of Parents in Partnership

3.8.4 Call-off process

Following this award stage, any call off or mini competition from the DPS will comply with the Council's Tender and Contracts Regulations, adopting the standard 60 cost /40 quality weightings and all routes will be awarded accordingly. Quality will be assessed through service delivery, such as number of defaults and complaints. This information will be collected by the Contracts and Procurement Officer quarterly. Each supplier will be assessed against the contract KPIs and a percentage score based on contract performance calculated. This percentage score will be weighted at 40% and operate as the standard quality score for the supplier. The supplier's price submission will be assessed on the basis of lowest tendered price and weighted at 60%. These scores will be added together to identify the most economically advantageous tender.

4. CONSULTATION

4.1 There is no intended change in policy or entitlement associated procurement.

5 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

1 Revenue and Capital consequences of report recommendations

	Current year	Medium Term Financial Strategy – 3 year forecast		
	2018/19	2019/20	2020/21	2021/22
	£'000	£'000	£'000	£'000
Revenue Budget available				
Expenditure				
Income				
Effect of decision from report	0	10210	10210	10210
Expenditure				
Income				
Remaining budget				

2 The effect of the decision

The current Passenger Transport framework is overspent and as demand and needs are increasing, this trajectory looks to continue. It is hoped the increased competition on the DPS will have a positive effect on costs.

3 Risks

The Passenger Transport Framework is high risk due to the needs of the clients using the service (safeguarding) and consistent increasing demand (costs). The mean of the Corporate Risk Register score is 4.25.

Currently the spend outweighs the budget by around £1.4 million, and with demand and complex needs increasing, there is a large risk to the budget over the next 4-8 years. The financial figures within this report take into account this demand.

The SEN Team are predicted to increase the number of Education Health and Care Plans in the Borough significantly over the next 5 years which will consequently have a knock-on effect of increasing the demand for SEN transport. The Independent Travel Service working with colleagues in SEN and finance to model the likely impact of this over the next 5 years with a view to informing future budget decisions.

4 Options

See section 12.1 for all options considered.

5 Future savings/efficiencies

The savings for this service are being considered currently with finance, across a 5 year detailed plan.

The Passenger Transport service is statutory and has growing demand and complexity of need. It is expected that the budget will need to

For Publication

increase in the short to medium term, until measures to provide more placements in borough are complete and the strategies to manage demand within SEND are implemented. The financial figures for these two contracts include the current demand figures modelled across the next 8 years.

The DPS for mini buses will drive savings through the call off process and competition on the framework, due to the continuous open nature.

The mini bus contract will decrease in value every year, due to the phased in sourcing, (the insourcing has not yet been costed in detail, but is expected to increase passenger transport costs). The cost will still sit in the service budget but be moved from the contract budget to the in house service budget.

Approved by: Ian Geary, Department Head of Finance - Resources

6. COMMENTS OF THE COUNCIL SOLICITOR AND MONITORING OFFICER

- 6.1 There are no additional legal issues arising in relation to this report.
- 6.2 Approved by Sean Murphy on behalf of the Director of Law and Monitoring Officer

7. HUMAN RESOURCES IMPACT

- 7.1 There are no direct implications for LBC workforce as a result of this report.
- 7.2 Approved by: Sue Moorman, Director of Human Resources

8. EQUALITIES IMPACT

- 8.1 An initial EA has been completed. There are no changes to current service, for the service user, so a full EA is not required.

9. ENVIRONMENTAL IMPACT

- 9.1 Taxis must adhere to the Public Carriage Office's (PCO) stringent requirements when gaining/renewing a licence. These requirements come from the Mayor's Taxi and Private Hire Action Plan. Vehicles cannot be older than 15 years and new vehicles will no longer be granted a licence if they run on diesel (would have to Euro 6 at least).

10. CRIME AND DISORDER REDUCTION IMPACT

- 10.1 There are no crime and disorder reduction impacts arising from this report.

11. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

- 11.1 The Council has a statutory requirement to provide home-to-school travel support for children and young people with Special Education Needs and/or Disabilities (SEND). The Council, in accordance with its policy, needs to provide home-to care provision travel support for vulnerable adults. Without the DPS and minibuss contracts, these services would be unable to be provided to the clients.

12. OPTIONS CONSIDERED AND REJECTED

- 12.1 The following options have been considered, with the four options highlighted in bold being the preferred options:

Children	Make	Make & Buy	Buy
Taxis	N/A	High Cost routes (>£52k/year) delivered in-house. Buy remainder of provision from an existing market through DPS	Set up Dynamic Purchasing System (DPS) to procure all taxi routes
Bus	All Bus routes insourced from 2019	Phased transition to in-house model for all schools Continue to buy from 'manufactured' market in the interim.	Establish external contract(s)/framework, potentially adopting a lotting approach
Passenger Assistants	Insouce all PAs (288)	Provide PAs for in-house provided routes and review opportunities	Buy all PAs as routes require, including for in-house services
Adults			
	In-house all day care with option to combine with SEN transformation programme	Maintain in-house provision, buy taxis – review transformation	Buy all provision through DPS and external contract(s)/framework

CONTACT OFFICER: Becky Saunders, Category Manager – Travel and Transport

BACKGROUND DOCUMENTS: None