

	<p>Policy and Resources Committee 2nd December 2014</p>
<p style="text-align: right;">Title</p>	<p>Independent Transport Operations for SEN and Passenger Transport Update</p>
<p style="text-align: right;">Report of</p>	<p>Street Scene Director</p>
<p style="text-align: right;">Wards</p>	<p>All</p>
<p style="text-align: right;">Status</p>	<p>Public</p>
<p style="text-align: right;">Enclosures</p>	<p>None</p>
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Summary

This report provides the background to the Harrow/Barnet Framework for independent transport needs and seeks approval to increase individual approved contractors' spend and the overall contract spend for 2014/15.

Recommendations

1. That the Committee approve the following:
Increases as set out in the Report in the approved contractors' spend and the overall annual value of the Independent Transport Operations for SEN and Passenger Transport contracts for the approved suppliers for 2014/15.

1. WHY THIS REPORT IS NEEDED

- 1.1 To ensure continuity of the Independent Transport Operations for Special Education Need home to school and other Passenger Transport services provided to the service users.
- 1.2 To amend the individual contractors spend as a result of mini competition, route optimisation and the reduction in total number of approved suppliers supporting this contract.

2. REASONS FOR RECOMMENDATIONS

- 2.1 In June 2012 the London Borough of Harrow invited all Councils within the West London Alliance (WLA) to join them in a tender for passenger transport services involving an Electronic 'E' Auction. Following agreement by the Passenger Transport Project Board, Barnet Council subsequently entered in to the joint tender process. The proposed framework would be for a period of four years.
- 2.2 Both Councils agreed to undertake an open, EU compliant tender process which does not include prior short listing. With this tender process, all applicants that submit responses to a tender advertisement are evaluated. This process was chosen as both Councils were aware of the likely market response to a tender advert which was not expected to exceed thirty applicants. The services tendered were passenger transport services for SEN Children and Adults receiving education and care services.
- 2.3 Harrow Council had previously conducted an 'E' Auction for passenger transport services in 2008 and found the tendered rates to be more competitive than the rates achieved by the traditional tender process. Companies could apply to price for the routes within Barnet or Harrow or for both Councils' routes.
- 2.4 The tender for a Framework of Suppliers was advertised in the Official Journal of the European Union (OJEU) on 20 July 2012. A total of 28 companies responded with completed tender submissions for the Barnet routes. A total of 16 companies that had applied for the Barnet routes scored over the evaluation threshold in the Qualification and the Quality and Technical evaluation stages and were established as the approved providers over the term of the framework contract.
- 2.5 The tender process only allows for evaluation of price following the initial evaluation of quality, initially based on an 'E' Auction and subsequent Mini Competitions process thereafter, as the service delivery demands.
- 2.6 At the time of tender the original contract was valued at £3.1m, and as a result of the E-Auction the contract was projected at £2.7m per annum. However, the actual annual contract spend for the first year was £3.4m. The increase in the contract value was a result of an increase in the demand for the services coupled with a reduction in the number of approved suppliers due to

unsustainable c' initial bids by some contractors resulting in decreased competition under the Framework and the council therefore having to award routes to higher value bids .

- 2.7 Since the contract award in November 2012 the Passenger Transport Services (PTS) has experienced a significant variation in SEN and Non SEN transport, which includes a number of existing transport requests being upgraded to 1-2-1 transport from shared transport as a result of individual pupil's health and welfare needs during transport. PTS has managed this growth by optimising routes whilst accommodating client needs, and making use of existing resources more effectively through arrangements with approved suppliers and the existing in-house transport provision.
- 2.8 During the intervening period since contract award, eight of the sixteen approved providers have withdrawn from the framework contract comprising of the following:
- City Fleet and Olympic South before 15 April 2013;
 - Ruskin's Private Hire Ltd ceased trading from 1 September 2013;
 - Cavendish; Chequers Transport; 1HS; Welcome Cars and Wheel Get You There, confirmed their non-compliance with the terms of the contract from 1st April 2014 and therefore would not be participating further.
- 2.9 As a consequence, there are eight remaining approved suppliers, qualified through OJEU procedure, currently supporting the contract. However, the impact of reduced competition within the SEN Passenger Transport framework has resulted in an increase within the contractor's mini competition bids resulting in an increase in passenger transport costs since April 2013.
- 2.10 Table (fig 1) below details the projected £3.69m annual spend (2014.15) based on current with £50k contingency and £50k Adhoc requests, against the 2013.14 approved level spend. The 2013.14 approval level excludes Adhoc transport request and contingency.
- 2.11 Table (fig 2) provides a comparison of the projected spend 2014.15 to actual 2013.14. Passenger Transport Services are demand led, therefore predictive trends have been taken into account when establishing these transport costs, mindful that they are subject to fluctuations through to year end. Spend per contractor is subject to change during the year due to mini competition, inflation, including various operational and market factors.
- 2.12 The increase of £281k between the current approved and new proposed spend level comprises of:
- £100k comprises of:
 - £50k adhoc passenger transport requests, to be recharged to the various service users; and
 - £50k planned contingency for any future transport cost increase.
 - Of the remaining £181k within existing Children Services SEN Home to School Transport and other services (2014.15) budget.
 - Planned transport cancelations have not been factored into the projection due to the uncertainty and nature of the business.

- 2.13 As a result of the change in the individual contractor spend and mini competition process, this report seeks authorisation to increase the individual contractors spend detailed within the Table (Fig 1).
- 2.14 Due to the reduced competition within the current SEN Framework contract, the current contract is under review to ascertain its suitability to provide value for money and the most competitive method of procuring passenger transport services for the next two years. Alternative options are being considered as part of the review, to be in place from September 2015,

Fig 1 Projected Contractor Spend - 2013/15

Approved Suppliers	2013/14	2014.15
	Current Approved Level	Proposed Spend Level
Amac Express Services	£70,000	£245,000
B & L Coaches	£75,000	£230,000
Brent Couriers Ltd	£660,000	£465,000
Cavendish	£2,000	£0
Cheetah Ltd	£115,000	£180,000
Chequers Transport	£60,000	£0
IHS Corporation Limited	£15,000	£0
The Impact Group Plc	£125,000	£78,000
London Borough of Barnet	£948,000	£1,200,000
Paradrive T/A Metro Cars	£525,000	£565,000
RASMI SERVICES LTD	£9,000	£85,000
Star cars ltd	£795,000	£650,000
Welcome	£8,000	£0
WGT	£2,000	£0
Ruskin Private Hire Ltd	£8,000	£0
Olympic South	0	£0
City Fleet Networks Ltd	0	£0
Total	£3,417,000	£3,698,000

Fig 2 Contract Spend By Service - 2014/15

Contract Service	No Passengers		Actual	Proposed Spend Level	Variance
	2013/14	2014.15	2013/14	2014.15	
Children Service (SEN)	866	857	£3,141,330	£3,296,000	£154,670
Children Service (NON-SEN)	70	61	£112,280	£93,000	-£19,280
ASCH	300	280	£115,670	£126,000	£10,330
Catering	N/A	N/A	£50,057	£83,000	£32,943
Ad Hoc Requests	N/A	N/A	£60,513	£50,000	-£10,513
Contingency	N/A	N/A	0	£50,000	£50,000
Total	1236	1215	£3,479,850	£3,698,000	£218,150

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 The Independent Transport Operations for SEN and Passenger Transport Framework contract has two of the four year term remaining and seeking to retender this contract mid-term is not a viable option at this time.

4. POST DECISION IMPLEMENTATION

- 4.1 Corporate Procurement to increase the contractor spend approval limit on the system contract to the threshold indicated within the report, permitting services to be continued to be procured for the remaining contract term.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

- 5.1.1 The three priority outcomes set out in the 2013-16 Corporate Plan, are:

1. Promote responsible growth, development and success across the borough.
2. Support families and individuals that need it – promoting independence, learning and well-being.
3. Improve the satisfaction of residents and businesses with the London Borough of Barnet as a place to live, work and study.

- 5.1.2 This report focuses on creating better life chances for children and young people across the borough.

- 5.1.3 The use of this contract will ensure that the provision of the high-quality service continues while reducing the cost of the provision and allow the Council to respond to the increasing demand for the service. The joint-

procurement with London Borough of Harrow was undertaken using a competitive process with appropriate due diligence to ensure that the above outcomes are met.

5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

5.2.1 An OJEU compliant joint tender process was undertaken with both Boroughs, London Borough of Harrow and London Borough of Barnet, sharing the proportionate cost of the 'E' Auction.

5.2.2 The Passenger Transport service is managed and operated by the Street Scene Directorate and comprises a combination of in-house and contracted providers. The service is available to all Council Departments, the main users being the Children's Service and Adult Social Care. The table below details the current annual spend, by department.

5.2.3 The spend under this contract is primarily funded by Children Services' Home to School transport provision for Special Education Need (SEN) pupils and Home to Day Centre transport budgets of Adult Social Care & Health.

5.2.4 Increases in inflation and the reduction in competitive bids within the mini completion process has led to suppliers costs increasing over the term of this contract. Costs will be contained within the existing service budgets.

5.2.5 The proposed variations in value have no implications on staffing, IT, property and sustainability. The variation is within the OJEU notice value.

5.3 Legal and Constitutional References

5.3.1 The procurement of the Framework contract was carried out in accordance with EU public procurement rules and the Council's own Contract Procedure Rules.

5.3.2 In compliance with European Procurement rules, the Framework was procured for a maximum period of four years. During this period individual contracts can be 'called off' from the Framework. Call-off contracts can be entered into which would have the effect of extending the four-year limit so long as the length of the last call-off contract is consistent with the length of previous call-off contracts. The terms of the Framework govern the call-off contracts awarded, in particular with regard to price and quantity.

5.3.3 The Council is not obliged to call off contracts under the Framework.

5.3.4 Council Constitution, Contract Procedure Rules, section 14 sets out the process for extensions and variations of contracts, including that they must be in accordance with the authorisation thresholds as set out in Appendix 1 – Table A. Contract extensions or variations of above £172,514 require approval by Policy and Resources Committee where they are outside the relevant themed Committee budget. This contract variation is outside allocated budget and therefore seeks authorisation from Policy and Resources Committee.

5.4 Risk Management

5.4.1 Failure to vary the annual value of the framework contracts could expose the Council to higher market rates and may require officers to undertake further procurement. Additionally, the potential providers could deploy their resources on other contracts if Barnet was unable to confirm payment for the transport services provided to date.

5.4.2 The risk of challenge from these suppliers that have been excluded from the framework has been mitigated by following a standard procurement process which has been led by London Borough of Harrow with officers from Barnet ensuring the process complied with Barnet's Contract Procedure Rules.

5.5 Equalities and Diversity

5.5.1 Under the Equality Act 2010, the Council and all other organisations exercising public functions on its behalf must have due regard to the need to:

- a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act;
- b) advance equality of opportunity between those with a protected characteristic and those without;
- c) promote good relations between those with a protected characteristic and those without. The 'protected characteristics' referred to are: age; disability; gender reassignment; pregnancy and maternity; religion or belief; sex; sexual orientation; race. It also covers marriage and civil partnership with regard to eliminating discrimination.
- c) promote good relations between those with a protected characteristic and those without..

The procurement process involved the evaluation of each applicant's equalities procedures in order to ensure compliance with the Council's equality and diversity requirements.

5.6 Consultation and Engagement

5.6.1 None

6. BACKGROUND PAPERS

6.1 Cabinet Resources Committee, 29 November 2010 (Decision item 9) – authorised the Commercial Director to commence the procurement process to identify a strategic partner for the delivery of the Passenger Transport Services and to extend the current SEN framework contract by 6 months to February 2012 to allow adequate time to procure the most suitable provider for a new service.

6.2 Business Management Overview & Scrutiny Sub-Committee, 16 December 2010 (Decision item 6), the report referred to at 1.1 above was called-in and Councillors were assured that they would see evidence of work with other boroughs on passenger transport.

- 6.3 Cabinet Resources Committee, 27 September 2011 (Decision item 16), the committee approved the recommendation to become full members of the West London Alliance (WLA) Transport Efficiency Programme to participate in the procurement of a framework contract to replace the current framework.
- 6.4 Cabinet Resources Committee, 16 January 2012 (Decision item 9), the Committee approved the extension of the SEN Framework Contract, expiring on 29 February 2012, for a second term to allow adequate time for the West London Alliance (WLA) to procure a region-wide collaborative framework contract for the most suitable provider(s) for the service to benefit both the customer and the Council.
- 6.5 Cabinet Resources Committee, 16 January 2012 (Decision item 9), the Committee approved the extension of the SEN Framework Contract, expiring on 29 February 2012, for a second term to allow adequate time for the West London Alliance (WLA) to procure a region-wide collaborative framework contract for the most suitable provider(s) for the service to benefit both the customer and the Council.
- 6.6 Cabinet Resources Committee, 25th February 2014 (Decision item 6), the Committee retrospectively approved an increase in the annual value of the contracts of £655k following an increase of 10% clients being transported over the same period and to appoint two contractors from the Harrow/Barnet Framework for the duration of the remaining term of the contract.
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