

Item No.	Classification: Open	Date: 29 August 2012	Decision Taker: Strategic Director of Finance and Corporate Services
Report title:		Gateway 3 – Variation Decision/Extension Approval Home to school transport service	
Ward(s) or groups affected:		All Wards	
From:		Strategic Director of Children's Services	

RECOMMENDATIONS

That the Strategic Director of Finance and Corporate Services:

1. Approves an extension of the Home to School Transport contract to Ruskin Private Hire Limited for the provision of buses only, for a period of twelve months from 1 September 2012 to 31 August 2013 at an estimated cost of £828k.
2. Approves an extension of the Home to School Transport contract to Healthcare and Transport Services (HATS, formerly Olympic (South) Limited) for the provision of buses only for a period of twelve months from 1 September 2012 to 31 August 2013 at an estimated cost of £789k.
3. Notes that these transport bus contracts are to be used alongside the Physical Disability/Learning Disability and Special Educational Needs accessible transport contracts (PD/LD and SEN) to transport children to school for one academic year starting 1 September 2012 and that a full procurement process to secure a new home to school transport contract from 1 September 2013 is underway.

BACKGROUND INFORMATION

4. Local authorities have a statutory duty to provide school travel assistance to eligible children which may include transport on an appropriate vehicle. SSWC has home to school transport contracts with Ruskin Private Hire and HATS for provision of a transport depot in the borough, vehicles and drivers to transport pupils to school and back home during term time only. Pupil Support Assistant (PSA) staff used to accompany children on their journeys are sourced separately outside of these contracts.
5. The original five year contracts commenced on 1 September 2006 and ended on 31 August 2011. Each contract allows for an extension of 1 + 1 year. The Finance Director confirmed the first year extension.
6. The initial cost of the contracts was based on indicative prices for journeys that the local authority's in-house transport service had delivered in 2004/05 which was approximately £2.1m. The indicative transport routes and vehicle requirements however which formed the contract price, changed significantly between the time of the tender process and start of the contract. This resulted in higher costs than anticipated from the start.
7. The council renegotiated terms with both transport providers and implemented significant operational changes to the way school transport services were

organised and delivered from 1 September 2011. These changes enabled the council to achieve full year cost reductions of £490k on the previous year whilst delivering a similar quantity and quality school transport service.

8. Since 1 September 2011 the home to school transport contracts have been used to provide buses and larger vehicles, predominantly operating within the borough. All journeys (each morning and afternoon), commence from each company's Southwark based depot which enables all Pupil Support Assistant (PSA) staff accompanying children on these bus journeys who are employed directly by the council or Special Schools to be collected.
9. All additional SEN accessible transport vehicles (taxis, MPVs and buses) are provided by separate contracts with HATS and Ruskin which were renegotiated in May 2012. These vehicles deliver out of borough rounds but unlike the bus contract, there is no requirement for these journeys to be coordinated from a transport depot and the companies provide their own PSA staff to accompany children on these vehicles.
10. This reorganisation of transport operations has helped to reduce costs significantly and has utilised much of the good practice identified in Southwark's review of school travel support which has been ongoing since 2011.
11. An interim transport service will be required for the period 1 September 2012 to 31 August 2013, for which the following contractual arrangements with Ruskin and HATS are proposed:

Provision	Contract	Contract dates
Buses, drivers, depot facility	Home to school Transport	September 2012 to August 2013 (Extension year 2)
Accessible vehicles, drivers and PSAs	PD/LD and SEN Accessible Transport	May 2012 to August 2013 (already in place)

KEY ISSUES FOR CONSIDERATION

Key Aspects of Proposed Variation

12. The nature of the proposed variation is time.
13. Home to school transport contracts will continue to be focused on buses operating within the borough. The reorganisation of the school transport service has reduced the amount of work put forward through the home to school transport contracts from £2.696m in 2010/11 to £1.655m in 2011/12. Total additional savings linked to the service continue to be reviewed.
14. The total value of the HaTS contract to date is £6.385m. The proposed contract variation of £789k represents 12.36% of the contract value.
15. The total to date value of the Ruskin contract is £9.152m. The proposed contract variation of £828k represents 9.05% of the contract value.
16. Annual spend for the last two academic years for each provider on the home to school contract (buses only) is given below.

Provider	2010/11	2011/12	2012/13 (forecast)
	£m	£m	£m
HATS	926	814	789
Ruskin	1,770	841	828
Total	2,696	1,655	1,617

Reason for Variation

17. Extension of the home to school contracts with Ruskin and HATS will enable bus provision to operate alongside the PD/LD & SEN accessible transport provision already in place, throughout the 2012/13 academic year. It will also allow sufficient time for officers to implement a full school transport procurement process for commencement of a new service from September 2013.

Future Proposals for this Service

18. Alternative contract arrangements for both bus and taxi home to school transport provision are being pursued for 2013. A comprehensive home to school transport service review has been undertaken and a preferred service delivery option which considers buses and taxis separately in order to achieve maximum financial benefits has been selected.
19. The Children's Services transport project board will meet in early September 2012 to finalise the procurement strategy. A provisional procurement timetable is set out below.

Activity	Complete By
Service Review	Completed September 2011
GW1 (Draft)	October 2012
GW1 Report DCRB	November 2012
GW1 Report CCRB	November/December 2012
Procurement (EU)	Jan – May 2013
GW2 DCRB	May 2013
GW2 CCRB	May 2013
Contract Award	June 2013
Transition	July – August 2013
Contract(s) Commencement	Sept 2013

Alternative Options Considered

20. Officers have reviewed various options for securing interim arrangements and have used the most appropriate means given the existing contractual landscape covering transport services.

21. Options considered include:

Do nothing and stop the service	This is not an option. Accessible vehicles to meet passenger needs will be required from 1 September 2012.
Re-tender	There is insufficient time available to re-tender the service which must be ready to commence from 1 September 2012
Approach existing frameworks/contracts to deliver the service	There are no suitable existing contracts available within Southwark or with neighbouring authorities able to provide sufficient numbers of buses to run this service.
Extend existing home to school contracts pending full re-tender of the school transport service for September 2013.	This is the only viable option available that will ensure pupils are transported appropriately to school from 1 September 2012 and able to work in conjunction with the council's PD/LD and SEN Accessible transport contract to provide a comprehensive school transport service.

Identified risks for the extension

22.

No.	Risk	Risk Level	Mitigating Action
1.	School transport service not in place by 1 st September 2012	Low	Negotiations have been successfully completed with the two providers and provision of the arrangements is being finalised.
2.	New contract will not be in place for September 2013.	Low	The Home to School Project Board has been reviewing the current service and preparations are under way for the procurement of a new contract for September 2013. All key points are on target and are being closely monitored by the transport project board to avoid slippage.
3.	Prices for interim service will rise above current prices.	Low	Both of the current suppliers have agreed to a full review of costs. Each transport round will be subject to competitive pricing by each supplier, officers will then allocate routes based on organisational efficiency and best price.

Policy implications

23. The council's revised School Travel Assistance policy was implemented on 1 September 2011. The policy supports a reduced usage of motorised vehicle transport and explores alternative options for children to travel to and from school where vehicles are used as a last resort. When vehicles are agreed as a transport option for pupils, buses are used to obtain efficiencies in terms of cost and also in support of the corporate plan theme of valuing the environment.

Contract management and monitoring

24. Pupil Access officers, Children's Services will continue to be responsible for contract management, including weekly spot checks of transport rounds, ad-hoc checks of staffing and vehicle documentation and monthly review meetings with contractors to discuss service delivery. Children's Services Finance will also be involved in monitoring/analysis of the effectiveness of the service changes from September 2012 in order to help inform the new procurement strategy for 2013.
25. Both companies have consistently delivered adequate transport services over the period of the contract. A default system which incurs financial penalties is in place and used as part of daily monitoring arrangements. During the period September 2011 to July 2012, Ruskin incurred 13 service defaults, HATS incurred 4. Virtually all default notices were for late departure from the depots, companies would also be issued with penalties for frequent change of drivers or for providing an inappropriate vehicle.

Community impact statement

26. The home to school transport service is used by children and young people, many of whom are vulnerable and in need of significant levels of support/care. School transport services support vulnerable children helping them to regularly attend school and participate in everyday life.

Economic, environmental and social considerations

27. There are no economic or social considerations as part of this extension/variation request. Vehicles used on these contracts are required to meet and where possible exceed environmental standards that help the council to reduce its carbon footprint, the reduction in the use of vehicles to transport children to and from school will also contribute to lessening environmental impact.

Financial Implications – (CS0225 AN)

28. The home to school transport service has been subject to significant spending pressures for the past four financial years. This has been due to a number of established reasons such as a budget reduction in prior years without the commensurate decrease in demand and the lack of capacity to reduce supplier prices. As part of the 2011-14 budget setting process, transport savings were agreed of: £100k in 2011/12; £300k in 2012/13 and £400k in 2013/14. These are anticipated to be achieved through a combination of work streams including: the revised transport policy, procurement savings and an overall review of the operating model. The extension of these contracts at a lower value will contribute to these savings targets

29. These potential savings are based on a starting position of 294 children travelling on buses out of a total of 365 overall. However this academic year is ending with 418 children being transported on bus and taxi rounds, therefore there is a risk numbers may yet increase again within the academic year. Nevertheless the new travel assistance policy may lead to fewer children entering the service so numbers may remain stable.

Children transported end of Summer Term 2012 vs start of Autumn Term 2011:

Children Transported

Type	Jul-12	Sep-11	Change
Taxi	97	71	26
Buses	294	274	20
Southwark Play Service	27	20	7
Total Children	418	365	53

30. The estimated total cost of the contract stands at £1.617m (Ruskins, £828k & HATS, £789k). This will be funded from the 2012/13 & 2013/14 Home to School transport budget. The actual contract cost (buses only) for the last academic year was £1.655m.
31. A savings target of £150k was applied to the 2012/13 budget. These are anticipated to be achieved through a combination of work streams including: the revised transport policy, procurement savings and an overall review of the operating model. The extension of these contracts will contribute to these savings. Officers should take the opportunity to renegotiate with current providers to amend the specification and secure efficiencies where possible.

Legal Implications

32. The legal implications are set out in the comments from the Director of Legal Services at paragraph 41 onwards.

Consultation

33. The school travel service review incorporated consultation with young people using the service as well as parents and carers and other members of the community to seek their views on developing transport services for the future.

Other implications or issues

34. There are none.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Head of Procurement

35. This is a gateway three report seeking approval to award the final twelve month extension option for the home to schools transport service contract to the two incumbent providers.

36. Paragraph 4 confirms that the council has a statutory requirement to provide this service to those meeting the criteria.
37. The report confirms that following the implementation of significant operational changes as part of the last extension, including transferring some service users to separate SEN taxi contracts, significant cost reductions have been realised.
38. It is noted that the advised contract values in paragraphs 1 and 2 are estimates based on current transport round allocations, and that whilst a full review of costs is to be completed prior to the start of the new academic year in September 2012 by way of asking both service providers to submit pricing for each round, the total service costs is not expected to change, merely perhaps the percentage split of the contract.
39. Paragraphs 24 and 25 confirm the contract monitoring and management arrangements that will remain in place and the report author is satisfied that there are no current performance issues with either service provider that would prohibit award of these contracts.
40. Paragraph 18 confirms that work has already commenced to ensure new service arrangements are in place by the end of these contracts.

Director of Legal Services

41. The Director of Legal Services ("DLS", acting through the Corporate Team) has advised officers in connection with this report and is represented on the working group and project board which have been established for the purpose of delivering, managing and reviewing the procurement of a new school transport contract.
42. This report seeks approval of a further extension of two Home to School Transport contracts, as provided for in the respective contract conditions. The reasons for requesting such extension are summarised within paragraph 17. Under the council's Contract Standing Orders ("CSOs"), in the circumstances described in this report the decision to approve the proposed extension of the contracts is one which may be taken by the Strategic Director of Finance and Corporate Services after consideration of the report by the Corporate Contract Review Board.
43. CSOs also require that a variation decision may only be made if the expenditure involved has been included in approved revenue or capital estimates, or has been otherwise approved by, or on behalf of the council. Paragraphs 30 and 31 confirm how the cost of the contracts is to be funded.


Strategic Director of Finance and Corporate Services (SDFCS) (NR/FCS/3/8/12)

44. This report recommends that the Strategic Director of Finance and Corporate Services approves extensions of the Home to School Transport contract to Ruskin Private Hire Limited and Healthcare and Transport Services (HATS, formerly Olympic (South) Limited) for the provision of buses only for a period of twelve months from 1 September 2012 to 31 August 2013 and notes that these transport bus contracts are to be used alongside the Physical Disability/Learning Disability and Special Educational Needs accessible transport contracts.

45. The SDFCS notes the financial implications contained within the report. Officer time to effect the recommendations will be contained within existing budgeted revenue resources.

FOR DELEGATED APPROVAL

Under the powers delegated to me in accordance with the Council's Contract Standing Orders, I authorise action in accordance with the recommendation(s) contained in the above report.

Signature  Date 30.8.12

Designation STRATEGIC DIRECTOR OF FINANCE AND CORPORATE SERVICES

BACKGROUND PAPERS

Background Papers	Held At	Contact
Gateway 1 – home to school transport procurement strategy approval report	160 Tooley St.	Jan McMahon
Gateway 2 – Award report	160 Tooley St.	Jan McMahon
Home to school transport Gateway 3 (2011)	160 Tooley St.	Glenn Garcia
contracts register update form – gateway 3	160 Tooley St.	Glenn Garcia

APPENDICES

No	Title
None	

AUDIT TRAIL

Lead Officer	Romi Bowen, Strategic Director of Children's and Adults' Services
Report Author	Glenn Garcia, Head of Pupil Access
Version	Final
Dated	29 August 2012
Key Decision?	Yes

CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER

Officer Title	Comments Sought	Comments included
Head of Procurement	Yes	Yes

Director of Legal Services	Yes	Yes
Strategic Director of Finance and Corporate Services	Yes	Yes
Head of Home Ownership	N/A	N/A
Cabinet Member	No	No
Contract Review Boards		
Departmental Contract Review Board	Yes	Yes
Corporate Contract Review Board	Yes	Yes
Cabinet Member	No	No
Date final report sent to Constitutional Team		29 August 2012

