

Item No. 15.	Classification: Open	Date: 20 November 2012	Meeting Name: Cabinet
Report title:		Gateway 1 - Procurement Strategy Approval Supported Travel Service for Children's and Adults Services	
Ward(s) or groups affected:		All	
Cabinet Members:		Councillor Dora Dixon-Fyle, Cabinet Member for Children's Services Councillor Catherine McDonald, Cabinet Member for Health and Adult Social Care	

FOREWORD – COUNCILLOR DORA DIXON-FYLE, CABINET MEMBER FOR CHILDREN'S SERVICES AND COUNCILLOR CATHERINE MCDONALD, CABINET MEMBER FOR HEALTH AND ADULT SOCIAL CARE

Ensuring we meet our statutory duty to provide a safe and reliable transport service for eligible young persons and adults within Southwark is important. We also need to ensure value for money and the strategy contained in this report provides the framework to achieve all of the above.

RECOMMENDATION

1. The Cabinet approve the procurement strategy outlined in this report for Children's and Adults Services transport namely to:
 - Undertake a competitive tender process to set up a framework arrangement to provide taxi transport services for a period of four (4) years commencing on 1 September 2013, at an estimated value of up to £6.7m.

BACKGROUND INFORMATION

2. The council has a statutory duty to provide transport services to eligible children and adults with physical/learning difficulties or special educational needs (SEN) which are delivered through the Children's and Adults Services department.
3. For children and young people, this includes travel assistance to and from school for pupils within the borough as set out in the Education and Inspection Act 2006. The criteria against which eligibility to travel support is assessed, and details of the type of provision available, are set out in the Southwark School Travel Assistance Policy.
4. School travel assistance for children is provided through a variety of methods including: provision of pupil support assistant staff to accompany pupils on their journey on foot, access to independent travel training, mileage allowance paid to parents of eligible children, transportation on an accessible minibus or in a taxi. There are also cross borough recoupment arrangements in place to enable efficient transportation of pupils living in one borough and attending school in another. Going forward the transport service will consist of two strands, the taxi

service covering both adults and children and the bus service to take children to schools where we have a large enough number of children to warrant this.

5. For children and young people there is a continued need for taxis to schools where a small number of eligible children are attending. Additionally, some children with high medical needs are transported individually, often with carers and additional equipment and this is usually done via the taxi service. In the academic year 2010-2011 a review of costs was undertaken with contractors, following which savings were made.
6. For adult services, a variety of solutions are required, which in addition to ordinary taxis includes wheelchair accessible vehicles and passenger support assistants. Historically some provision for adult services has not been available in borough and out of borough journeys have resulted in higher costs. With the introduction of personal budgets and support planning aiming to assist service users locally, savings have already been achieved and it is expected that further savings will be possible in the future.
7. The combined framework for both children and adults services would provide a more efficient service, allowing easier monitoring and the potential to achieve 'best value' for the required services.
8. Children's social care also use taxis mainly for transporting looked after children from placements to school and to enable family contact.
9. For Adults, the council has a duty, under the National Assistance Act 1948, the Chronically Sick and Disabled Persons Act 1970 and the National Health Services Act 1977, to provide services to meet the needs of vulnerable adults. This includes a duty to provide appropriate travel assistance to meet the travel needs of adult clients assessed as needing assistance with transport.
10. In May 2012, officers took the opportunity to work jointly across children's and adults teams to procure taxi services for both children's (school travel) and adults services, an interim Physical Disability/Learning Disability (PD/LD) and SEN accessible taxi contract for children's school travel and Adults services was established and will be in place until 31 August 2013. Children's social care are not currently included in this contract. The contract is delivered by two external providers - Ruskin Private Hire and Healthcare and Transport Services (Hats, formerly traded as Olympic South Limited) and currently operates 55 school taxi rounds each week during term time and approximately 60 individual journeys for adults to and from day centres and other provision each week.
11. The PD/LD and SEN accessible taxi contract provides the council with vehicles, drivers and pupil support assistant (PSA) staff to accompany children and adults on their journeys where required and operates alongside the home to school (bus) contract to ensure continuity of accessible transport provision for over 400 children and 60 adults with physical and learning disabilities.
12. In addition to the PD/LD and SEN contract, the council has an interim corporate taxi contract in place for staff/general agreed use, this contract is also due to expire on 31.8.13, and there are no extension options. Use of this service has reduced dramatically following the move to Tooley Street and the implementation of the council's staff transport policy which promotes public transport, and the use of council pool bikes and cars. This contract will also cover the relatively small usage where a taxi is the most cost effective means available.

13. Officers of the Children's social care teams also procure taxi services for use with the families they work with including supporting family contact from a range of local taxi companies.
14. The table below shows predicted 2012/13 spend on taxis for Children's, Adults and Council wide usage alongside the estimated taxi costs on a framework contract for four years 2013 to 2017.

Sections/ departments	Predicted spend 2012/13 £	Estimated contract value 2013 to 2017 (4 years) £
Children's (school travel)	920,000	3,680,000
Children's (social care)	90,000	360,000
Adults	675,000	2,700,000
Total	1,685,000	6,740,000

15. As part of the negotiations for the interim PD/LD SEN taxi contract, officers were able to make operational improvements and achieve efficiency savings. Operational changes made included:
 - i) Use of a single taxi service specification and joint monitoring of the contract between Children's and Adults services.
 - ii) Provision of Pupil Support Assistant staff by external providers where required to accompany children/adults on their journeys – which prevents the Council having to recruit these staff.
 - iii) Flexible fleet, journeys are able to be procured on an ad-hoc or more permanent basis as required without penalty.
 - iv) Reduced cost, these contracts are based on a clearer specification that meets need whilst avoiding any unnecessary requirements.

Summary of the business case/justification for the procurement

16. There is an ongoing need for the council to meet its statutory duty to provide travel assistance for children, young people and adults that meet the relevant criteria and also, an opportunity to procure all taxi requirements of children's and adults' services through a single framework arrangement which will enable the department to achieve greater coordination, efficiency and monitoring of its taxi usage.
17. A school travel project board was established in November 2010 to oversee the review of the service. The aims of the board were to shift from provision of a home to school transport service towards a travel assistance service. The remit of the board included the following:
 - A comprehensive review of the previous transport policy.
 - A review of the application and assessment process related to the policy.
 - A review of existing vehicles specifications, number of rounds and routes operated and associated costs.
 - The development and roll-out of independent travel training (ITT).
 - The development and implementation of systems, process and procedures to improve service delivery.

18. From September 2011, the project board focussed reviewing the external school transport contract with a view to putting forward its recommendations for provision of new school transport arrangements from September 2013. At this point the board recognised that there could be procurement efficiencies and potential savings if the council's transport need was procured collectively. The school transport review has been completed and a set of service delivery options produced. A summary of these options which have been considered by the project board is attached as Appendix 1 of this report.
19. The good practice that has been achieved throughout the school travel project board's work is now to be rolled out across the department which includes improvements to transport/travel assistance policy and process as well as identification of a new procurement route.
20. Adult social care has already begun to work with clients to reassess their requirements and produce new support plans and introduce personalised support arrangements in accordance with ministerial concordat "Putting people first: a shared vision and commitment to the transformation of adult social care" (2007). Adult Social Care is also undertaking a project to transform learning disabilities day and community services by introducing self directed support. The governance for this work is through the Redesign/Savings Board.
21. Over the next 15 months adults in receipt of social care services will be offered self managed personal budgets and have the opportunity to arrange their own care and transport. Only clients that wish to keep council managed personal budgets will require contracted transport services. Therefore there is expected to be a reduction in the use of council organised taxi services. The process will be managed through the community care review process.
22. Adult social care will make use of the framework arrangement developed to purchase transport services for individuals who wish to have a council managed personal budget and other departments, including corporate services for staff taxis will be able to join this framework during the four year period.
23. A framework arrangement for taxis was agreed by the project board as part of a service delivery option for school travel support. It was further proposed that all taxi needs of the department/council should be met by this framework which will help to achieve more of the financial and operational benefits for the council identified with this service delivery option, see appendix 1 of this report.
24. Work is currently underway to review the taxi requirements of children's social care for inclusion in the children's and adults services taxi framework from September 2013. A coordinated children's and adults' services departmental approach to purchasing/booking/invoicing systems, comprehensive service monitoring and performance management will also be able to be achieved.

Market considerations

25. The market for the provision of SEN taxi services is a mature one with sufficient companies available with capacity to tender for the proposed transport contract outlined in this report.

KEY ISSUES FOR CONSIDERATION

Options for procurement route including procurement approach

26. Initial procurement options for consideration by the project board included:
- Do nothing – This is not an option open to the council. Southwark council has a statutory obligation to provide transport services for children with SEN and vulnerable adults. Taxis provide a necessary form of transport when school/ mini buses are not possible/ practical.
 - Undertake a competitive tender to award a single contract for both taxi and bus services. This was considered but due to the differing requirements, transporting people within and outside the borough and the need to place 70 Pupil Support Assistant (PSA) staff, it is considered unlikely that there would be sufficient competition to deliver this.
 - Join an existing framework for taxi services - this would potentially be a more expensive solution as taxi frameworks tend to include local suppliers.
 - Undertake a joint tender with another borough(s). Benchmarking information gathered during the service review has indicated that this is something that the council could explore in the future. At this stage however the focus has been to rationalise the councils travel needs before embarking on inter borough travel solutions.

Proposed procurement route

27. The project board agreed that no one solution would fully satisfy the councils needs and therefore the recommendation is for a procurement strategy that will follow a competitive process and will secure two separate solutions. One solution for buses used solely to provide school transport for children with SEN in borough which will be covered by a separate Gateway report and one for accessible taxis covered in this report which as well as providing transport for children with SEN mainly out of borough, will provide taxi services for adults with PD/LD, service users across children's specialist service and, general council wide taxi provision including staff on official council business.
28. The proposal for procurement of taxis services is to undertake a competitive tender process to procure a framework arrangement for the provision of accessible taxis, MPVs and minibuses to transport children, young people and adults within and outside of the borough for both planned and ad-hoc journeys – with or without a pupil support assistant subject to the needs of the passenger.
29. The framework will be flexible enough to accommodate any wider current or future taxi transport needs of the council throughout the life of the contract and will enable the council to achieve greater value for money than current taxi arrangements in place due to the increased pricing competition a framework brings and the ability to reduce taxi use without penalty as clients/families take up personalised budgets for their transport needs.

30. The framework will comprise categories of vehicles including regular and wheelchair accessible vehicles. Rates for each category will be based on a price per mile and companies will be required to price journeys with and without a Pupil Support Assistant.
31. A comprehensive set of quality standards in relation to safeguarding, passenger safety and staff employment checks will be included as part of the evaluation process for this procurement. Companies must be able to demonstrate that they will meet these standards to the council's satisfaction in order to be put forward for selection on the framework. Companies accepted on the framework will bid for rounds (i.e. the collection and destination points of each passenger/group of passengers) competitively. The council will award rounds to taxi companies based on best price. These prices will be fixed for the first two years of the contract. Prior to the commencement of year 3, companies on the framework will be asked to bid again for rounds required at that time which will create a fresh injection of price competition.
32. The taxi framework arrangement will enable small local firms to bid competitively for work and achieve a mix of companies able to deliver services as specified whilst allowing the council to terminate business and transfer to another company on the framework where performance standards are not acceptable.
33. This taxi framework procurement approach will provide a service delivery model that will enable:
 - A single taxi transport solution for Children's and Adults services providing a joined up approach across the department.
 - a flexible taxi transportation service for children, young people and adults with special needs as well as passengers eligible to use taxis in other areas of the council.
 - Value for money and competitive pricing elements. All rounds will be awarded based on competitive price and fixed at that rate for two years. Year three will introduce a price review competition across companies included in the framework.
 - Clear performance standards and targets to be built into the tender process.
 - Flexibility to provide comprehensive taxi services in the future to any other area of the council not yet included if required.

Identified risks for the procurement

34. Details of the potential risks associated with the implementation of a framework agreement are briefly summarised in the table below.

No	Risk	Likelihood	Risk Control
1	Lack of Market Interest	Low	A clear communication strategy and bidders briefings will address this
2	Small local companies unable to participate	Low	The framework structure, scoring and evaluation will be designed to encourage bids from small local companies
3	Not enough time to deliver procurement process and ensure continuity of service	Low	Robust governance arrangements in place to track progress of project

Key /Non key decisions

35. This is a key decision.

Policy implications

36. This contract will support delivery of the council's school travel assistance policy by providing good quality transport services to children and young people to enable them to get to school. The service is also designed to be flexible enough to support a variable level of transport each year as pupils are supported to learn to travel independently.

37. Adult's services are developing a transport policy in line with the existing council's school travel assistance policy with the aim to enable people to be as independent as possible in meeting their assessed social care needs. The service is also designed to be flexible enough to support a variable level of transport each year as adults are supported to learn to travel independently.

38. Adults and families of children/young people using the service will also be encouraged to take up personal budgets to purchase their own travel support thus reducing vehicular transport provided by the council over time.

Procurement Project Plan (Key Decision)

39. The procurement project plan timetable is detailed below.

Activity	Complete by:
Forward Plan (if Strategic Procurement)	October 2012
DCRB Review Gateway 1	24/10/12
CCRB Review Gateway 1	25/10/12
Notification of forthcoming decision –despatch of Cabinet agenda papers	29/10/12
Approval of Gateway 1: Procurement strategy report	20/11/12
Scrutiny Call-in period and notification of implementation of Gateway 1 decision	Midnight 28 November 2012
Completion of tender documentation	28/11/12
Advertise the contract	29/11/12
Closing date for expressions of interest	14/01/13
Completion of short-listing of applicants	11/02/13
Invitation to tender	15/02/13
Closing date for return of tenders	28/03/13
Completion of evaluation of tenders	09/05/13
Forward Plan (if Strategic Procurement)	June 2013
DCRB Review Gateway 2:	13/05/13
CCRB Review Gateway 2:	23/05/13
Notification of forthcoming decision – despatch of Cabinet agenda papers	06/06/13
Approval of Gateway 2: Contract Award Report	18/06/13
Scrutiny Call-in period and notification of implementation of Gateway 2 decision	Midnight 26 June 2013
Alcatel Standstill Period (if applicable)	01/07/13
Contract award	01/07/13
TUPE Consultation period	Completion by 31 August 2013
Place award notice in Official Journal of European (OJEU)	01/08/2013
Contract start	01/09/2013
Contract completion date	2017

TUPE/Pensions implications

40. The Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) will apply on a service provision change where activities cease to be carried out by a contractor on the Council's behalf and are instead carried out by another contractor on its behalf, where there is an organised grouping of employees whose principal purpose is the carrying out of that activity, and where the activity is to be carried out otherwise than connection with a single specific

event or task of short-term duration. Only those employees assigned to the transferring activity will transfer

41. There are no TUPE nor pensions implications for the council as an employer because the council does not deliver these services directly. Whether TUPE will apply in relation to the current contractors is unclear at this stage but it is considered that any likelihood of TUPE applying will be in relation to a transfer of work involving dedicated escorts. However until due diligence is carried out definitive advice on TUPE cannot be provided. This due diligence work needs to be carried out before the tender process commences as its results need to be included in the tender pack. Tenderers should be directed in the tender documentation to seek their own independent advice and no warranties should be given as to the application of TUPE.

Development of the tender documentation

42. The required tender documentation required to set up the framework will be developed by the project team with help from external transport experts and officers from the councils legal and corporate procurement teams.
43. The specification for this taxi framework will address any issues that have been identified through the school travel service review which will be relevant to other areas of children's services as well as Adults services. Examples of this include:
 - greater customer focus
 - passenger safety and comfort
 - timely service delivery
 - knowledge of the local area and key destination points
 - flexibility based on changing requirements

Advertising the contract

44. The framework will be advertised in a number of ways:
 - Advertisement in Official Journal of the European *Union.
 - Public advertisements in trade journals and national press such as Community Care and the society section of The Guardian.
 - Advertisement published on the council's website

Evaluation

45. The tenders received will be evaluated against a weighted model price/quality ratio of 70/30 in line with council guidelines.
46. With a saturated market, this procurement will follow a two stage tender process with short listing being undertaken before tendering.
47. As per the restricted protocol, the process will consist of two stages.
48. The evaluation methodology will be developed with the project team and issued to the bidders as part of the tender documents.

Community impact statement

49. As SEN accessible transport is used by some of the most vulnerable members of the community, it is essential that service standards are of a high standard and able to meet the needs of all passengers including vulnerable children, young people and adults. A comprehensive assessment process is being introduced for children's services, involving home visits and family meetings with a view to ensuring the most appropriate (based on needs) and economical travel solution is provided to every child/young person.

Economic considerations

50. Local companies will be able to bid for these contracts and if successful, will help to promote local jobs to local people in delivering these transport services.

Social considerations

51. Successful contractor/s is expected to meet the London Living Wage (LLW) requirements. As part of the tender process, bidders will be required to confirm how productivity will be improved by payment of LLW. On award, the associated quality improvements and cost implications will be monitored as part of the annual review of the contract.

Environmental considerations

52. Transport providers bidding will be expected to use and source green, environmentally friendly vehicles whenever it is possible to do so.

Plans for the monitoring and management of the contract

53. As this framework arrangement will be in place across the Children's and Adults Services department as well as available for council use in general, appropriate monitoring and management arrangements to facilitate this change will be required. The current school travel service team has significant experience in managing transport contracts, route planning and passenger support which will be used as a basis for developing this in-house resource.
54. Day to day monitoring of the contract will be achieved through monthly review meetings between officers from each department and external providers as well as monitoring and recording performance data into a computerised log which will be referred to when ordering new rounds/journeys. Spot checks on transport rounds will be undertaken by the council, producing highlight reports on performance. Appropriate officer resources from Children's and Adults service teams using the framework will be identified to work in partnership with the lead contract manager in the school travel team in respect of robust monitoring and use of this taxi framework.

Staffing/procurement implications

55. Monitoring arrangements and contract management of this taxi framework arrangement is new to the council though transferable expertise exists within the school travel team this resource will not be sufficient to cover the entire new service. A review of job roles will be carried out to ensure sufficient resources are in place to carry out these functions.

Financial implications

56. The report is seeking cabinet approval for the procurement strategy of the Children and Adults Services supported travel service (taxi) framework arrangement.
57. The total budgeted cost of the school travel service for 2012/13 is £3,605k. This includes £2,442k (buses and taxis) for contracted transport services, £944k for PSA staff and £219k HQ travel service staff/operational costs.
58. The annual cost for the 2011/12 academic year of the taxi contracts was £920k (Hats £463k and Ruskin £456k). Current projections for the 2012/13 financial year are £900k; but rounds for September 2012 onwards are yet to be finalised. This will impact the forecast for 2012/13.
59. Over the four-year term of the contract, the total costs of the new home to school transport taxi contract should be no more than £3,680k (£920k*4years). Officers will amend the specification and secure efficiencies where possible.
60. The Home to School Transport contract costs will be funded from the allocated budgets for the respective years.
61. In addition, Children's Social Care expect to spend £90k in 2012/13 on taxis to transport children across the borough and to out of borough placements.
62. The Adult Social care element of the contract is to be funded from the Adults Social Care LD day services transport budget which in 2012/13 totals £675k.
63. Over the four-year term of the contract, total expenditure by Adults Social Care on taxi services will be no more than 4 x £675k, i.e. £2,700k.
64. At month 7 2012/13, 58 clients are accessing taxi services at an average weekly commitment of £223, giving a total annual commitment of £673k. Three clients have taken a self-managed personal budget to purchase taxi services directly with a reduction of 57% in commitment for their transport services. However, it is not appropriate to assume similar levels of savings for all remaining clients and there is no guarantee that all clients will take up self-managed personal budgets. Potential implications for adult social care taxi services and total transport commitments are illustrated in the table below:

number of clients taking personal budget	direct taxi services commitment £ p/a	total commitment for transport costs £ p/a at different levels of assumed reductions		
		0%	25%	50%
0	673,000	673,000	673,000	673,000
15	499,000	673,000	629,000	586,000
29	336,000	673,000	588,000	505,000
44	162,000	673,000	544,000	419,000
58	0	673,000	504,000	338,000

65. Any use of the contract by other areas of the council, or under the staff transport policy will be met from existing budgets.

66. The cost of the contract will neither be subject to, nor linked to, a price index for the first two years. At year three companies will be given the opportunity to review their prices.

Legal implications

67. Please see supplementary advice from the Director of Legal Services.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Head of Procurement

68. This report is seeking approval to set up a framework that will deliver taxi services, primarily for the Children's and Adult services, but will also accommodate any wider need for taxi provision the council may have going forward.
69. Paragraph 2 confirms that the council has a statutory duty to provide transport services for eligible children and adults with physical/ learning difficulties or special educational needs. The report confirms the Council's ongoing need for transport services will be delivered in a variety of ways through a number of contracts. This report covers the provision of taxi services only. The proposed framework will provide a flexible arrangement which will be able to accommodate the council's requirements going forward. The procurement options considered and discounted are outlined in paragraph 26. The benefits of setting up a framework for taxi services are listed in paragraph 27.
70. The procurement project plan appears tight but achievable, provided the appropriate resources are allocated to deliver the project. The report confirms that a project team has been set up which contains officers from the Children's and Adults services department supported by external transport specialists and representatives from the councils contracts and procurement teams. Paragraph 18 confirms that there are appropriate governance arrangements in place to oversee the procurement and monitor the progress of the project. It is envisaged that the project board will sign off key stages of the project and the production of key tender documentation.
71. Paragraph 45 confirms that the evaluation model used will be weighted 70/30 in favour of price, which is in line with the councils current guidelines.
72. Paragraphs 53-54 outline the monitoring and management arrangements for the framework and services delivered through it. The report identifies the need for cross departmental management of the framework once established. It is envisaged that these arrangements will be included as part of the project and will be in place in time for the start of the framework's operation.

Director of Legal Services

73. This report seeks the approval of the Cabinet to the procurement strategy for the provision of a framework agreement to provide taxi transport services to eligible children and adults with physical/learning difficulties or special educational needs (SEN) and others as is outlined in this report.

74. It is considered that these services are a Part A service under the Public Contracts Regulations 2006. As the estimated value of this framework agreement exceeds the relevant EU threshold, this procurement must be tendered in accordance with those Regulations. Paragraph 46 of this report confirms that a restricted two stage tendering procedure is proposed, which will comply with EU regulations and CSO tendering requirements.
75. This procurement is classified as a strategic procurement and therefore CSO 4.4.2(a) requires the Cabinet to authorise the proposed procurement process, after consideration by the Corporate Contracts Review Board.
76. The Transfer of Undertakings (Protection of Employment) Regulations 2006 may apply to this procurement and the implications are covered by the report author at paragraph 40.

Strategic Director of Finance and Corporate Services (CR/F&CS/02/11/12)

77. The Strategic Director of Finance and Corporate Services notes that this report is seeking cabinet approval for the procurement strategy of the Children and Adults Services supported travel service (taxi) framework arrangement with an estimated value of £6.9m over four years.
78. A framework approach offers flexibility in the event that demand or available budget changes in the future.
79. Companies on the framework will be asked to bid again after two years of a contract award, which will ensure price competition.
80. The Strategic Director of Finance and Corporate Services notes that there are no anticipated TUPE liabilities for the Council.
81. The strategy is affordable within current budgets and further financial implications will be examined at the Gateway Two stage of this contract award.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Gateway 3 Home to school transport	Southwark Council website: http://moderngov.southwark.gov.uk/mg/IssueHistoryHome.aspx?Id=20661&Opt=0	Glenn Garcia 020 7525 2717

APPENDICES

No	Title
Appendix 1	School Transport procurement options

AUDIT TRAIL

Cabinet Members	Councillor Dora Dixon-Fyle, Cabinet Member for Children's Services Councillor Catherine McDonald, Cabinet Member for Health and Adult Social Care	
Lead Officer	Romi Bowen, Strategic Director Children and Adult Services	
Report Author	Glenn Garcia, Head of Pupil Access	
Version	Final	
Dated	8 November 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	No	No
Contract Review Boards		
Departmental Contract Review Board	Yes	Yes
Corporate Contract Review Board	Yes	Yes
Cabinet Members	Yes	Yes
Date final report sent to Constitutional Team		8 November 2012