

<b>Item No.</b>	<b>Classification:</b> Open	<b>Date:</b> 11 September 2013	<b>Decision taker:</b> Strategic Director of Finance and Corporate Services
<b>Report title:</b>		Gateway 1 & 2 Procurement Strategy Approval and Award of Contract for Special Educational Needs & Disabilities taxis – Children’s and Adults’ Services	
<b>Ward(s) or groups affected:</b>		All	
<b>From:</b>		Strategic Director, Children’s and Adults’ Services	

## RECOMMENDATIONS

1. That the strategic director of finance and corporate services formalises his prior decisions to approve the procurement strategy for the interim procurement of Special Educational Needs and Disabilities (SEND) taxis, Children’s and Adults’ Services contracts namely to undertake single supplier negotiations with each of the two incumbent service providers.
2. That the strategic director of finance and corporate services formalises his prior decisions to:
  - a) approve the award of a SEND taxi service contract to Ruskin Private Hire Limited, by way of variation to the existing contract at an estimated total contract value up to £260k (for a period of up to 16 months, in respect of transport for children during term time only from 1 September 2013 to 31 December 2014).
  - b) approve the award of a SEND taxi service contract to Healthcare and Transport Services (HATS) Limited, by way of variation to the existing contract at an estimated total contract value up to £650k (for a period of up to 16 months, in respect of transport for children during term time only from 1 September 2013 to 31 December 2014).
  - c) approve an additional estimated contract value up to £411k for a period of up to 16 months, in respect of transportation of vulnerable adults by way of variation across these contracts. As detailed in paragraph 33 of this report, journeys will be confirmed from September onwards.

## BACKGROUND INFORMATION

3. The SEND taxi services are used by Children’s and Adults’ Services to support delivery of the council’s statutory transport duties to support children with special educational needs travel to/from school and vulnerable adults assessed as eligible to receive travel support.
4. These SEND taxi contracts are used for children alongside a separate school bus contract and other travel solutions, to provide a full home to school transport service. In line with Southwark’s school travel policy, children and young people with special educational needs and/or physical disabilities are supported and encouraged to travel to and from school independently, using public transport where possible. Vehicles are provided when there are no other suitable travel options available.
5. An annual review of school travel arrangements has been carried out by officers in order to achieve the most suitable and cost effective travel option for children with SEND. As a result, most school transport from September 2013 will be delivered on buses/large minibus vehicles through home to school bus contracts. Most of these children who use SEND taxi service travel to Southwark mainstream schools or to special schools outside of Southwark.

6. It is anticipated that up to 50 adult clients, predominantly individuals with learning difficulties, will require SEND taxis to travel on a various days each week to day centres, colleges or other facilities during the life of these contracts.
7. Adult clients eligible for travel assistance may receive SEND taxi services through these contracts. Social workers are currently reassessing each client's travel requirements and producing new support plans towards personalised support arrangements as part of the council's commitment to the transformation of adult social care. As more eligible adults are supported to become independent, there will be a reduction in the use of SEND taxi services through these contracts
8. On 20 November 2012, Cabinet approved a procurement strategy to undertake a competitive tender process to set up a framework arrangement to provide taxi transport services to the council for a period of four years. The framework was due to commence on 1 September 2013, when the current SEND taxi contract arrangements end.
9. To allow time to undertake procurement and implementation of SEND taxi services from 1 September 2013 the contracts were awarded to Ruskin Private Hire Ltd and HATS Ltd for a period of 15 months, ending on 8 August 2013.
10. Southwark council's procurement objective was to establish a framework agreement for children with SEND, vulnerable adults and for general taxi services. The number of submitted tenders which met the required quality standards was insufficient to form a framework arrangement.
11. A decision was taken by the strategic director of children's and adults' services in June 2013, to halt the procurement process and to review the council's procurement strategy from September 2013 onwards for the future supply of taxi transport services to the council.
12. The current SEND taxi contracts with Ruskin and HATS ended on 8 August 2013 with no provision available to extend. However, an in principle agreement to continue those contracts with the incumbent providers prior to 8 August 2013 was reached. This agreement was subject to confirmation of the council.
13. SEND taxi services are essential to enable the council to meet its statutory duties. It is particularly important that appropriate transport is in place to transport children with special needs to and from school at the beginning of the new academic year and also, available to meet travel support needs of vulnerable adults. An interim SEND taxi service from September 2013 is required to ensure continuity of transport services for children with SEND and vulnerable adults.
14. It is anticipated that a period of up to 16 months will be required to allow sufficient time to procure a new SEND taxi service. A high level project plan is attached as appendix one which leads to implementation of a new taxi service from 1 January 2015. It should be noted that although it may appear possible for rounds to commence from November 2014, it would not be suitable in terms of the needs of service users to start new routes mid term as it would cause significant disruption to passengers. Any major change to transport services are always planned to coincide with the start of a new term. The purpose of these interim contracts for the period 1 September 2013 to 31 December 2014 is to ensure continuity of school and college transport services. The total anticipated cost of these interim SEND taxi services (children's and adults') for the 16 month period is £1.32m.

## **Summary of the business case/justification for the procurement**

15. The procurement process to establish a taxi framework was halted at the end of June 2013 leaving a period of only two months available to secure alternative taxi transport arrangements for September 2013.
16. The procurement process to establish a taxi framework was halted for the reasons described in paragraphs 10 and 11 above. It is essential for the council to secure alternative arrangements for SEND taxi services to commence from September 2013 to meet its statutory duties in respect of travel assistance to vulnerable residents eligible for support.
17. Sufficient time is required to consider options as set out in paragraph 20 below in particular, given the difficulties experienced in the previous taxi framework procurement. It will be necessary to review the council's strategy and consider options available carefully before proceeding with a new procurement process.

## **Market Considerations**

18. Whilst the market for the provision of supported transport is mature, for the reasons contained in this report on this occasion the preferred procurement option was to undertake two single supplier negotiations with the incumbent providers allowing time to carry out a full procurement process to secure new SEND taxi arrangements.
19. The current transport contractors are both private companies. Ruskin Private Hire Ltd has between 50 – 250 employees and operates locally and regionally. HATS Ltd has over 250 employees and operates locally, regionally and nationally.

## **KEY ISSUES FOR CONSIDERATION**

### **Options for procurement including procurement approach**

20. The following options were considered:
  - (i) Do nothing – the council has a statutory duty to provide travel assistance. Failure to do so would cause considerable disruption to vulnerable children and adults and damage the council's reputation. This is not an option.
  - (ii) Carry out a new competitive procurement process – there was not enough time to complete a new competitive procurement process in time for September 2013 when the current agreements end. This option would not have allowed the council sufficient time to review a procurement strategy nor would it have enabled TUPE consultation to take place with any staff that might have the right to transfer to a new provider.
  - (iii) Use a taxi transport service used by a neighbouring borough – whilst there are taxi transport services in surrounding boroughs, they are difficult to access due to existing contractual arrangements of those authorities with their providers. This was not a practical option.
  - (iv) Carry out single supplier negotiations with current providers – this option is considered to be the best solution for this interim arrangement and the only

solution that could be implemented within the time available with minimal risks to service delivery. Children with SEND, their families and vulnerable adults require consistent transport services which predominantly run from the beginning to the end of each academic year. This option offers continuity of service, the least disruption to service users and will be delivered by companies the council has an established working relationship with.

#### **Procurement Route followed**

21. Single supplier negotiations with incumbent providers.

#### **Procurement project plan (Key Decision)**

22. Timetable of procurement process followed:

<b>Activity</b>	<b>Completed/ complete by:</b>
Forward Plan Decision Date	August 2013
Single Supplier Negotiations	July 2013
Final meetings with providers held to discuss the council's requirements and request a service delivery proposal	15 July 2013
Service delivery proposals submitted	29 July 2013
DCRB Review Gateway 1/2: Procurement strategy and contract award approval report (this report)	21 August 2013
CCRB Review Gateway 1/2: Procurement strategy approval and contract award report (this report)	5 September 2013
Notification of forthcoming decision – Five clear working days (if Strategic Procurement)	September 2013
Scrutiny Call-in period to start	September 2013
Scrutiny Call-in period and notification of implementation of Gateway 1/2 decision	October 2013
Contract award	September 2013
Contract start	1 September 2013
Contract completion date	31 December 2014

#### **Key/Non Key Decision**

23. This is a key decision, the overall value of each contract at this stage is unknown, depending on how transport journeys for adult passengers are allocated, this may result in one or both of the contracts being in excess of £500k.

**Identified risks and how they were/will be managed**

24.

No.	Risk	Risk Level	Mitigating Action
1.	SEND taxi service not in place by 1 September 2013.	Low	Negotiations to extend current SEND taxi services have been successfully completed with the two transport providers and arrangements for the service to commence on 1 September 2013 are now in place.
2.	New contract will not be in place for January 2015.	Low	The Children's & Adults' Services Transport Project Board has been reviewing the current school transport service and preparations are under way for the procurement of a new SEND taxi contract/s to be in place for January 2015 or earlier if possible to do so. A three month break clause is to be included as part of the terms and conditions so that the contracts can be ended in the event that the procurement timetable is reduced. All key points are on target and are being closely monitored by Project Board to avoid slippage.
3.	Challenge to interim service delivery arrangements	Low	A new procurement process will commence in line with the provisional procurement timeline highlighted in appendix one. The break clause will allow the new service to come on stream early if the procurement exercise can be completed before the expiry of the extension period.

**Policy implications**

25. These contracts will support delivery of the council's school travel assistance policy and its vision for adults' social care.

**Description of procurement outcomes**

26. These contracts will extend the current SEND taxi arrangements in place to ensure continuity of service as required.

**Development of the single supplier negotiation documentation**

27. The head of pupil access and director of education met with providers in July 2013 and received a confirmation from both providers that they were interested in working with the council to deliver an interim SEND taxi service for up to 16 months. A letter was sent to providers in July 2013 setting out terms and conditions that the council would follow to obtain interim arrangements for delivery of these taxi services, subject to the council's decision and the agreement of the terms of the extension.

### **Advertising the contract**

28. Not applicable for the reasons set out above.

### **Single supplier negotiation process**

29. Initial meetings were held with both companies to determine their interest in providing SEND bus services to the council 1 September 2013 to 31 December 2014, both responded positively.
30. Both Ruskin and HATS submitted written proposals of how their respective companies will deliver this interim SEND taxi service to effectively meet the council's SEND taxi transport service requirements.
31. Both companies have retained their current agreed contract price subject to the council agreeing to payment of their invoices weekly in advance.
32. A total of 36 school rounds by taxi are required at the start of September. Officers have reviewed passenger details over the summer, adding and taking children off of school transport as required. Taxi rounds have been organised so that both Ruskin and HATS have retained the journeys they were delivering at the end of term in July, in order to support continuity of service for passengers - HATS will start the new school term with 28 taxi rounds, Ruskin with 8.
33. Requests for taxi transport for adult clients, many of whom will be attending placements at college/other facilities are currently being assessed by social workers, as stated in paragraph 7 of this report. Most journeys for adult clients cannot yet be confirmed as many are still awaiting confirmation of their start and/or attendance dates. Up to 50 adult clients will be eligible for transport assistance through the life of this contract. All new requests for children/adult passengers from September will be sent to both providers for a quote and awarded based on best price.

### **TUPE implications**

34. There are no conditions of employment changes for any staff working on these contracts, existing rounds have been retained by each provider and any new journeys will be allocated to either company based on most competitive price. No TUPE implications will apply.

### **Plans for the transition from the old to the new contract**

35. Contracts are with incumbent providers, there are minimal transition issues in terms of logistics and/or operational changes, new routes and details of passenger requirements were finalised over the summer and implemented during the first week of September.

### **Plans for monitoring and management of the contract**

36. There are currently separate arrangements in place for ordering and monitoring of transport services for children (home to school) and vulnerable adults. As SEND taxi transport for children and adults are now procured jointly, a review of the Children's and Adults' staff that currently work with these services is underway to ensure that sufficient resources are available to monitor new transport arrangements for children and adults in a joined up and efficient way. It is likely that this will be delivered by the current school transport team which is well established and has experience of managing these services.

Resources will be kept under review to support effective delivery of monitoring/operational service delivery.

37. The Children's and Adults' Services school transport team will monitor transport contracts for provision of the council's taxi services as well as SEND school buses which are being procured separately. This will enable a consistent approach to ordering services, financial checks/payment and overall contract monitoring.
38. Monitoring of these SEND taxi contracts will be achieved through monthly review meetings between officers and providers. Spot checks on transport rounds will be undertaken and highlight reports on performance will be produced and reviewed. Any remedial steps required to ensure that safety and quality standards are being met, will be brought to the attention of taxi providers for implementation within an appropriate time scale. Any non compliance will be escalated and dealt with through the Council's management hierarchy as necessary.
39. In addition to regular monitoring arrangements, quarterly performance and service improvement planning meetings will be held. These meetings will be led by the director of education and attended by the director/owner of Ruskin and HATS.

#### **Performance bond/Parent company guarantee**

40. Not applicable.

#### **Community impact statement**

41. The SEND taxi transport to be provided through these contracts 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.

#### **Economic and social considerations**

42. Both companies are based in south London and generally employ local drivers and any additional Passenger Assistant staff required to deliver this transport service. Both companies have stated that contracted staff will be paid a London Living Wage or above which supports the council's commitment to this initiative and will assist with staff retention and ability to appoint a high quality staff team.

#### **Environmental considerations**

43. Transport providers are expected to use and source green, environmentally friendly vehicles whenever it is possible to do so.

#### **Staffing/procurement implications**

44. These contracts will not impact on any Southwark employed staff. No additional finance is being requested at this stage, an adjustment to staffing resources across teams may be required to achieve joint management of this contract for Children's and Adults' Services as set out in paragraph 36 of this report.

## Financial implications: CS0275

45. The proposed contract extension for SEND taxi provision for children has an annual value (over academic year) of £649k and a total contract value over the 16 months of £910k. The annual value of the proposed contract extension is expected to be significantly less than in prior years as shown in Table 1 below.

**Table1.**

<b>Provider</b>	<b>2009/10 Outturn</b>	<b>2010/11 Outturn</b>	<b>2011/12 Outturn</b>	<b>2012/13 Outturn</b>
Ruskin Private Hire Ltd	395,173	440,996	411,109	584,977
HATS Ltd	335,368	196,293	325,931	596,436
<b>Total</b>	<b>730,541</b>	<b>637,288</b>	<b>737,041</b>	<b>1,181,413</b>

46. This may not result in a total reduction in SEND children transportation costs, as the reconfiguration of taxi and bus rounds for the commencement of September 2013 academic year has resulted in 19 mini bus rounds, that were a component of the taxi contract, being moved into the main contract for buses for both providers.
47. In addition, patterns in prior years have seen taxi contract rounds increase over initial September estimates, as new SEND children require transport services and cannot be accommodated within existing arrangements.
48. Notwithstanding points 46 and 47 above, the proposed taxi contract extension for Ruskin Private Hire and HATS can feasibly be managed within the £4.065m budget of the Home to School Transport service, based on current budget outturn forecasts.
49. Adult clients are offered personal budgets (personalisation), and encouraged to make their own care arrangements, including those for transportation.
50. The client transportation costs for Adults' Services have fallen year on year over the last 4 years. The introduction of personalisation having contributed to this downward trend.
51. Though reducing, there will remain a core of adult clients who do not wish to make their own transport arrangements, and will continue to use the SEND taxi transport contracts for vulnerable adults.
52. The forecast costs for vulnerable adult transportation for 2013-14 is £308K (12 months) or £411K over the contract period (16 months). These costs can be met from within the existing budgets for Adults' Social Care Services client transportation.
53. The estimated aggregate cost of the Children's and Adults' Services taxi contract extension over the 12 months 2013-14 is £1.05m and £1.32m over 16 months to December 2014. As stated in paragraphs 48 and 52 above existing resources are in both Children's and Adults' divisional budgets to meet these commitments.

## Legal implications

54. Please see the legal concurrent below.



## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### **Head of Procurement**

55. This report is seeking to formalise the award decision for two SEND taxi services contracts following single supplier negotiations with the incumbent providers.
56. These contracts will run from September 2013 until 31 December 2014 and will provide continuity of service whilst new arrangements are procured.
57. The report explains that a procurement process was underway to deliver these services but for reasons contained in this report was halted in June. With services required to start from September, this left insufficient time to review procurement options and revisit the market.
58. Paragraphs 29 – 31 of the report confirm that negotiation meetings took place with both providers and as a result of the negotiations, both providers agreed to continue delivering services at the current rates.
59. The report does not raise any existing performance issues and there appears to be no reason why the council would not wish to continue contracting with the existing providers.
60. The report outlines the monitoring and management arrangements that will be in place throughout the life of these interim contracts. This period will enable officers to streamline processes that were previously delivered by two departments.
61. Given the circumstance the council finds itself, the use of interim arrangements with current providers appears to be the most pragmatic approach that will ensure the councils statutory obligations continue to be met.

### **Director of Legal Services**

62. This report seeks the formalisation of decisions relating to the procurement strategy and award of the SEND taxi contracts as further detailed in paragraphs 1 and 2. As the procurement strategy was to enter into single supplier negotiations with the incumbent providers of these services, and the value of these contracts exceeds the EU threshold then this decision is reserved to the strategic director of finance and corporate services.
63. Paragraphs 10-14 set out the reasons for requiring these interim contracts, which is necessary to procure a new SEND taxi service, following the halting of the original procurement process.
64. CSO 2.3 requires that a contract may only be awarded if the expenditure has been approved. Paragraph 53 confirms how these contracts are to be funded.


### **Strategic Director of Finance and Corporate Services (F&CS13/025)**

65. This report seeks approval to award a taxi service contract for children and adults. The financial implications are set out in paragraphs 45 and 53, showing a total contract value of £1.32m.
66. The strategic director of finance and corporate services notes that this may represent a reduction in taxi costs and that any potential savings in 2014/15 will need to be identified during the budget setting process.

67. It is expected that robust monitoring arrangements will be in place to ensure this contract delivers on price and quality. Officer time to implement this framework will be contained within existing 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 recommendations contained in the above report.

Signature.......... Date..30-9-13.....

Designation STRATEGIC DIRECTOR OF FINNCE AND CORPORATE SERVICES

## BACKGROUND DOCUMENTS

Background Documents	Held At	Contact
None		

## APPENDICES

No	Title
Appendix one	Procurement project plan

## AUDIT TRAIL

<b>Cabinet Member</b>	Dora Dixon-Fyle, cabinet member for children's services
<b>Lead Officer</b>	Romi Bowen – strategic director, children's and adults' services
<b>Report Author</b>	Glenn Garcia, head of pupil access
<b>Version</b>	Final
<b>Dated</b>	11 September 2013
<b>Key Decision?</b>	Yes

### CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER

Officer Title	Comments Sought	Comments included
Director of legal services	Yes	Yes
Strategic director of finance and corporate services	Yes	Yes
Head of procurement	Yes	Yes
<b>Contract Review Boards</b>		
CS Departmental Contract Review Board	Yes	Yes
Corporate Contract Review Board	Yes	Yes
<b>Cabinet Member</b>	No	No
<b>Date final report sent to Constitutional Team</b>		September 2013

**New SEND Taxi service - January 2015  
Procurement timeline**

<b>Activity</b>	<b>Current</b>	<b>Proposed</b>	<b>Comments</b>
Interim contracts awarded	01.09.13		End December 2014
Service review and agree service options	27.09.13		
Draft service specifications	30.09.13		
DCRB GW1	30.10.13		
CCRB GW1	07.11.13		
Agenda planning reports GW1	18.11.13		
Agenda planning meeting GW1	26.11.13		
Deadline for final reports	28.11.13		
Cabinet meeting GW1	10.12.13		
Issue OJEU notice	06.01.14		
Issue PQQ	06.01.14		
Closing date for return of PQQs	03.03.14		
Issue ITT	07.04.14		
Closing date for return of tenders	31.05.14		
ITT evaluations complete and signed off	11.07.14		
DCRB GW2	13.08.14		
CCRB GW2	21.08.14		
Agenda planning reports GW2	27.08.14		
Agenda planning meeting GW2	03.09.14		
Deadline for final reports	05.09.14		
Cabinet meeting GW2	17.09.14		
Publication period GW2			
Alcatel			
Award contract	30.09.14		
Direct Awards	30.09.14		
Mobilisation/TUPE consultation	Two months		October to December 2014
<b>New routes start date</b>	<b>01.01.15</b>		