

Item No.	Classification: Open	Date: 16 June 2014	Decision Maker: Cabinet Member for Children and Schools
Report title:		Gateway 2 – Contract Award Approval: Special Educational Needs and/or Disability (SEND) taxis service for children, young people and vulnerable adults	
Ward(s) or groups affected:		All wards	
From:		Strategic Director of Children’s and Adults’ Services	

RECOMMENDATIONS

1. The Cabinet Member for Children and Schools approves the appointment of the following companies:
 - Access Mobility Transport Ltd;
 - London Hire Community Services Ltd;
 - Olympic (South) Ltd trading as HATS; and
 - Saltco Ltd trading as Kelly Executive

to the Framework Agreement for the provision of Special Educational Needs and/or Disability (SEND) taxi for children, young people and vulnerable adults service for a period of four years commencing on 1 September 2014 at an estimated annual value of up to £1.29m, making an estimated total Framework Agreement value of up to £5.2m.

2. The Cabinet Member for Children and Schools approves the award of Call Off Contracts for the first year in respect of school and adult transport rounds based on levels of awarded activity as follows:
 - Access Mobility Transport Ltd £151,671;
 - London Hire Community Services Ltd £160,095;
 - Olympic South Ltd trading as HATS £647,911 and;
 - Saltco Ltd trading as Kelly Executive £29,006.

These awards may be subject to changes due to finalisation of operational detail as noted in para 29. Any and all such changes will be agreed by the Director of Education.

3. The Cabinet Member for Children and Schools notes that a Gateway 2 report will be produced each year to award rounds based on the annual mini-competition process as outlined in paragraph 18.
4. The Cabinet Member for Children and Schools notes in year changes or award of new rounds will be awarded without the need for a separate gateway report in line with the council’s financial scheme of management.

BACKGROUND INFORMATION

5. A Gateway 1 report for this service was approved by Cabinet on 10 December 2013.
6. The SEND taxi service is used by Children's and Adults' Services to support delivery of the council's statutory transport duties to support children with SEND travel to/from school and vulnerable adults assessed as eligible to receive travel support to access community services. There are currently around 75 children and young people using the existing service and new requests for transport will continue to be received over the summer. Up to 50 vulnerable adults currently use the SEND taxi transport service and new requests are received on an ad hoc basis as new personal budgets are agreed. Most children transported in taxis travel to Southwark mainstream schools or to special schools outside of Southwark. Transport needs are reviewed each year but in most cases, continues for children throughout their school career. Adult clients, predominantly individuals with learning difficulties, require SEND taxis to travel to colleges, day centres or other facilities, individual travel needs are reviewed on an annual basis. Confirmation of adults eligible for taxi travel from September 2014 will be confirmed during July and August.
7. The tender process followed the procurement plan outlined in the Gateway 1 report with minor adjustments to the timescales, for full details of this tender timeline please see the table below.

Procurement project plan (Key Decision)

Activity	Completed by
Forward Plan for Gateway 2 decision	01/04/2014
Approval of Gateway 1: Procurement Strategy Report	10/12/2013
Invitation to tender	08/04/2014
Closing date for return of tenders	19/05/2014
Completion of evaluation of tenders	30/05/2014
DCRB Review Gateway 2:	02/06/2014
CCRB Review Gateway 2:	12/06/2014
Approval of Gateway 2: Contract Award Report by IDM	24/06/2014
Scrutiny Call-in period and notification of implementation of Gateway 2 decision	02/07/2014
Alcatel Standstill Period (if applicable)	05/07/2014
Appointment to Framework Agreement and Commencement of the Framework Agreement	08/07/2014
Award of Call-Off Contracts/Orders	08/07/2014
Add to Contract Register	01/09/2014
TUPE Consultation Period/Transition completed	31/08/2014
Commencement Date of Service	01/09/2014

Activity	Completed by
Publication of award notice in Official Journal of European (OJEU)	01/09/2014
Framework Agreement completion date	31/08/2018

KEY ISSUES FOR CONSIDERATION

Description of procurement outcomes

8. The procurement process allows the council to move from a position of having a contract with one service provider to a multi-provider framework agreement which spreads the risk to the council and creates more competition around the cost of the service. The process then enables the council to allocate the majority of the rounds for the first year; with a mechanism to allocate new or additional rounds by way of a mini-competition during the life of the contract. The procurement process has enabled the council to test the market and achieve best price and quality. As anticipated there was a significant initial interest in the tender – 26 companies expressed interest in the tender and requested the Pre-Qualification Questionnaire (PQQ). From these 26 companies, ten submitted their completed PQQs, seven of these successfully passed the quality and price evaluation criteria set and proceeded to the Invitation to Tender (ITT) stage.
9. Following the tender evaluation process, four companies have achieved the required quality standards and are recommended by the project board for appointment to the framework agreement.

Policy implications

10. This framework agreement will assist the council to fulfil its statutory duty to provide transport services to eligible children and young people as set out in the Education Act 1996 and in the Education and Inspection Act 2006 and will support delivery of the Soutwark School Travel Assistance Policy.
11. For adults, the framework agreement will enable the council to fulfil its duties, under the NHS and Community Care Act 1990, National Assistance Act 1948, Health Services and Public Health Act 1968, the Chronically Sick and Disabled Persons Act 1970, the National Health Services Act 1977 and the Mental Health Act 2007, to provide services to meet the needs of vulnerable adults. This includes a duty to provide appropriate travel assistance to meet the welfare needs of adult clients assessed as needing assistance with transport.
12. The Framework Agreement will assist the council in meeting its statutory public sector equality duty (PSED), under S149 of the Equality Act 2010 and also, supports the council's published approach to equalities.

Tender process

13. To oversee the Tender process a transport project board was established, chaired by the Director of Education with senior representatives from Legal, Procurement, Finance, Commissioning and Transport.
14. On 17 January 2014, a notice was placed in the Official Journal of European Union (OJEU) to advertise the tender. The tender was advertised in the South

London Press and on Southwark Council's website. Existing and other local taxi transport providers known to the council were informed about the tender through a circular email. A competitive tender process was followed which consisted of two stages, PQQ and ITT.

15. In summary 26 companies expressed an interest to provide the service and were each sent a PQQ pack. Ten companies returned completed PQQs which were evaluated in two stages: a preliminary compliance check followed by detailed evaluation in the following areas: technical, financial, equality and diversity, health and safety. All ten applicants met the health and safety and equality and diversity criteria.
16. Rigorous standards were set to assess each company's technical service standards in areas that included approach to safeguarding of children and vulnerable adults; provision of passenger comfort and safety, and ability to transport passengers to their destination on time. Evaluators each individually assessed each bid then reached a consensus that three companies failed to demonstrate that they were able to meet the service quality standards set. There were significant shortcomings in their responses given in one or more area of their submission. The remaining seven applicants met the technical quality standards criteria for delivery of the service.
17. As part of the financial assessment, all seven companies that had passed the quality criteria were referred to the project board (under the process noted in section 11.12 of the Information and Instructions for the completion of the PQQ) for further consideration. The board decided that all seven companies could proceed to the tender stage. These companies were invited to tender and to attend a Bidders' Information session held on April 10 at Tooley St offices.
18. Each year the council will be holding mini-competitions for all rounds that it anticipates will be required in the coming year. Prior to the completion of these annual mini-competitions the council will conduct a new financial assessment of all framework providers.

Tender evaluation

19. Out of seven companies invited to tender only five submitted bids.
20. Tender submissions from the five companies, comprised of responses to 17 method statement questions, each with a priority weighting of 1 (low), 2 (medium) or 3 (high) to help tenderers understand the council's highest priority areas and to prepare their responses accordingly. In order to achieve a pass, submissions needed to:
 - score 3 or more on all questions with a 3 (high) weighting
 - not score 1 or less on three or more questions
21. The outcome of the consensus scores resulted in all five tender submissions receiving a score of less than three on at least one question with a weighting of three and therefore at that stage, none of the companies fully met the quality evaluation threshold that had been set.

22. However the evaluation panel felt that it was possible that across all five tender submissions, the written responses to method submission may not fully reflect the respective operational/service standards of each company.
23. Information contained in the invitation to tender pack sent to all tenderers confirmed that the council reserves the right to clarify the content of submissions through clarification meetings and/or presentations.
24. Each company was therefore invited to attend a clarification meeting with the evaluation panel and advised that this was an opportunity to clarify their responses to the questions they had failed to achieve a score of three on, but no additional information could be provided. After clarification meetings, evaluation consensus scores were revised by the evaluation panel and four companies reached the quality threshold and are recommended for inclusion on the SEND taxi framework as follows: Access Mobility Transport Ltd; London Hire Community Services Ltd; Olympic South Ltd trading as HATS and Saltco Ltd trading as Kelly Executive. The remaining company failed to reach the required quality threshold even after clarification of their responses and therefore is not recommended for inclusion on the framework..
25. As part of their tender submission, companies were required to submit their prices for 59 actual rounds (journeys to school/college) that will be required from September 2014 (the "Initial Rounds"). Subject always to the mechanisms set out in the Ordering Procedure the round will be awarded to the Framework Provider that has quoted the lowest price for the round.
26. The prices submitted with the tender will be used for the award of rounds in the first year of the four year framework. Framework Providers will need to submit their prices for rounds before the start of each academic year. Tenderers were also required to provide a cost breakdown for a sample of six current rounds which will enable the council to control the price methodology used by each company throughout the life of the framework.
27. When evaluating prices submitted for each round it was clear that for certain rounds the price submitted by the winning tenderer was substantially lower than for other tenderers. Officers have analysed the prices submitted (and particularly the breakdown given for 6 of the rounds) and are satisfied that the services can be delivered to the specification without compromising quality standards.

Plans for the transition from the old to the new contract

28. Following approval of the recommendations in this report the Transport Team will liaise with Framework Providers to ensure that they have all relevant information about service users, policies and procedures in order to achieve smooth and effective mobilisation of the SEND taxi service and transition to the new arrangements.
29. During this process it is possible that there may be some minor amendments to the agreed Call Off Contract values due to issues such as:
 - TUPE not applying - award has been based on TUPE applying to all rounds where the existing provider (Olympic South Ltd trading as HATS) employs passenger assistants. Should TUPE not apply on the transfer of business, the cost of the round may change based on the new provider's tendered non TUPE costs

- Changes to rounds – amendments to existing rounds and/ or the need to allocate new rounds may need to be made before the start of the contract as this service responds to the changing educational and recreational needs of the individual service users.
30. The council considers that TUPE is likely to apply in respect of employees currently engaged by the existing taxi provider wholly or mainly in the provision of services which are awarded to another contractor. The project plan provides a period of 6 weeks from the award of the initial Call-Off Contracts to the Commencement Date of the service to enable companies time to comply with their obligations to inform and consult should TUPE apply. At the end of each Call-Off Contract (order) entered into under the Framework Agreement with the council, the relevant Framework Provider will be required to supply details of its workforce engaged on the service so that this information can be used in the mini-competitions.

Plans for monitoring and management of the contract

31. As this framework arrangement will be in place across the Children’s and Adults’ Services department 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 and will work jointly with officers in the Adults’ brokerage team to ensure the complete service is monitored effectively.
32. Monitoring of the Framework Agreement will be achieved through monthly review meetings between officers and the Framework Providers. The Framework Agreement will be monitored and managed in respect of:
- compliance with the service specification and Framework Agreement including Call-Off Contract’s terms and conditions
 - the performance of the contractor including any day to day matters
 - spot check/visits
 - risk assessment/risk management
 - customer feed back
33. Particular focus on performance of providers on the Framework Agreement will be around two critical points for the service which are linked to the Performance Mechanism. These are punctuality and reliability with regards pick up and drop off times; and risk assessment quality regarding vehicle, route and passenger requirements.
34. Annual award of rounds will include an element of performance assessment through the Performance Mechanism. Poor performance will lead to a discontinuation of work through the framework. Under the Framework Agreement the council reserves the right to cancel a mini-competition at any time, not to award call-offs and to alter any round. The council will also have the discretion not to subject any individual round to mini-competition if it is not in the best interests of the service users (this would only occur in exceptional circumstances).

Identified risks for the new contract

35. A risk register of the key risks identified is set out in the table below:

No	Risk	Likelihood	Risk Control
1	Difficulties with TUPE implications.	Medium	<ul style="list-style-type: none"> All providers are fully aware that there are staff identified for TUPE and understand the TUPE process and their individual responsibilities. Early and regular communication with current and new providers to encourage mutual co-operation
2	Failure to establish close working relationship between Southwark and the new providers.	Low	<ul style="list-style-type: none"> Quarterly monitoring meetings and weekly updates.
3	Companies getting into financial difficulties.	Low	<ul style="list-style-type: none"> The terms and conditions of the Framework Agreement provide the council with appropriate remedies. Effective contract monitoring and management, which will include regular communication and early alerts of any issues which may affect the service. Financial restrictions were imposed during the tender process and will be reviewed as part of the annual mini-competition process
4	Service not delivered to the expected standards.	Low	<ul style="list-style-type: none"> Companies on the Framework have passed the tender quality assessment There is an effective contract monitoring and management in place, including Performance Mechanism to oversee quality standards during the life of the contracts

Community impact statement

36. This is a specialist service that is likely to be delivered to around 75 children and young people with special educational needs and/or physical disabilities and 50 vulnerable adults annually. Service users representing a wide range of communities, including families and individuals with English as an additional language, receive support through SEND transport services. This transport service, supports this cohort to fully engage with educational and/or community activities e.g. to be able to attend school or their local community centre, which

they would otherwise be unable to do. The provision of this service will support children and young people to access education and vulnerable adults to lead independent lives.

37. A comprehensive review of children's and adults' transport services was carried out during 2012. The consultation included focus group sessions with SEND transport service users including parents and carers of children with disabilities as well as children/young people travelling on the service to and from school. This consultation enabled us to obtain a much greater understanding of what the community wanted from this service. The feedback received was used to develop the council's travel assistance policy and has been central to determining the specific expectations we have for delivery of the service that the Framework Agreement will deliver. Companies tendering to deliver this SEND taxi service received details of the service we expect them to deliver, which is largely based on the results of this extensive engagement with key stakeholders.
38. As SEND taxis are used by some of the most vulnerable members of the community, it is essential that the service is of a high standard and is able to meet the needs of all passengers. The SEND transport service specification includes details of the specific requirements of community needs which are based on community consultation feedback and therefore, will be able to deliver services in accordance with direct requirements highlighted by service users. All recommended providers were required to demonstrate their commitment to equality and diversity and passed the evaluation process on this area in the ITT.

Economic considerations

39. All recommended companies have stated in their submissions (which will form part of their contracts) that they actively seek to engage local staff on their contracts, this will help to promote local jobs to local people in delivering this transport service.

Social considerations

40. All recommended companies have confirmed that they support the council's commitment to pay the London Living Wage.

Environmental considerations

41. Providers are expected to meet all legal and environmental requirements and industry standards, details of which are set out in the Framework Agreement.

Market considerations

42. Three of the recommended companies are private organisations with between 50 and 250 employees and operate mainly in London and the south of the country. Olympic South Ltd (trading as HATS) is a private company with more than 250 employees that operates nationally.

Staffing implications

43. Sufficient resources are in place to manage the operational; and contract and performance management requirements of the service.

Financial implications (CS0311)

44. Four organisations have been recommended to be appointed to the Framework Agreement and allocated rounds as detailed in the closed version of this report.
45. Like for like savings on the rounds that have continued from the current year into the new arrangements are estimated £75k (8%) with estimated overall savings of £19k (2%).

	No. Rounds	Cost of provision of rounds 2013-14	Projected cost 2014-15 (New Contract)	Saving	Saving %	Comments
Like for Like Costs	53	963,148	887,673	75,475	8%	Represents 'like for like' rounds, excluding 6 additional rounds added onto new contract
Actual Total Costs	59	1,008,173	988,683	19,490	2%	Including additional 6 new rounds added in new contract and ALL rounds provided 2013-14

46. The £989k projected costs of the allocated rounds based on the bids and the thresholds applied to the providers is within the £1.29m estimated annual contract value.
47. This information is accurate as at the date of this report but the Cabinet Member is advised to note that some adjustments to the final contract values may be required due to finalisation of the operational detail of the Call Off Contracts as outlined in paragraph 30.

Legal implications

48. Please see concurrent from the Director of Legal Services

Consultation

49. A comprehensive review of children's and adults' transport services was carried out during 2012 and included consultation with key stakeholders/users of the service. The results of the review were used extensively in the previous taxi framework tender process in development of the service specification and key aspects of the taxi service requirements that service users had informed us were important to them. This consultation feedback is still relevant and will be carried forward to the current taxi framework procurement process.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Head of Procurement

50. This report is seeking approval to appoint four providers onto a framework that will deliver SEND taxi services for children, young people and vulnerable adults. It is also seeking to award call off contracts through the framework in relation to the rounds required at the start of the academic year.

51. The report confirms that the procurement process followed was in line with the procurement strategy approved by Cabinet in December 2013.
52. The report outlines the tender process undertaken and confirms that a project board was in place to review all aspects of this procurement. At short listing stage additional scrutiny was given to the financial information provided by all organisations. The report confirms that after consideration of the nature of the framework agreement and adoption of some risk mitigation the project board agreed to allow seven providers through to the tender stage.
53. The report describes the approach to evaluation. To get onto the framework, providers needed to demonstrate a level of quality that meets the council's standard. Paragraph 21 highlights that all providers initially failed to meet at least one of the thresholds set for quality. After careful consideration the board requested further clarification be obtained in relation to all submissions. Paragraph 24 confirms the outcome of that process.
54. All submissions meeting the quality standard were then assessed on a route by route basis for price. In line with the award procedure for the framework, the provider with the cheapest priced round is being recommended for that award. The report highlights that due to operational issues there may be some minor changes made to the round allocation and contract values but this will be approved by the Director of Education.
55. Paragraphs 31-34 outline the monitoring and management arrangements for the framework and services delivered through it. The report confirms that routes will be the subject of an annual mini competition to ensure value for money is achieved. Performance and financial assessments will feature in the annual mini competition which will help ensure that quality standards are maintained and financial risks managed throughout the life of the framework.

Director of Legal Services

56. This report seeks the approval of the Cabinet Member for Children and Schools to the establishment of a framework agreement for SEND taxis with 4 operators, and to the award of call-off contracts for the first year of the framework, as further detailed in paragraphs 1 and 2 of this report. As the estimated total value of the framework exceeds £4m, this is a strategic procurement under contract standing orders (CSOs), and approval of the award of the framework is reserved to the Cabinet. However this decision has been delegated by the Leader to the Cabinet Member for Children and Schools.
57. The cabinet member is advised that the relevant law relating to the council's duty to make arrangements for transporting children and young people with SEN to school is found under the Education Act 1996, and in particular Part IV and schedules 27 and 35. Under s.508B local authorities must make travel arrangements for eligible children to facilitate attendance at school and those arrangements must be free of charge. There are supplementary provisions under the Education and Inspections Act 2006. The statutory authority for providing arrangements for adults is detailed in paragraph 11.
58. Taxi services are a 'part A' service under the Public Contract Regulations 2006, and are therefore subject to the full application of those tendering requirements. As noted in paragraph 14, a full EU tendering process has been undertaken in accordance with the restricted process. Regulation 19 of the 2006 Regulations

sets out specific requirements which must be met when establishing a framework, for example that the framework period should not exceed 4 years. Officers from the contracts team in legal services have worked with the project team to ensure that the framework is established in accordance with those EU requirements.

59. The council's criteria for award onto the framework was on the basis of those tenders which met the council's minimum evaluation criteria. Following evaluation of those tenders, 4 of the tenderers met the required quality standards and are recommended for appointment onto the framework.
60. CSO 2.3 requires that no steps should be taken to award a contract unless the expenditure involved has been approved. Paragraphs 44-47 of this report notes the financial implications for the award of the call-off contracts for the first year of the framework agreement.
61. The cabinet member will be aware of the Public Sector Equality Duty in section 149 of the Equality Act 2010. This duty requires the council to have due regard when exercising its functions (and in its decision making processes) to the need to:
 - (a) eliminate discrimination, harassment, victimisation or other prohibited conduct;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
62. The relevant protected characteristics are age, disability, gender reassignment, pregnancy/maternity, race, religion/belief, sex, and sexual orientation.
63. The cabinet member is referred to paragraphs 36-38 of this report which note the community impact statement, and particularly the review of transport services undertaken which have been incorporated into the service requirements.

Strategic Director of Finance and Corporate Services FCI14/101

64. The strategic director of finance and corporate services notes the recommendations in this report for the appointment of providers to support the delivery of the council's statutory transport duties for children and young people with Special Educational Needs and/or Disability, and vulnerable adults. There is a budget for the service in 2014/15, and given the statutory nature of the service, the budget is likely to continue into future years, although this will be subject to decisions on the council's budget for future years. The report explains the process for ensuring that the quality of the service is maintained, and that subject to a number of provisions, each round will be awarded to the Framework Provider that has quoted the lowest price for the round. The annual award of rounds will also be subject to a mini-competition on price

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Gateway 1 – Procurement Strategy Approval: Special Educational Needs and/or Disability (SEND) taxis for children, young people and vulnerable adults	Children’s and Adults’ Commissioning Unit / 160 Tooley Street	Gosia Rossi 0207 525 5085
Invitation to Tender documents	Children’s and Adults’ Commissioning Unit / 160 Tooley Street	Gosia Rossi 0207 525 5085

AUDIT TRAIL

Decision Maker	Cabinet Member for Children and Schools	
Lead Officer	Romi Bowen, Strategic Director Children’s and Adults’ Services	
Report Author	Glenn Garcia, Head of Pupil Access	
Version	Final	
Dated	12 June 2014	
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	Yes	Yes
Contract Review Boards		
Departmental Contract Review Board	Yes	Yes
Corporate Contract Review Board	Yes	Yes
Cabinet Member	Yes/No	Yes/No
Date final report sent to Constitutional Team		13 June 2014