

Report No.

London Borough of Bromley

CS14139

PART 1 – PUBLIC

Decision Maker: Executive

Part 2 Report for Pre-Decision Scrutiny by Care Services PDS Committee on:

Date: 4th March 2015

Decision Type: Non-Urgent Executive Key

Title: PASSENGER TRANSPORT SERVICE – CONTRACT AWARD

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Chief Officer: Executive Director of Education, Care and Health Services

Ward: (All Wards);

1. Reason for report

- 1.1 The report follows the Executive report Transport – Gateway Review (report no. ES14062) and is part of the agreed Gateway Process for determining the best method for the delivery of these services in accordance with the Council's Target Operating Model.
 - 1.2 The current Passenger Transport Framework Agreement, utilised by Bromley for the delivery of transport by the Special Educational Needs Transport (SENT) team, is due to expire in August 2015. The current vehicle hire agreement for the delivery of the Adults Transport Service has been extended to November 2015. The delivery of these two services after August 2015 has been market tested to ascertain if significant costs savings can be realised by contracting either elements or holistically delivering these services through alternative means.
 - 1.3 The report provides details of the tenders received for Lot 2 – Passenger Transport Service and makes recommendations for the award of a contract.
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2. **RECOMMENDATION(S):**

- 2.1 **Subject to the views of the Care Services and Executive and Resources PDS Committees, the Executive is asked to agree:**
 - a. **To award the contract for Adults Transport Services to a single provider for a period of 3 years and 9 months from the 1 December 2015, with an option to extend for a further period up to, but not exceeding 2 years.**
 - b. **To note that a management reorganisation of the Passenger Transport Service will be undertaken during 2015/16 as detailed in para 3.34 of this report.**

Corporate Policy

1. Policy Status: Existing Policy:
 2. BBB Priority: Supporting Independence:
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Financial

1. Cost of proposal: £1,687k pa
 2. Ongoing costs: £1,687k pa
 3. Budget head/performance centre: , 845030, 845000,
 4. Total current budget for this head: £1,830k
 5. Source of funding: RSG
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Staff

1. Number of staff (current and additional): 49 posts / 42 FTEs
 2. If from existing staff resources, number of staff hours:
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Legal

1. Legal Requirement: Non-statutory requirement:
 2. Call-in: Applicable:
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): As of the date of tender there were 525 users accessing the service through planned routes (approximately 1200 weekly customer journeys) and in 2014 - 695 ad hoc customer journeys to enable transfers to and from care facilities.
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments: N/A

3. COMMENTARY

- 3.1 The Council continues to face a period of unprecedented reductions in public funding, and over the next few years will need to identify savings in the region of £50 million to balance the revenue budget.
- 3.2 Further to the Executive report Transport – Gateway Review (report no. ES14062) and the Executive endorsed Commissioning Programme (Report No. DRR13/043), this report forms part of the agreed Gateway Process of the Commissioning Programme to ensure that the implementation decision follows the appropriate committee process.

Review of Options for Passenger Transport Services

- 3.3 Currently the London Borough of Bromley provides transport services for three reasons:
- a) as a means of facilitating respite for carers;
 - b) to allow individuals to access social interaction; or
 - c) to provide access to education
- 3.4 On the 16 July 2014 the Executive approved the decision to tender the Passenger Transport Services as separate Lots in order to enable the flexible procurement of transport provision to meet changing demands for these services. The contract/s were to be awarded for periods of four years The Lots identified were as follows: -

Lot 1 - Special Educational Needs Transport (excluding route planning and administration)

Lot 2 - Adults Transport (including route planning and administration)

Lot 3 - Combined Special Educational Needs and Adult Transport

An additional purchasing solution was also invited to tender, the Dynamic Purchasing Solution (DPS), to facilitate the purchase of the elements identified above that would be procured through a framework type arrangement. The DPS provides for on-going competition and the ability to add new providers to the approved supplier list post implementation.

In terms of realising further efficiencies through the joint procurement of services with other neighbouring authorities, officers concluded, through dialogue with LB Croydon and LB Bexley, that a joint approach to procurement was not the preferred option for all parties.

This report outlines the outcome of the tendering process for Lot 2 and 3. Report No. ED15070 outlines the outcome of Lot 1.

Service Considerations

Adults:

- 3.5 In the current system, the Passenger Transport Service takes service users to and from day centres as part of provision of sociable day opportunities. Day Care is provided to service user as part of their assessed needs either as a means of facilitating respite for carers or to allow individuals to access social interaction.
- 3.6 One or both may apply depending on the individual situation. The future provision of access to adult transport will be governed by an agreed LBB transport policy which is currently out to consultation and due to be reported back to Care Services PDS Committee in June.

- 3.7 Transport for adults is not an explicit statutory duty in itself, however, the Council must provide for adequate day opportunities for those assessed as needing respite or social interaction under 'Substantial' and 'Critical' Fair Access to Care Services (FACS) criteria. Under the current perspective of Care Services for respite in particular, this involves the Council facilitating individuals to get out of their homes, which requires an element of transport. The duty can be met indirectly through Direct Payments or directly by the providers of the day opportunities.

Current management arrangements:

- 3.8 The existing management provision for SEN and Adults Transport Services are integrated, being directly managed by the Councils Passenger Transport Operations Manager and operating out of the Central Depot. There are currently 42 FTEs within the staff structure with additional staff being employed on a casual basis.
- 3.9 The functions of the Passenger Transport Service (PTS) are principally around delivery of the transport service that is requested by Older People or Learning Disability care management and SEN and Disability Service team, with appropriate route planning to ensure optimal routing efficiency within parameters is maintained.

Adults Transport

- 3.10 The in-house PTS uses 19 vehicles leased from a single provider to provide transport for adult clients. The daily pattern begins at 8am, first delivering Learning Disability clients to day opportunity venues, followed by Older People clients. Most buses return to the Depot by 11.30am. The sequence is reversed commencing at around 2.30pm. Buses return to the Depot between 4.30 and 6pm. The drivers are employed throughout the day while passenger attendants are not employed during the middle hours of the day. A number of the buses may be used for additional work during the middle hours of the day, such as transferring individual clients to nursing homes or returning them from hospital. At the time of tender there were approx. 525 clients (OP and LD), transported to 18 different locations during the week. This does not include non-core journeys carried out during the hours of 11.30am and 2.30pm. In 2014 this non-core work totalled 695 journeys to a number of different locations.

Tendering Process

- 3.11 In accordance with the Council's financial and contractual requirements, and following Executive approval on 16/7/2014, the services have been subject to a full tender process.
- 3.12 The combined value of the work to be tendered was £5.8m per annum (LOT 2 £1.8M), requiring European Union Procurement Directives to be followed. Expressions of interest were invited using an OJEU advertisement. The advertisement identified the Council's intention to invite a select list of organisations to tender for three Lots.
- 3.13 The contracting strategy identified the need for elements of flexibility and this has been built into the OJEU notice to facilitate its use for additional services in the future by both the Council and any other public sector partners.

Specifications

Lot 2

- 3.14 In preparing the specification for Lot 2 providers were informed that the key aim of the service was to provide a safe, sensitive and reliable transport service to meet the needs of passengers, who will primarily be composed of Older Persons and Adults with varying disabilities from determined collection points to establishments as detailed in the Contract Terms and Conditions.

- 3.15 Consideration was also given for the need for the service to be as flexible as possible to adapt to future changes to LBB Transport Policy. Therefore, prices were invited based on a 'price per passenger per destination', on the understanding that a 'no guaranteed volume' contract would be awarded.
- 3.16 Current destinations and volumes were provided and explanation given that volumes and destinations were susceptible to change. Prices were requested based on current volumes and destinations as the 'baseline' price and further prices were requested to reflect changes in services volumes between +/- 5-25% of the current volumes.
- 3.17 Lot 2 also specified the need for full route planning, management and administration of the Adults Transport Service.

Lot 3

- 3.18 This included all elements of Lot 1 and Lot 2 and also the route planning and management of Lot 1.
- 3.19 The contract specifications were therefore flexible, allowing for any changes to transport policy, which could lead to further savings.

Tender process

- 3.20 The tender was undertaken using ProContract, the Council's electronic tendering system. The tender was comprised of 3 stages:
- Stage 1 Pre-qualification questionnaire
 - Stage 2 Invitation to Tender
 - Stage 3 Evaluation of tenders submitted
- 3.21 Twenty Eight Pre-Qualification Questionnaires (PQQ) were submitted for Lot 2;15 for Lot 3 and 1 for the DPS.
- 3.22 A Tender Evaluation Panel, comprising of 3 officers, with specific expertise in transport operations, then considered each PQQ resulting in a consensus score. Of the 28 companies which submitted a PQQ, 7 were invited to tender for Lot 2 and 1 for the DPS option.
- 3.23 As a result of the assessment of the PQQ's and a resulting lack of competition it was decided not to invite organisations to tender for Lot 3. The project board did not have confidence that the market was sufficiently mature at this time to provide a fully managed and integrated Passenger Transport Service.
- 3.24 Following the issuing of the ITT documents to the potential suppliers, officers held a Tender Open Day at the Civic Centre (17 December 2014) and invited potential suppliers to attend and discuss the requirements and ambitions of this procurement exercise prior to the tender return date. The event generated a list of clarifications which were recorded and posted on the ProContract site to allow full transparency to suppliers who did not attend and to better inform suppliers prior to final submissions being returned on 14 January 2015.

Tender Evaluation and Outcome

- 3.25 Officers evaluated the 5 submitted tenders plus the DPS based on a 60% finance and 40% quality split.

- 3.26 Four providers plus the DPS bid met the quality score and were therefore assessed on price.
- 3.27 The DPS tendered option submitted was evaluated carefully but found, following analysis, not to be a viable option due to the current organisational structure of the SEN transport team within the PTS unit and the existing process of invoice payments through Liberata. The current arrangements within the SEN team are efficient for the purposes of route allocation, provider selection and payment processing. The adoption of the DPS solution, at this stage, for the fulfilment of Lot 1 and/or Lot 2 route procurement could therefore at this time not demonstrate savings.
- 3.28 Evaluation of the tenders submitted for Lot 2 shows that the lowest price could be gained by awarding the work to multiple providers. However, it is considered that marginal saving (£12k) would be offset by additional administration costs needed to resource the management of multiple providers (1 FTE@ £30k, including on costs).
- 3.29 As well as the additional cost, the benefits of contracting with one provider for all destinations was also considered. Having one provider operating from the Central Depot location was deemed to be more advantageous than multiple providers operating from different locations. Having one point of contact for all 18 current routes would also assist with the management of the contract, particularly as it is envisaged the PTS Client function would operate from the Central Depot.
- 3.30 Therefore, taking into account the cost/quality benefit analysis, it is considered that one operator provides the best value for money solution across the identified destinations as a single framework provider. This provider offered competitive prices and flexibility for non-core journeys, as well as returning a high quality score.
- 3.31 Particular advantages of the recommended tendered solution are the retention of the service operating out of Central Depot via a commercial lease with the Council, fixed price per journey across all routes for the life of the contract, comprehensive training and licensing of staff and new and dedicated vehicles to be utilised for the service.
- 3.32 It is therefore recommended that the lowest priced single provider be awarded the contract to provide Adult Transport Services for a period of 3 year and 9 months from the 1 December 2015, with an option to extend for a further period up to, but not exceeding 2 years

Next Stages

- 3.33 As part of the implementation process, consideration will be given to the resourcing requirements to ensure a robust client management arrangement is in place. This includes contract monitoring, performance management and quality assurance consistent with the Council's COP.
- 3.34 Therefore it is proposed that if the Executive agree with the recommendation to award Lot 2 to a single provider, that a management reorganisation of the Passenger Transport Service is completed following award of contracts, to enable potential efficiencies to be realised through the integration of the SEN route planning and contract management function for the SEN Framework Contract and the PTS contract, which will be reported to the Executive as part of the 2015/16 Budget process.
- 3.35 Subject to executive approval, and standstill period, provider reviews will be undertaken to confirm service quality and capability to ensure service lead in arrangements are fully prepared to minimise any disruption to clients, schools, parents/carers, before final contracts are drawn by the senior lawyers' awarded, and signed under seal.

Risk Management

- 3.36 The recommended tender provides a fixed price per passenger up to a volume variation of 25%. Whilst the contract stipulates 'no guaranteed volume', it should be noted that any reduction in volume over 25% increases the price per passenger per journey by 15%.

4. POLICY IMPLICATIONS

- 4.1 Transport is required by adult social care in order to allow clients who qualify for particular services, access to those services if they are unable to do so through other means. The implementation of the Care Act from April 2015, and the new assessment criteria it requires, may change how services are used. Further, in tandem with these contract reviews, colleagues in the Education, Care and Health Services' Commissioning Unit have been looking at new ways of delivering services to a range of clients, many of whom are heavy users of transport. Future levels of utilisation are therefore hard to predict.
- 4.2 Any future or developing policy changes to the access guidelines for service users or the method of operation may have an impact on the provision of transport and any associated costs. The procurement strategy has therefore allowed for future changes by not guaranteeing any passenger volumes for Lot 2.

5. FINANCIAL IMPLICATIONS

LOT 2

- 5.1 The results of the analysis of the Tenders received has resulted in a recommendation being made to award the contract for Adults Passenger Transport to a single provider, delivering a saving of £143k per annum based on current client numbers.
- 5.2 Any potential increases/decreases in activity will have to be dealt with as part of the overall medium term financial strategy.
- 5.2 The financial details are included in the report of the same name contained in PART 2 of this agenda.

6. LEGAL IMPLICATIONS

- 6.1 This procurement has been undertaken in accordance with EU procurement rules and has adhered to the relevant threshold for service contracts and certain time scale requirements set down by the European Union. It is also in line with a fair and transparent procurement exercise and has further complied with council Financial Regulations.

7. PERSONNEL IMPLICATIONS

- 7.1. There are currently 41 staff employed within the PTS service wholly engaged on the services outlined in Lot 2 which are specifically for Adults Transport Services. In addition there are 5 staff employed within the Passenger Transport Service outside the scope of Lot 2 whose roles and function would be the subject of a separate review in the event that the Executive agree to proceed with a contract award. The main proposal in this report is on the back of the review of the current and future transport needs of the Council in regard to the provision of transport for vulnerable/eligible groups within the community. Staff were briefed in July 2014 and also updated in September 2014 on the work to develop proposals to achieve savings without significantly affecting service delivery.
- 7.2 Staff are now being consulted on the main proposal which is to outsource the service as set out paragraph 3 and in particular paragraphs 3.14 to 3.37 above. Staff and trade union comments

and responses to the proposal and whether the service should remain in house or not will be summarised and presented to the meeting for Member consideration. If Members agree to the recommendation to proceed with contract award, there are significant personnel implications to consider in consultation with affected staff and their representatives.

- 7.3 Any staffing implications arising from the recommendations in this report will need to be carefully planned for and managed in accordance with Council policies and procedures with due regard for the existing framework of employment law, mainly the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) as amended by The Collective Redundancies and Transfer of Undertakings (Protection of Employment) (Amendment) Regulations 2014.

Non-Applicable Sections:	None
Background Documents: (Access via Contact Officer)	<p>Transport Gateway Review (Report No. ES14062)</p> <p>Adults Transport Policy (Report no CS14050) 26th June 2014. Care Services Portfolio Holder.</p> <p>Commissioning Team Programme Budget - Report No. DRR13/043</p> <p>Adult Social Care – Gateway Review (Report No. CS13/017)</p> <p>SEN Transport Contract (Report No. DCYP10115 – PART 2)</p>