

SURREY COUNTY COUNCIL

CABINET

DATE: 24 MAY 2016



**REPORT OF: MRS LINDA KEMENY, CABINET MEMBER FOR SCHOOLS,
SKILLS AND EDUCATIONAL ACHIEVEMENT**

**MS DENISE LE GAL, CABINET MEMBER FOR BUSINESS
SERVICES AND RESIDENT EXPERIENCE**

**MR MIKE GOODMAN, CABINET MEMBER FOR ENVIRONMENT
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**LEAD OFFICER: JULIE FISHER, DEPUTY CHIEF EXECUTIVE / STRATEGIC
DIRECTOR CHILDREN, SCHOOLS & FAMILIES**

**TREVOR PUGH, STRATEGIC DIRECTOR ENVIRONMENT
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**SUBJECT: APPOINTMENT OF A NUMBER OF OPERATORS FOR THE
PROVISION OF SPECIAL EDUCATIONAL NEEDS HOME-TO-
SCHOOL TRANSPORT**

SUMMARY OF ISSUE:

The Council is required to provide home-to-school transport services for eligible children with Special Educational Needs (SEN). These services are provided in line with our SEND 2020 Development Plan and Strategy for children and young people.

This report seeks to award fixed price contracts to 2 Transport operators for the provision of these services into the following schools, Manor Mead School (Primary) in Shepperton and Woodfield School (Secondary) in Merstham.

The current contracts which expire on 31 July 2016 have been retendered and if awarded will commence on 5 September 2016 for the above schools.

The report provides details of the procurement process, including the results of the evaluation process and, in conjunction with the Part 2 Report, demonstrates why the recommended contract award delivers best value for money.

Due to the commercial sensitivity involved in the contract award process, the financial details of the potential suppliers have been circulated as a Part 2 Report.

RECOMMENDATIONS:

It is recommended that Cabinet:

- a. approves the award of a sole provider contract for home-to-school transport, commencing on 5 September 2016 to Supreme Freedom to Travel Ltd, for all 24 routes into Manor Mead School.
- b. approves the award of a bundle of individual route contracts for home-

to-school transport, commencing on 5 September 2016 to East Surrey Rural Transport Partnership. The bundle will be for 7 out of the 13 routes. The remaining routes would continue to be let with the existing operator.

Cabinet approves the award of contracts for an initial three year period plus the option to extend for four periods of 1 year if deemed necessary.

REASON FOR RECOMMENDATIONS:

We currently have 19 operators servicing home-to-school transport into the two schools; the routes they operate were originally awarded on an individual route basis. From previous tenders we know that by putting Sole Provider contracts / minimising the number of operators in place we can make this service more efficient.

Pupils with special educational needs often want consistency from their operator – the same driver, same escort and same vehicle, on time, each day. Parents want to know the driver will show compassion, patience and care towards their child, and know how to deal with their child's specific needs (anything from autism and severe learning or behavioural difficulties, to physical disabilities). These benefits have been reported as a result of Sole Provider contracts we currently have in place at other schools.

The existing contracts will expire on 31 July 2016. A full tender process, in compliance with the requirement of EU Procurement Legislation and Procurement Standing Orders, through Lot 2 of the Client Service Dynamic Purchasing System (DPS) has been completed, and the recommendations ensure the continuation of valued services for the children, their families and the Schools as well as delivering increased value for money to the Council.

Other benefits of awarding the contracts include:

- a. Consistency of service delivery and operator accountability
- b. Strong relationship between the School and its transport provider
- c. Quality of service provision, as performance monitoring will be made easier with fewer operators
- d. Ensuring value for money for the residents.

DETAILS:

Business Case

1. SEN Schools require home-to-school transport and the Council has a statutory obligation to provide this to eligible children.
2. SEN Transport contracts tendered in recent years have been successful in reducing cost, improving service quality and communications between schools, parents, suppliers and the council's Transport Co-ordination Centre. The two schools provide education for pupils with a wide range of special educational needs from physical disability, challenging behaviour, autism through to hearing and language impairment. The transport contracts for these schools will be expiring on 31 July 2016, as such we are required to put in place new contracts whilst also seeking better value for money.

3. The transport of the pupils to these schools requires the operators to supply a range of vehicle types with wheelchair access if needed, escorts if required, and plan routes in the most effective and economic way. The operators will employ fully vetted drivers with Surrey identification cards and be in regular communication with the school about dates, timings and student needs. The operators will be performance managed by the Contracts & Compliance Team in accordance with the standard terms and conditions of contract.

Background

4. The Council's *Surrey children and young people's SEND Development Plan 2016-2020* states one of its four key objectives is to transform the customer experience. To support this objective we tendered sole provider contracts, i.e. having a single operator or minimal number of operators servicing all the transport into a school. We believe by rationalising the number of transport operators we would achieve a number of benefits for all parties involved. Currently we have 18 operators servicing the two schools. By rationalising the number of operators into each school we can improve the consistency of the quality of service as well as reducing the points of contact for all parties involved, for the families, schools and County Council as well as delivering a cashable saving. There is no existing or comparable contract available that can be utilised for the provision of special educational needs home-to-school transport.

School	Current number of transport operators servicing the school	Number of transport operators servicing the school if the contracts are awarded	Number of Routes	Number of pupils being transported
Manor Mead School (Primary)	11	1	24	92
Woodfield School (Secondary)	8	6	13	93

Procurement Strategy

5. A number of options were considered when completing the Strategic Sourcing Plan (SSP) outlining the best route to market, before starting the procurement activity. These were i) do not deliver any service ii) disaggregate the contracts and put out to tender through the Client Transport DPS as individual routes or iii) re-tender as Sole Provider contracts.
6. After an options analysis it was decided to invite tenders for both Individual and Sole Provider contracts, as this demonstrated best value for money while opening the market to allow for more operators to bid, as not many of them are large enough to service an entire school.
7. For the Sole Provider contracts route costs are based on vehicle type and provision of an escort per mile, on a fixed cost basis per annum. The contracts will be reviewed annually and price increases in line with RPIX will be awarded if deemed necessary, by mutual agreement with the Council and the operator, this only applies after the initial three year period for which the cost is fixed.

8. Steps were taken to stimulate interest in this new process, which was introduced to the supply base through a series of correspondence and a well attended supplier awareness event held on the 14 January 2016.
9. An invitation to tender was issued to suppliers through the online SE Shared Services portal for Lot 2 of the Client Transport DPS, a DPS operates in a very similar way to a framework. The tender was evaluated against both quality and price as stated in the Part 2 Report.

Key Implications

10. By awarding a contract to the supplier recommended for the provision of Special Educational Needs home-to-school transport to commence on 5 September, the Council will be meeting its duties and ensuring a consistent service for many SEN pupils who rely on stability and routine.

Competitive Tendering Process

11. The mini Competition was open to 21 pre approved operators. To be admitted onto the DPS operators were evaluated to ensure that they had the legal, financial and technical capacity (including their Health & Safety and equal opportunities policies) to undertake work for the Council as well as a DBS Enhanced Disclosure.
12. An invitation to tender was sent to the 21 suppliers, who were given 26 calendar days to complete and submit their tender.
13. The procurement activity included a Quality evaluation stage where suppliers (who had already previously been evaluated on a set of quality questions) were questioned further on the specific schools they were tendering for. Upon achieving the quality benchmark that was set operators then had their submitted price evaluated.
14. We are proposing the award of 2 different contracts:
 - a. Sole Provider, this is a contract for an operator who will service all home-to-school transport into a school.
 - b. Where an appropriate Sole Provider has not been found Individual route contracts are put in place where the operator will run the majority of routes into a school.

CONSULTATION:

15. The Procurement department worked alongside the Transport Co-Ordination Centre at all stages of the commissioning and procurement process
16. As well as Procurements internal governance and reporting to Cabinet a report has also been submitted to the Councils Education and Skills Boards who wanted to know more about the procurement process carried out.

RISK MANAGEMENT AND IMPLICATIONS:

17. The contract terms have been drafted by the Legal department and made specific to the Dynamic Purchasing System and this type of service. The

Council or the operator can terminate the contract with 90 days notice period for the Sole Provider contracts and 28 days notice for the individual route contracts.

18. All operators successfully completed satisfactory financial checks as well as checks on competency in delivery of similar contracts to be initially accepted onto the DPS for Lot 2 (SEN Home-to-school Transport) in 2014.
19. Site audits were carried out on the operators to check driver and vehicle documents and validate company policies in line with the tender requirements.

Financial and Value for Money Implications

20. Full details of the contract value and financial implications are set out in the Part 2 Report. The estimated costs have been based on routes in place at each school during school year 2015/16. In reality, pupils will leave and new ones join at the start and during the School year commencing September 2016. The routes themselves are also subject to change.
21. Whilst there has been an increase in prices in the market place compared to five years ago, the model for tendering the business allowed for increased competition, the ability to take advantage of variety in the bidding options and economies of scale as a result of aggregating demand. As a result the potential saving over the life of the contract are significant.
22. Recognising the need for further competition for this specialised service, it is our intention to further develop the market place in future including working with the qualified operators to understand how the process could be enhanced or lots made more attractive.

Section 151 Officer Commentary

23. The new contracts are at a reduced cost compared to the existing contracts and savings will be realised.

Legal Implications – Monitoring Officer

24. The procurement is in accordance with the Public Contract Regulations 2015 and the Procurement Standing Orders.
25. The Council is under a statutory obligation under the Education Act 1996 section 508B to provide free transport for eligible children including those with Special Educational Need. The provision of a taxi service will enable the Council to meet its legal requirement under the Education Act 1996.

Equalities and Diversity

26. The procurement process was undertaken through a transparent tender procedure. The contract document stipulates that the supplier will comply with the relevant Equality and Diversity legislation.

WHAT HAPPENS NEXT:

27. The timetable for implementation is as follows:

Action	Date
Cabinet decision to award (including 'call in' period)	25 – 31 May 2016
'Alcatel' Standstill Period	1 – 13 June 2016
Contract Signature	13 June 2016
Contract Commencement Date	5 September 2016

28. The Council has an obligation to allow unsuccessful suppliers the opportunity to challenge the proposed contract award. This period is referred to as the 'Alcatel' standstill period.

Contact Officer:

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Consulted:

Divisional County Councillors (affected by the routes)
Surrey Procurement and Commissioning
Surrey Legal Services
Surrey Finance
SEN Schools
Surrey Transport Co-Ordination Centre

Annexes:

Part 2 Annex – Commercial details, Section 151 commentary and contract award.

Sources/background papers:

- Tender documentation is available from Procurement.
 - SEND 2020 Development Plan
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