

SURREY COUNTY COUNCIL

CABINET

DATE: 22 APRIL 2014



REPORT OF: MRS LINDA KEMENY, CABINET MEMBER FOR SCHOOLS AND LEARNING

MR JOHN FUREY, CABINET MEMBER FOR TRANSPORT, HIGHWAYS AND ENVIRONMENT

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SUBJECT: AWARD OF CONTRACT FOR THE PROVISION OF SPECIAL EDUCATIONAL NEEDS HOME TO SCHOOL TRANSPORT

SUMMARY OF ISSUE:

The Council has a requirement for transport services for eligible children with special educational needs. This requirement is covered by the current Sole Provider contracts that expire on 31/07/2014.

This report seeks approval to award four contracts for the provision of home-to-school transport services to AMK Chauffeurs Ltd and Supreme Freedom to Travel Ltd starting on 01/08/2014, for a three year period with the option to extend up to a further four years, for provision at four SEN Schools.

The proposed 'Sole Provider' contract arrangement will mean that one transport provider is responsible for delivering the entirety of a School's home-to-school transport for the duration of the contract.

Due to the commercial sensitivity involved in the contract award process, the details of the evaluation process and scores, as well as full financial details are included as confidential information in Part 2. (item 16)

RECOMMENDATIONS:

It is recommended that:

- i) 'Sole Provider' contracts for home-to-school transport, commencing on 1/08/2014, be awarded for provision at the following Schools by the named suppliers:

- Pond Meadow School – AMK Chauffeur Drive Ltd

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- The Ridgeway Community School – AMK Chauffeur Drive Ltd
 - Woodlands School – Supreme Freedom to Travel Ltd
 - Walton Leigh School – Supreme Freedom to Travel Ltd

The proposed contracts will be for a three year period with the option to extend for up to a further four years.

REASON FOR RECOMMENDATIONS:

Pupils with special educational needs often want consistency from the operator – the same driver, same escort and same vehicle, on time, each day. Parents want to know the driver will show compassion, patience and caring towards their child, and know how to deal with their child's specific needs (anything from autism to severe learning or behavioural difficulties, to physical disabilities). All four Schools have reported these benefits from the current Sole Provider contracts.

To summarise our objectives:

- Consistency of service delivery, as one provider is accountable
- Strong relationship between the School and its transport provider
- Quality of service provision, as performance monitoring will be made easier

DETAILS:

Background and options considered

1. The contracts in place at the four Schools have no provision to further extend them.
2. A joint review between Procurement and Travel and Transport Group commenced in October 2013, looking at how to procure these services going forward in order to achieve operational and financial benefits.
3. A full tender process, compliant with the European Public Procurement Regulations and Procurement Standing Orders, has been carried out following the receipt of authority from Procurement Review Group (PRG) on 16/10/2013. This included advertising the contract opportunity in the Official Journal of the European Union (OJEU) on 8/11/2013.
4. Within Surrey, around 2,700 children are transported daily from home to 23 Surrey County Council (SCC) Special Needs Schools by up to 90 suppliers.
5. 'Sole Provider' contracts were first introduced in 2007 to SCC Schools, where previously they would have used multiple operators to transport eligible children into a School. It was adopted only in Schools where a saving was to be gained by moving to one provider.
6. The four Schools in this tender take very high end, special educational need students with complex disabilities. Almost all routes require escort accompaniment, there are many routes that have to be run as solo passenger

routes for various reasons, many of the pupils are in wheelchairs and sometimes have specific medical equipment with them.

7. The concept has been well received by both the Schools and the supply market and there is further potential for the 'Sole Provider' way of working to be rolled out to other Schools within the County in 2014 and beyond.
8. They have been very successful contracts as the operators who run them tend to employ their own staff and specialise specifically in this type of service. They have strong relationships with the Schools, parents and children, and take extra care to understand their customers' needs. They offer one point of contact for Schools in case of closures, severe weather or delays and cause less congestion around the School entrance than if multiple vehicles were arriving each morning. They tend to only operate home-to-school transport so they do not have other, conflicting priorities.
9. Excluding the four Schools where Sole Provider contracts have been introduced, each home-to-school route is tendered and contracted separately, which does not always allow the most efficient utilisation of vehicles, drivers and escorts to be chosen. As a result we sometimes use a large number of providers for each School, which makes it harder to manage each provider to ensure they meet service levels. In addition, when pupils and routes change, this requires each contract affected to be re-negotiated as each route is awarded on a fixed price depending on the nature of the route at that time. This process takes time and makes it difficult to forecast costs accurately.

Summary of Transport as of November 2013

School	Children with wheel chairs	Children without wheel chairs	Escorts	Total No. Passengers	Solo Routes	Group Routes	Total No. routes
Pond Meadow	17	84	30	131	7	23	30
Ridgeway	25	55	27	107	8	19	27
Walton Leigh	21	49	13	83	1	12	13
Woodlands	18	49	16	83	1	15	16
Total	81	237	86	404	17	69	86

Procurement Strategy

10. Several 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 Taxi Framework or iii) re-tender as Sole Provider contracts.
11. After an options analysis it was decided to invite tenders for Sole Provider contracts as this demonstrated best value for money, considering the level of quality provided by the incumbent operators and the economies of scale offered by them being able to co-ordinate all the travel into one School.
12. The review undertaken aimed to achieve the following objectives:
 - Maintain the current high levels of service delivery that had been achieved by using one provider per SEN School
 - Retain economies of scale
 - Encourage a closer relationship between the SEN Schools and their providers
 - Where possible, facilitate increased cost certainty and control of route/pupil cost changes
13. Since these Sole Provider contracts were originally implemented at the four Schools in 2008, there has been no increase in the mileage rate we are paying to each operator, since the Council fixed prices during that time. Operators have contained cost pressures for almost 5 years, despite fuel increasing by 30% since 2008 (source: www.petroprices.com).
14. Feedback from Members, Schools, parents and suppliers has been very positive with the original project aims of improving the service quality, communication between Schools, parents and transport suppliers successfully achieved. The Transport Co-ordination Centre have had no complaints lodged by Schools or parents about these contracts, and no penalty points for operational failures have been issued in the last five years.
15. A joint Procurement and project team was set up, including representatives from the Transport Co-ordination Centre. The four Schools were informed and consulted with at key stages of the project, and they provided input into the tender questionnaire.
16. Steps were taken to stimulate interest from the market, by holding two supplier engagement events.
17. An invitation to tender was issued through the online SE Shared Services portal. The tender pack included a pre-qualification questionnaire and a full quality assessment questionnaire. The tender submissions were evaluated against the criteria and weightings in the Part 2 report. Submissions were evaluated by three members of the Transport Co-ordination Centre and head teachers from the Schools.
18. A price comparison was done between the rates on the Taxi Framework and the new Sole Provider quotes. The outcome was that Taxi Framework prices were at least 8% higher compared to the new Sole Provider quotes. It was more expensive through the Taxi Framework because of the complexity of the Schools'

disabilities and low mileage on some routes. By splitting routes up, many of them become financially unviable for operators.

CONSULTATION:

19. Stakeholders consulted at all stages of the commissioning and procurement process included the Transport Co-ordination Centre, Finance, Procurement and Commissioning and Legal Services, and the four SEN Schools.

RISK MANAGEMENT AND IMPLICATIONS:

20. The contract terms have been drafted by the Legal Department and made specific to this type of service. The Council or the operator can terminate the contract with three months notice period. Contract prices are based on mileage rates per vehicle type.
21. All operators successfully completed satisfactory financial checks as well as checks on competency in delivery of similar contracts at the pre-qualification stage.
22. Site audits were carried out on the two operators to check driver and vehicle documents and validate company policies in line with what was asked for in the tender.

Financial and Value for Money Implications

23. Full details of the contract values 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 November 2013. In reality, pupils will leave and new ones will start at the School in September 2014, and the routes will change.
24. Whilst there has been an increase on prices compared to five years ago, they have risen almost in line with inflation.
25. It is not possible to make a direct comparison between the cost of the future contract and the current operating mileage because during the life of the contract, the number, type and length of routes have changed. Since the start of the contracts, total mileage for the Schools has increased from 1,843.97 to 2,154.90 per day. However the unit price per mile will come down from £5.90 per mile under existing contract prices, to £5.82 under the proposed contract prices.
26. Recognising the limited competition currently in the market for this specialised service, it is our intention to further develop the market place in future including holding workshops with the Community Transport sector and all incumbent and potential taxi operators to stimulate competition.

Section 151 Officer Commentary

27. Section 151 commentary is provided in the Part 2 Annex (item 16).

Legal Implications – Monitoring Officer

28. Surrey County Council currently provides for children with special educational needs in accordance with the Education Act 1996 (as amended) and associated

regulations. In accordance with that legislation the Council has a duty to maintain statements of special needs and to provide the special educational provision set out in those statements. That provision can include transport to and from School where there is a need for this. The proposed contractual arrangements will allow the Council to improve services to meet those duties.

Equalities and Diversity

29. The procurement process was undertaken through a transparent EU procedure, which was advertised to allow suppliers across the EU to express their interest. The contract document stipulates that the supplier will comply with the relevant Equality and Diversity legislation.

Safeguarding responsibilities for vulnerable children and adults implications

30. The superior quality of service offered by the incumbent suppliers reduces the risk to vulnerable children through well-trained drivers and escorts, safely maintained equipment and vehicles to an exceptionally high standard and robust internal processes and policies.

Climate change/carbon emissions implications

31. SCC attaches great importance to being environmentally aware and wishes to show leadership in cutting carbon emissions and tackling climate change. The SEN School Sole Provider concept promotes fewer vehicle routes leading to a reduction in fuel usage and subsequent carbon emissions.

WHAT HAPPENS NEXT:

32. The timetable for implementation is as follows:

Action	Date
Cabinet decision to award (including 'call-in' period)	02 May 2014
Standstill Period (10 days)	23 April 2014
Contract Signature	05 May 2014
Contract Commencement Date	1 August 2014

33. The Council has an obligation to allow unsuccessful suppliers the opportunity to receive a debrief and have the opportunity to challenge the proposed contract award before the contract is entered into. This period is referred to as the standstill period.

Contact Officer:

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Consulted:

Surrey Passenger Transport Group
Surrey Procurement and Commissioning
Surrey Legal Services
Surrey Finance
SEN Schools

Annexes:

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

Sources/background papers:

- Strategy/Market analysis and all tender documentation are available from Procurement.
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