

SURREY COUNTY COUNCIL**CABINET****DATE: 28 APRIL 2014****REPORT OF: MRS LINDA KEMENY, CABINET MEMBER FOR SCHOOLS AND LEARNING****MR MIKE GOODMAN, CABINET MEMBER FOR ENVIRONMENT AND PLANNING****MS DENISE LE GAL, CABINET MEMBER FOR BUSINESS SERVICES****LEAD OFFICER: MR NICK WILSON, STRATEGIC DIRECTOR CHILDREN, SCHOOLS AND FAMILIES****MR TREVOR PUGH, STRATEGIC DIRECTOR ENVIRONMENT AND INFRASTRUCTURE****MRS JULIE FISHER, STRATEGIC DIRECTOR FOR BUSINESS SERVICES****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. A proportion of this requirement is currently covered by Sole Provider contracts, some of which expire on 31 July 2015.

This report seeks approval to award two contracts for the provision of home-to-school transport services to AMK Chauffeurs Ltd and Waverley Hoppa Community Transport starting on 1 August 2015, for a five year period with the option to extend up to a further two years, to two schools; Portesbery School and Gosden House School.

There are 30 transport routes that feed into both schools and the tender is seeking to award 26 of those routes to AMK and the other 4 to Waverley Hoppa. AMK (the incumbent provider) will continue to be the sole provider of transport to Portesbery School and will share the transport responsibility with Waverley Hoppa for Gosden House School, taking over from the incumbent provider Home2School Ltd.

Due to the commercial sensitivity involved in the award of the contract, the details of the evaluation process and scores, as well as full financial details are included as confidential information in the Part 2 report (item 18).

RECOMMENDATIONS:

It is recommended that:

1. 'Sole Provider' contracts for home-to-school transport, commencing on 1 August 2015, be awarded for provision of transport to the following school by the named supplier:

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- Portesbery School – AMK Chauffeur Drive Ltd (11 routes)
2. 'Individual' contracts for home-to-school transport, commencing on 1 August 2015, be awarded for provision of transport to the following school by the named suppliers:
 - Gosden House School – AMK Chauffeur Drive Ltd (15 routes)
 - Gosden House School – Waverley Hoppa Community Transport (4 routes)

The proposed contracts will be for a five year period with the option to extend for further for two years if deemed necessary.

REASON FOR RECOMMENDATIONS:

General:

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). Both schools have reported these benefits from the current Sole Provider contracts, of which AMK Ltd. is one of the incumbent providers.

The forecast savings for Financial Year 2015/16 are £127,000. The full year forecast savings are £184,000.

To summarise our objectives:

- Consistency of service delivery and operator accountability
 - Strong relationship between the school and its transport provider
 - Quality of service provision, as performance monitoring will be made easier with two operators
 - Ensuring value for money for Surrey County Council.
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DETAILS:

Background and options considered

1. Within Surrey, around 2,700 children are transported daily from home to 23 Surrey County Council (SCC) Special Schools by up to 90 suppliers.

'Sole Provider' contracts were first introduced in 2007 to seven SCC Special Schools and are used where savings can be gained and to reduce the administrative burden on both the services and operators.

2. The contracts in place at the two schools have no provision for further extension.
3. 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, at which time it was agreed to utilise a

variety of different procurement options going forward. Work will continue over coming months to ensure that all possible options are explored and that the Council is procuring the services in the way that delivers the best possible value for money.

4. 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 23 December 2014.
5. The two schools in this tender take very high end, special educational need students with complex disabilities. 21 of the 30 routes require escort accompaniment, others require wheelchair access and sometimes specific medical equipment.
6. Current sole provider contracts to Portesbery School run by AMK have been very successful as they 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. Waverley Hoppa, as a current provider of community transport, is also well placed to deliver the above to the service levels.

Procurement Strategy

7. 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.
8. 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.
9. The review undertaken aimed to achieve the following objectives:
 - Maintain the current high levels of service delivery that is currently achieved while developing the market for more operators to bid
 - Retain economies of scale
 - Encourage a closer relationship between the Special Schools and their providers
 - Where possible, facilitate increased cost certainty and control of route/pupil cost changes
10. Route costs are based on vehicle type and provision of an escort per mile, on a fixed cost per mile basis per annum. The contracts will be reviewed annually, at which time operators may request a price increase, based on evidence of increased industry costs. It will be at the Council's discretion to award an increase by mutual agreement.
11. Steps were taken to stimulate interest from the market, by holding two supplier engagement events in 2014 and communicating directly to other suppliers.
12. An invitation to tender was issued to suppliers through the online SE Shared Services portal for Lot 2 (Specialist Transport requirements) of the Client Transport Dynamic Purchasing System (DPS). The tender was evaluated against both quality and price as stated in the part two report.

13. A Dynamic Purchasing System is a procurement procedure compliant with the Public Contract Regulations. It is a fully electronic system, used to award compliant contracts. It operates with the joint benefits of a framework agreement, in which suppliers confirm at the time of application that they will comply with the terms of the DPS and any call-off contract terms published at this time, as well as an approved Provider list. The arrangement allows any Provider who meets the minimum criteria to apply at any point during the duration of the DPS to join, thereby encouraging greater competition in the long term.

CONSULTATION:

14. Stakeholders consulted at all stages of the commissioning and procurement process included the Transport Co-ordination Centre, Finance, Procurement and Commissioning and Legal Services, Schools & Learning and the two Special Schools.

RISK MANAGEMENT AND IMPLICATIONS:

15. The contract terms have been drafted by the Legal Department and made specific to the Dynamic Purchasing System (DPS) and this type of service. The Council or the operator can terminate the contract with three months notice period. Should the circumstances arise, all risks associated with a potential termination will be identified to ensure that the service delivered to pupils receiving the service is managed.
16. 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.
17. 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.
18. The incumbent supplier to Gosden House School is unwilling to supply the driver & escort information for these routes for TUPE purposes, until 28 days before contract transfer. If TUPE does apply at the time of contract transfer, the routes will be first offered to the current successful suppliers from the tender. If the new costs significantly outweigh the potential savings, the routes will be disaggregated and retendered.
19. New contracts awarded under the DPS have strengthened clauses in relation to TUPE in order to better manage transitions between suppliers in the future.

Financial and Value for Money Implications

20. 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 January 2015. In reality, pupils will leave and new ones join at the start and during the school year commencing September 2015. 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, because the model for tendering the business allowed for variety in the bidding options, the potential saving over the life of the contract is £1.29m. Other reasons for the reduction in price include changes in market fuel price and flexibility in the contract terms allowing suppliers to request an annual price increase (at the Council's discretion to award) based on evidence of industry cost increases.

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 Section 151 Officer confirms that the cost of the recommended contracts are provided for in the 2015/16 Medium Term Financial Plan. The estimated saving will be reviewed once the full TUPE implications are known.

Legal Implications – Monitoring Officer

24. 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 provide services which comply with those duties.

Equalities and Diversity

25. 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.

Safeguarding responsibilities for vulnerable children and adults implications

26. The superior quality of service offered by suppliers AMK and Waverley Hoppa 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

27. SCC attaches great importance to being environmentally aware and wishes to show leadership in cutting carbon emissions and tackling climate change. By using only two operators across the 30 routes tendered, SCC promotes fewer vehicle routes leading to a reduction in fuel usage and subsequent carbon emissions.

WHAT HAPPENS NEXT:

The timetable for implementation is as follows:

Action	Date
Cabinet decision to award (not including 'call-in' period)	28 April 2015
Standstill Period (10 days)	8 May 2015
Contract Signature	15 May 2015
Contract Commencement Date	1 September 2015

The Council has an obligation to allow unsuccessful suppliers the opportunity to be debriefed and challenge the proposed contract award before the contract is entered into. This period is referred to as the standstill period.

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Consulted:

Surrey Passenger Transport Group

Surrey Procurement and Commissioning

Surrey Legal Services

Surrey Finance

Gosden House & Portesbery Schools

Annexes:

Part 2 Annex – Commercial details and contract award.

Sources/background papers:

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