

London Borough of Hammersmith & Fulham

Report to: Cabinet

Date: 04/01/2021

Subject: Procurement Strategy for Travel Care Taxi Services

Report of: Councillor Larry Culhane - Cabinet Member for Children and Education

Responsible Director: Jacqui McShannon - Director of Children's Services

Summary

This report seeks approval of the procurement strategy for Travel Care Taxi Services for services from May 2021 for a period of four (4) years.

In June 2017 Hammersmith and Fulham (H&F) set up a framework agreement for the provision of travel care taxi services for a term of four years. The combined quality and commercial scores determined suppliers' appointment and position on the Framework by a "league table" ranking for each vehicle type with call offs completed on an annual basis. This framework expires in May 2021 with no options to extend. It has in general delivered the Council's needs and so the procurement of a replacement framework is recommended on a similar basis.

Recommendations

1. That Cabinet approves the procurement strategy, attached as Appendix A, to run an open procedure to establish a framework for the provision of travel care taxi services for a period of 4 years from May 2021.
-

Wards Affected: All

H&F Priorities

Our Priorities	Summary of how this report aligns to the H&F Priorities
<ul style="list-style-type: none">• Building shared prosperity	Employment of local residents on essential frontline services
<ul style="list-style-type: none">• Creating a compassionate council	Procuring services that have care at the forefront of delivery for some of the most vulnerable residents in the borough.
<ul style="list-style-type: none">• Doing things with local residents, not to them	Maintaining high standards of existing contracts following lessons learnt experience from previous procurements.

<ul style="list-style-type: none"> • Being ruthlessly financially efficient 	<p>Frameworks that are appropriately structured and weighted to meet demand as well as need and drive competitiveness in the market.</p>
<ul style="list-style-type: none"> • Taking pride in H&F 	<p>A high-quality service supporting some of our most vulnerable residents to access education and social care provision.</p>
<ul style="list-style-type: none"> • Rising to the challenge of the climate and ecological emergency 	<p>The Contractors must comply with the requirements specified by Transport for London for the London Emission Zone (LEZ) including any current or future legislative requirements including Ultra Low Emission Zone (ULEZ)</p>

Financial Impact

1. This paper recommends the establishment of a fully OJEU compliant taxi framework.
2. The forecast for Transport costs 2020/21 for the current cohort of children and young people is £3.839m for Special Educational Needs (SEN) and £0.556m for Looked After Children (LAC). The SEN forecast includes £0.06m for the personal budget cohort and £2.092m taxis costs. The impact of demand growth in has not been factored into this costing and hence is flagged as a risk to be noted with work required to manage demand.
3. There has been a reduction in spend in the 2020/21 financial year due to the impact of Covid-19 and there has been renegotiation of rates for the reduction in service and journey lengths. However, this reduction in spend is considered as non-recurring from 2021/22 financial year. There is potential fragility around the market due to Covid-19, however these risks are largely unknown.
4. The spend is demand driven and reflects the complex cohort of children and young people often requiring transport to distant placements. Significant budget growth has been agreed in recent years to partially mitigate the demand led growth but to date an unmitigated pressure exists on the Travel Care and Support budget, with a forecast year end overspend of circa £0.73m as in the table below.
5. There is no substantive change to the SEN provision therefore costs are expected to remain broadly the same. There may be slightly lower prices in Looked after Children as the procurement for this lot is weighted 60% price and may result in marginally lower unit costs however it is difficult at this stage to understand how the market will respond to this until tender responses are received. Any increase/ decrease in prices achieved through the procurement will increase/ decrease the forecast overspend based on the same level of demand/ complexity of demand.

WHOLE TRANSPORT BUDGET

	Annual Budget	Full Year Effect of Current Cohort	Variance
	£m	£m	£m
SEN Travel Care and Support	3.397	3.839 Of which: 2.092 relates to taxi spend 0.06 relates to personal budgets	0.443
LAC Transport	0.270	0.556	0.286
Total	3.667	4.395	0.729

Legal Implications

1. This report is recommending the procurement of a new multi-provider framework for taxi services for children and vulnerable adults.
2. The value of the framework is estimated to be £11m over four years. According to the public procurement regime set out in the Public Contracts Regulations 2015 (the "PCR"), the Council's requirements are classified as services. The threshold for compliance with the PCR regime is £189,330 for services, and so the framework needs to be procured in accordance with the PCR. It should be noted that post-Brexit, the PCR will continue largely as before, however the obligation to advertise the contract in an EU electronic journal will be replaced by an obligation to advertise on a UK electronic platform.
3. Under the PCR, no framework can exceed 4 years except in exceptional circumstances.
4. For the purpose of Contract Standing Orders, the framework is a "High Value Contract" and needs to be exposed to competition in accordance with the requirements of CSO 19 as modified by CSO 28 for frameworks. Placing an advert in accordance with the PCR, together with an advert in Contracts Finder, complies with those requirements. It is also necessary to set up a Service Review Team for all High Value contracts.
5. The proposed open procurement route, where there is no pre-qualification stage, is compliant with CSOs and is suitable for use where there is a limited or fairly limited market.

6. High Value contracts also require the approval of a Procurement Strategy which has first been reviewed by the Contract Assurance Board (CSO 18). This report is presented to Cabinet on this basis, with all Procurement Strategies for revenue contracts exceeding £5m in value requiring Cabinet approval.
7. The service department are recommended to include in their report at the end of the procurement process, a specific delegation to officers to enable the award of all call off contracts without needing formal governance reports.

Contact Officers:

Name: Joe Gunning
Position: Commissioning and Transformation Lead
Telephone: 07769672031
Email: joe.gunning@lbhf.gov.uk

Name: Tony Burton
Position: Head of Finance for Children's Services and Education
Telephone: 07909 004710
Email: tony.burton@lbhf.gov.uk
Verified by Emily Hill, Director of Finance

Name: Deborah Down
Position: Senior associate with Sharpe Pritchard LLP, on secondment to the Council
Email: ddown@sharpepritchard.co.uk

Background Papers Used in Preparing This Report

N/A

DETAILED ANALYSIS

Proposals and Analysis of Options

1. With the existing framework ending on the 25 May 2021, our ambition is to deliver a service that fulfils the statutory requirements to be safe and appropriate, whilst deriving value for money and maintaining the current robust quality standards.
2. By delivering this vision, we want to ensure this procurement builds upon our current service to permit children access to the best opportunities in education and to enable our vulnerable adults to maintain their independence and engagement within the community.
3. With general high customer satisfaction and a service well-supported through the Council's Travel Care and Support Team, the service will continue to use the same high-quality specification designed in consultation and collaboration with residents for the delivery of services when they were procured in 2017.
4. The specifications will look to enable the service to meet requirements and demand as well as incorporating feedback from stakeholders without driving additional costs.
5. The outcome will be the establishment of a fully OJEU compliant taxi framework, with two lots, one for Regular and Scheduled Journeys and the other for Ad Hoc Journeys.
6. The proposals within this report will deliver these strategic objectives and, critically, establish the mechanism for the delivery of this statutory service for some of the most vulnerable children and adults in Hammersmith and Fulham.
7. We are considering three procurement options and recommending the most suitable option outlined below.
8. **Option 1: A framework (Recommended)**

A framework will provide the flexibility to meet demand through a pool of established providers in a two-lot framework:

Lot 1: Scheduled Journeys

Lot 2: Ad Hoc journeys

The Scheduled Journeys specification will focus on travel assistance for SEN service users from home to school. As with the current service this will stipulate the need for regular transport crews, the need for the same vehicles and staff training requirements to support these young people. The Ad Hoc journeys specification will be used for services where a regular driver is not required, and nor is there need for any consistency in transport crew. Whilst still maintaining high quality through the specification and staff continuing to have a set standard of training, they will not require the enhanced training relevant only for home to

school transport for children with special educational needs and disabilities. Journeys will be one off or for a short period of time.

This approach will enable the service to better match provision to the offer, avoiding overprovision and driving down unnecessary costs.

9. Option 2: Dynamic Purchasing System (Not recommended)

A dynamic purchasing system (“DPS”) is a completely electronic system which may be established by a contracting authority to purchase commonly used goods, works or services. It has a limited duration.

The option to establish the use of a DPS was explored for use with the taxi framework, understanding the technology available, how the market might respond to such a move and the impacts on the service. It was determined not to progress with a DPS for the following reasons:

Technology

- Whilst the Council’s procurement system CapE is capable of delivering the functionality required by a purely electronic purchasing system such as a DPS, this would require focused development – time and cost;
- The Council has access to the West London Alliance’s DPS platform which is used for placements of children; however, transport would place different requirements on this system which again would require focused development – time and cost.

The Market

- Given that over 90% of the current taxi provisions in H&F is provided by 4 Providers, there is a risk that there may be an insufficient number of Providers to create a competitive enough environment to make a DPS effective. If we do not have a sufficient number, then the risk is that one ends up paying more for services. Lower prices are only achieved when there are multiple bids and ultimately having only one bidder would mean their first bid sets the price.
- Given our understanding of the market, we do not believe there to be a large “churn” of Providers and therefore not a lot of new entrants who would want to join the DPS throughout its existence and keeping it competitive. The ability for new entrants to join the DPS is one of the major benefits of a DPS – and one which may not really be utilized by the market.
- DPS creates transactional relationships with suppliers, as they bid on price for every service they provide. It is one of the ambitions of this procurement to create more strategic relationships with a small number of Providers, rather than by piecemeal transactions.

The Service

- Effectively DPS creates an open auction and therefore there is always a risk of Providers overextending themselves with this approach, by

- submitting unsustainable prices, which would need careful management and potentially a greater review of the quality of service being delivered.
- As previously stated, DPS works best when there are a lot of suppliers. If this were to be the case, then this may have implications for contract and performance management resource.
 - There will be resource challenges for the service to deal with the continual flow of e-auctions and the evaluation of new suppliers wanting to join the DPS
 - It is not realistic for the service to wait several days to provide services while the e-auction is being run.

10. Option 3: In house delivery model (Not recommended)

This option was discounted given the considerable increase in costs (circa 20%), and lack of sufficient structure to accommodate such a model.

Whilst this option would give control to H&F over the direct line management of these employees and the delivery of the service operationally with greater flexibility to maximise utilisation of assets in the commissioning of arrangements, there is not currently a structure nor budget resources in place to accommodate these staff. Furthermore, bringing a taxi fleet in house would not be viable in view of the significant fleet and licensing responsibilities and considerable cost pressures of H&F holding the full cost of overheads which are otherwise spread across multiple authorities by outsourced providers. The Council would also probably require a depot.

11. Option 4: Do nothing (Not recommended)

This would mean not having a service once the current framework had expired, which is not an option in light of the Council's statutory duties and the nature of services for various vulnerable client groups.

Reasons for Decision

12. It is proposed to procure a framework of providers that enables the call off of contracts for a range of services from scheduled and regular journeys through to ad hoc requirements. In general, a framework approach has worked well for the current arrangements.
13. The Local Authority has a statutory duty to provide home to school transport provisions as set out in the Education Act 1996. The Council has a Travel Assistance Policy which clearly sets out these duties, together with further information via the Local Offer. The Travel Assistance policies can be found in the background papers published with this report.
14. For Adults, the Care Act 2014 stipulates a duty to Local Authorities to meet assessed needs, and while transport is not prescribed provision, it may be one way of meeting people's assessed needs and preferences relating to their personal outcomes towards independence and engagement with the community.

15. The current framework which services the existing taxi contracts expires on the 25 May 2021. There is no option to extend. The re-procurement provides H&F with an opportunity, through more appropriate service specifications, to formalise current quality standards and to better meet service demands.

Equality Implications

16. The report seeks to maintain the current service specification. There are no direct negative impacts anticipated on protected groups under the Equalities Act 2010.

Implications verified by: Fawad Bhatti, Policy & strategy Officer, tel 07500 103617

Risk Management Implications

17. Specifications for the transport of children must give due regard to any additional guidelines required so as to ensure that vehicles, users, drivers and escorts operate in a Covid safe way. As a consequence of any change in guidelines and approach this may be reflected in an increased cost of transport from the market. Operators must demonstrate a high quality of service in accordance with users' needs and residents' expectations. Risks relating to growth have been included within the Financial comments.

Implications verified/completed by Michael Sloniowski, Risk Manager tel 020 8753 2587

Consultation

18. Feedback on the current service is positive. Consultation has been limited due to COVID-19, however Officers attended ParentsActive in September to provide an opportunity for parents to raise any concerns regarding transport. There were no significant concerns raised with feedback positive and queries largely around Personal Budgets and accessing the services available.

List of Appendices:

Appendix A – Procurement Strategy

Appendix A - Procurement strategy – Contract for Travel Care Taxi Services

The following procurement strategy has been produced in collaboration with Andra Ulianov Head of Contracts and Procurement.

1. PROCUREMENT SCOPE – WHY THE PROCUREMENT IS NEEDED

The current Lot 2 Taxi Travel Care Framework is due to expire on the 25 May 2021 with no option to extend therefore a re-procurement of a taxi passenger transport service is required.

The Local Authority has a statutory duty to provide home to school transport provisions as per the Education Act 1996. The Council have a Travel Assistance Policy which clearly sets out these duties, together with further information via the Local Offer.

For Adults, the Care Act 2014 stipulates a duty to Local Authorities to meet assessed needs, and while transport is not prescribed provision, it may be one way of meeting people's assessed needs and preferences relating to their personal outcomes towards independence and engagement with the community.

The re-procurement provides H&F with an opportunity, through a more appropriate framework to better meet demand and reduce off framework spend while still preserving the benefits of the existing framework approach.

This procurement will establish the mechanism for the delivery of this statutory service for some of the most vulnerable children and adults in the borough.

2. MARKET ANALYSIS

The market for taxi providers in London is mature. We have 6 providers on the existing framework, with 4 providers currently providing services. There are a number of other providers however in the market who would be suitable to provide such services. Neighbouring boroughs who have recently procured services had 6 providers appointed to their framework who do not currently exist on H&F's framework evidencing the growth in the market since our service were last procured.

Procurement route options and considerations

Consideration has been given to a range of options to commission taxi services with consideration to wider local priorities. The recommended option is to procure a two-lot framework for the provision of Scheduled Journeys and Ad Hoc journeys to meet statutory requirements. The framework will be for a period of four years commencing June 2021. See section 1 of the main report for a full analysis of options.

Risks

Category	Risk Description	Mitigation Activity
Tender	Pace of work required to deliver the objectives in time to finalise the procurement in time for mobilisation.	Appropriate officers will work closely together in the preparation of documents and Legal will review prior to release. A project group will be established to push through actions to ensure risk to service delivery is minimised.
Providers	Stakeholder engagement – risk of not having the right providers/ sufficient number to tender	There is a pool of circa 10-15 providers in the market for such services. Of these only 6 are currently on the H&F framework and 4 are active.
Resource	If key staff working on the project are unavailable at peak times to complete work, programme slippage in timelines is a risk as well as the quality documents available being negatively impacted.	A project board will be established with key stakeholders including the AD for SEND, AD for Children’s Commissioning, Travel Care Team, Procurement and Legal to drive forward actions. A risk register will be established and reviewed by the board.

3. FINANCIAL INFORMATION

Existing spend on home to school transport is broadly comparable to other boroughs. Based on the S251 19/20 net forecasts per capita (DFE data detailing Local Authority education funding and expenditure), when looking at our statistical neighbours H&F sits 7% below the average for Pre 16 SEN transport. For transport post 16 we sit in the higher brackets of spend, however a number of boroughs have varying policies on eligibility which decreases the sample size.

Home to School Transport is funded by the general fund with the budget held by the EHC Planning service. There is an annual budget of £3.8m. Taxi and passenger assistant services equate to circa £2m per annum with the remainder spend on minibus services and personal budgets. This is a demand driven service and reflects the complex cohort of children and young people on transport often requiring placements at a greater distance from home. Based on the age profile of the cohort there is a current bubble of spend at the age of 5 and 12, which indicates there will be ongoing spend at this level.

It is anticipated that by weighting the framework award criteria for ad hoc journeys at 60% price and 40% quality this will drive value for money.

4. COMPETITION PROCESS

A full and open OJEU compliant procurement exercise will be undertaken. An open process means that there is no separate pre-qualification stage and is suitable where the market is limited.

The proposal is to appoint suppliers to a Framework Agreement for Passenger Transport Taxi services which is split into two Lots, with separate specifications and requirements. Lot 1 for Regular Scheduled Journeys, and Lot 2 for Ad-Hoc Journeys. Suppliers may bid for either Lot 1 or Lot 2 or both Lots.

There are seven specified “driver only” vehicle categories and seven specified “driver and Travel Care Assistant” categories. Tenderers will be invited to bid for between one and fourteen vehicle categories for each Lot.

The procurement will be undertaken in three stages, including qualification (pass/fail minimum standards), technical (quality), and commercial (price). The criteria for award will consist of 60% quality and 40% price (Regular Journeys) and 40% for quality and 60% for price (Adhoc Journeys). Each supplier’s overall quality score will be added to their commercial price score for each vehicle category. The combined quality and commercial scores will determine suppliers’ appointment on each framework. They will also be awarded a position on the Framework by a “league table” ranking for each vehicle type within the lot, using the quality score (common for all vehicle categories within the lot) combined with the price for the vehicle category.

Suppliers will be offered routes according to the direct award call-off process based upon their ranking in the “league table”. The framework agreement will include the ability to stop using a supplier, or suspend their use, in the event of poor performance.

Milestone	Indicative Date
CLT	3 November 2020
CMB	16 November 2020
Contracts Assurance Board	20 November 2020
Political Cabinet	07 December 2020
Cabinet	04 January 2021
Preparation of tender documents	December 2020
Tender release	January 2021
Tender return	January 2021

Evaluation	February 2021
Award decision	March 2021
Service mobilisation	April 2021
Contract start date	May 2021

5. SELECTION AND AWARD CRITERIA

Procurement Process Stage 1: Compliance

Each tenderer will need to achieve a minimum level of acceptability as defined by H&F's compliance standards relating to matters such as financial and economic standing, insurance, health and safety. The EU regulations also allow assessment of minimum standards of technical capacity on a pass/fail basis.

The Council's set standards for economic and financial standing based on financial accounts that bidders should meet. These standards are set to reassure the Council that, if awarded contracts, suppliers are financially sustainable throughout the lifetime of the contract.

Where one or more of these criteria is not met, the Invitation to Tenderers will advise them that the Council can, if it wishes, use its discretion to pass a tenderer who fails to meet the above criteria, subject to approval of a report to the Section 151 Officer outlining any mitigating circumstances on why a tenderer should pass the economic and financial assessment.

Procurement Process Stage 2: Quality

The technical quality stage will consist of a number of questions in key areas of the service requirements.

Quality will be ensured by designing detailed questions which list every aspect of the requirements that tenderers will be expected to reference. In addition, the procurement will have a robust scoring criterion of 0 – 5 with the requirement to achieve a minimum score of 3 to pass or otherwise be eliminated from the process. The Council will also stipulated that if any tenderers achieved a 2 for a question then the supplier may be awarded a pass at the discretion of the evaluation panel where the weaknesses in the response were not considered so significant as to jeopardise the tenderer's ability to meet the overall requirements of the service.

The Evaluation Panel will consist of Council Officers and external stakeholder partners. Officers will include Commissioners, Travel Care and Support team members, a safeguarding lead, and representation from special educational needs and adult social care. External stakeholder partners will include parent representatives and a head teacher from a local Special Educational Needs school subject to signing a confidentiality agreement.

There will be a total of 9 quality questions for each Lot, for an assessment of areas including;

- general requirements;
- implementation and mobilisation (Regular and Scheduled provision only);
- rapid response and reaction (Ad-hoc provision only);
- communications and relationships;
- operating requirements;
- staff competence and checks;
- social value;
- vehicles;
- safeguarding;
- and performance, risk management and quality assurance including Business Continuity including appropriate plans in the event of service/supply interruption due to a Covid-19 outbreak.

An outline scoring matrix is included below.

Criteria Regular Journeys	Marks
Minimum Standards: Compliance of bid Insurance levels Turnover Suitability to pursue the professional activity Experience and technical capacity (including Safeguarding)	Pass/fail
Quality <ul style="list-style-type: none"> • general requirements (5%); • implementation and mobilisation (Regular and Scheduled provision only) (5%); • communications and relationships (10%); • operating requirements (10%); • staff competence and checks (13.4%); • vehicles (10%); • safeguarding (15%); • and performance, risk management and quality assurance (15%). Social value (16.6%) assessed as following: <ul style="list-style-type: none"> • Social Value Quantitative (8.3%) • Social Value Qualitative (8.3%) 	60%
Cost	40%
Total possible marks	100%

Criteria Ad hoc	Marks
Minimum Standards	Pass/fail

Compliance of bid Insurance levels Turnover Suitability to pursue the professional activity Experience and technical capacity (including Safeguarding)	
Quality <ul style="list-style-type: none"> • general requirements (5%); • rapid response and reaction (Ad-hoc provision only) (5%); • communications and relationships (10%); • operating requirements (10%); • staff competence and checks (10%); • vehicles (5%); • safeguarding (15%); • and performance, risk management and quality assurance (15%). Social value (25%) assessed as following: <ul style="list-style-type: none"> • Social Value Quantitative (12.5%) • Social Value Qualitative (12.5%) 	40%
Cost	60%
Total possible marks	100%

The proposed evaluation criteria will be based on:

- Regular Journeys: 60% for quality with an allowance of 16.6% within quality for social value and 40% for price.
- Ad hoc journeys: 40% for quality with an allowance of 25% within quality for social value and 60% for price.

The Contract Standing Orders (para 37) recommend a quality:price ratio of 60:40 as a standard. It is however proposed to deviate from this for ad hoc journeys. This commissioning exercise has a number of specific quality criteria that bidders are required to pass to proceed in the tender process. Given the focus on quality through the procurement process, a robust mobilisation and communication plan, social value, high quality specification and continued funding of the Travel Care and Support Team to effectively manage the contracts, the 60:40 ratio will deliver a safe and appropriate service that maintains current quality standards.

6. CONTRACT PACKAGE, LENGTH AND SPECIFICATION

Providers will be awarded to the Framework which will be valid for a period of 4 years. The framework will be split into two lots:

Lot 1 of the services is for scheduled and regular taxi provision where consistency of driver, vehicle, and (where required) Travel Care Assistant, is critical to the

successful delivery of the services. Regular scheduled journeys are primarily for home to school transport for pupils with special educational needs assessed as requiring transport and vulnerable adults travelling to and from their day activities as part of their agreed social care provision.

Lot 2 specifies those occasions when the Council needs taxi provision on an adhoc basis to transport a range of service users, often at short notice. These occasions may include the need to quickly move a vulnerable child at risk to safety and into care; the need to quickly move a victim of domestic violence and any children they may have to safety and refuge, taking children in care to/from contact visits with family members, short term home to school/day care journeys. The main difference in Lot 2 is that there is not the requirement for the provision of Travel Care Assistant nor the same requirements in respect to mobilisation (N.B. crews meeting passengers prior to the commencement of the service) and consistency of driver or vehicle. Lot 2 taxi suppliers are required to have the requisite flexibility, capacity and sensitivity to work with the Council quickly to provide urgent, unscheduled taxi services. Providers will ideally have online platforms to enable ease of booking and to align to wider Council priorities of digital first approaches.

Officers will call off from the framework on an individual route level as required to meet demand. Pricing is per mile including cost of driver and any travel care assistant.

There will be a number of providers appointed to the framework which the Council will be able to call off from in the case of any default notices being issued as a result of breaching conditions of contract.

7. CONTRACT MANAGEMENT

Contract management will be the responsibility of the Children's Services Commissioning function, responsible for ensuring the contract is effectively managed.

The Council will:

- Hold regular Provider Review Meetings
- Have oversight of provider activity, compliance and performance
- Act as mediator to support both families, schools and providers
- Be available for contract advice and queries
- Undertake KPIs & monitoring
- Ensure that all issues of concern are escalated, and decisions made in a timely fashion.