

LONDON BOROUGH OF HAMMERSMITH & FULHAM

Report to: Cabinet

Date: 17/07/2023

Subject: Travel Care Minibus Procurement Strategy

Report of: Councillor Alex Sanderson, Cabinet Member for Children and Education

Report author: Joe Gunning, Programme Lead, Children's Commissioning

Responsible Director: Jacqui McShannon, Strategic Director Children's Services

SUMMARY

This report seeks approval of the procurement strategy for Travel Care Minibus Services for services from August 2024 for a period of five (5) years with the option to extend for a further two (2) years.

The current contract expires in July 2024 with no option to extend. This paper sets out the procurement strategy for awarding a contract to a single provider to ensure the continued delivery of this statutory frontline service to residents.

RECOMMENDATIONS

1. That Cabinet approves the procurement strategy to run an open procedure to establish a contract for the provision of travel care minibus services for a period of five years from August 2024 with the option to extend for a further two years.

Wards Affected: All

Our Values	Summary of how this report aligns to the H&F Values
Building shared prosperity	Employment of local residents on essential frontline services
Creating a compassionate council	Procuring services that have care at the forefront of delivery for some of the most vulnerable residents in the borough.
Doing things with local residents, not to them	Maintaining high standards of existing contracts following lessons learnt experience from previous procurements.
Being ruthlessly financially efficient	Contracts and financial structures that

	are appropriately structured and weighted to meet demand as well as need and drive value for money.
Taking pride in H&F	A high-quality service supporting some of our most vulnerable residents to access education and social care provision.
Rising to the challenge of the climate and ecological emergency	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)

Financial Impact

The total available budget for transport provision across Children’s and Adult Services is circa £5.5m in 2023/24. The detailed financial implications from this procurement will be detailed in the contract award report.

Implications completed by:

Tony Burton, Head of Finance Children’s Services and Education, 04 April 2023

Prakash Daryanani: Head of Finance Adult Social Care & Public Health, 24 April 2023.

Verified by Sukvinder Kalsi, Director of Finance, 27 April 2023

Legal Implications

An open procedure procurement route would comply with the Public Contracts Regulations 2015 and the advertising and competition requirements of the Council’s Contract Standing Orders.

Joginder Bola, Senior Solicitor (Contracts & Procurement), 21 March 2023

Background Papers Used in Preparing This Report

None

DETAILED ANALYSIS

Background

1. Travel Care and Support is a critical service provided to some of the most vulnerable members of our community. The children, young people and adults who receive the service often have complex needs and typically a high level of dependency.

2. The current contract with HATS Group Ltd ends on the 31 July 2024 with no option to extend. This direct award commenced on the 27 August 2022 in response to the previous provider HCT Group, entering into administration.
3. The current arrangements see approximately 200 children and young people in Hammersmith & Fulham transported to 12 different schools and colleges both in and out of borough. Approximately 65 vulnerable adult residents in Hammersmith and Fulham are also supported by the current transport arrangements to activities at day centres and other locations.
4. The service is well-supported through the Council's Travel Care and Support Team and there is general high customer satisfaction with the current arrangements.

Reasons for Decision

5. The Local Authority has a statutory duty to provide home to school transport provisions as per 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.
6. 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.
7. The current provider will cease providing services from 31 July 2024 when the current contract ends. There is therefore a need to procure new services to ensure the continued delivery of services.

Contract Specifications Summary

8. The specification stipulates an emphasis on the quality of service and on the individual needs of individuals using travel care and support. The vision includes the delivery of a high quality, transparent Travel Care and Support Service, which is first and foremost about caring for, and understanding the travel and mobility needs of those accessing the services. The service was codesigned and is continually improved in partnership with service users, parents, carers, stakeholders, and key partners, ensuring a high-quality service. Several neighbouring boroughs now operate on similar specifications which has helped to develop the market to operating at this standard.
9. The new contract will be for a period of five years commencing the 1 August 2024 to 31 July 2029 with the option to extend for a further two years. The length of the contract drives better value for money and is more commercially viable for Providers.

Procurement Route Analysis of Options

Open Tender to secure a single provider (Recommended)

10. It is recommended that an open tender is conducted resulting in the award of a contract to a single provider for the provision of minibus transport services. Awarding to a single provider will enable the development of a strategic relationship with the provider, avoiding piecemeal transactions. A single provider can also provide greater value for money through the flexing of resources and assets to meet the totality of need in the most efficient way.

Framework (Not recommended)

11. Utilising a framework to call off routes limits the ability to flex resources across the totality of the service. A number of routes currently run on from one another resulting in a more efficient use of vehicles and staff resources and subsequent lower unit costs. A framework does not maximise on the economies of scale and detracts from developing a strategic relationship with a single provider.

Dynamic Purchasing System (Not recommended)

12. 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.
13. 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.
14. 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 to keep 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 utilised by the market.
15. 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 a strategic relationship with a single provider, rather than by piecemeal transactions.

In house delivery (Not recommended)

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

17. 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 the minibus service in-house would not be viable in view of the significant fleet and licensing responsibilities and considerable cost pressures to H&F holding the full cost of overheads which are otherwise spread across multiple authorities by outsourced providers.

Market Analysis, Local Economy and Social Value

18. Whilst there are only a select few providers in the market who could deliver a contract of such a scale, they are mature and well-developed. Market research indicates the providers in the market have the capacity to deliver the contract size; that the proposed structure is attractive and that longer contract periods give better value for money and is more commercially viable for providers.
19. This contract will provide local employment opportunities and the evaluation criteria will ensure that Social Value accounts for a minimum of 20% of the overall weighting. This will mean that robust Social Value offers will score highly.

Risk Assessment and Proposed Mitigations

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 drive competition.	Whilst the provider market is small, engagement was undertaken in awarding the current emergency contracts which demonstrated they are well established and remain competitive in tender processes. Further market warm-up will be undertaken prior to releasing the tender.
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	A project group will be established with key stakeholders including the I to drive forward actions. A risk register will be established and reviewed by the group.

	as the quality documents available being negatively impacted.	
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Timetable

20. Please include an estimated timetable of the competition process through to contact commencing.

Key Decision Entry (Strategy)	09/03/2023
Contracts Assurance Board (Strategy)	17/05/2023
Cabinet Member Sign off (Strategy)	22/05/2023
Cabinet Sign off (Strategy)	17/07/2023
Find a Tender Service Notice	02/10/2023
Closing date for clarifications	16/10/2023
Closing date for submissions	31/10/2023
Evaluation of Tenders	01/11/2023-30/11/2023
Key Decision Entry (Award)	01/11/2023
CAB (Award)	08/11/2023
Cabinet Member (Award)	13/11/2023
Call-in / Standstill	21/11/2023
Find a Tender Service Contract Award Notice	01/12/2023
Contract engrossment	31/12/2023
Contract mobilisation and implementation	January – July 2024
Contract Commencement date	01/08/2024

Selection and Award Criteria

21. 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. The combined quality and commercial scores will determine the successful tenderer.
22. The Council intends to use the Single Seat Equivalent (SSE) pricing structure. Single Seat Equivalent is essentially where the Council is charged based on the seat occupancy. In other words, if a pupil or vulnerable adult is a wheelchair user, that individual may take up the equivalent space of 2, 3 or potentially 4 seats whilst another, non-wheelchair user pupil may only take up the equivalent of one seat. The alternative would be a Price Per Mile basis where the Council is charged based upon the distance travelled by the vehicle irrespective of the individuals on that vehicle.
23. The Single Seat Equivalent model is established and embedded in H&F. The major benefit of using Single Seat Equivalent is that costs are broken down by individuals using the service. It forces the market and the Travel Care and Support Team to have detailed information on the occupancy and this means better quality information. SSE also permits the delivery of a “real” saving every time a child or adults moves off transport having been successfully travel

trained or in receipt of a personal transport budget. Under the Price Per Mile basis, major savings are only realised when the entire vehicle is removed from operation.

24. Tenderers will be required to complete a price schedule to submit an SSE price per destination, which will calculate an indicative annual contract price. Each tenderer's indicative annual contract price will be weighted and evaluated at 40%. The price evaluation process ensures that the lowest indicative annual contract price achieves the maximum weighted score of 40%, and all other prices are evaluated as a percentage of the lowest price.
25. An outline scoring matrix is included below.

Criteria	Sub criteria	Score
Minimum Standards	<ul style="list-style-type: none"> • Compliance of bid • Insurance levels • Turnover • Suitability to pursue the professional activity • Experience and technical capacity (including Safeguarding) 	Pass/fail
Quality	General requirements (5%)	60%
	Implementation and mobilisation (5%)	
	Communications and relationships (5%)	
	Operating requirements (5%)	
	Staff competence and checks (10%)	
	Vehicles (10%)	
	Safeguarding (12%)	
	Performance, risk management and quality assurance (15%)	
	Social value (33%) assessed as following: <ul style="list-style-type: none"> • Social Value Quantitative (16.5%) • Social Value Qualitative (16.5%) 	
Price	Cost	40%
Total		100%

Contract Management

26. Contract management will be the responsibility of the Children's Services Commissioning function, responsible for ensuring the contract is effectively managed.
27. 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 on a quarterly basis including Social Value delivery.
 - Ensure that all issues of concern are escalated, and decisions made in a timely fashion.

28. Annual inflationary uplifts will be built into the contract at the sole discretion of the Council. This is essential to ensure that tenders are not overinflated, whilst ensuring the ongoing viability of the small market in the context of a cost-of-living crisis and current economic uncertainty.

Consultation

29. The current minibus travel care provision was designed with extensive consultation and engagement with stakeholder including children, parents, schools, adult service users, day centres and parent / service user representative groups.
30. A recent survey of families who access minibus travel care provision showed the significant majority of respondents felt satisfied with the provision their child/young person is receiving and that their child's passenger assistant and driver were care focused and met the needs of their child/young person.
31. Parents and families will continue to be engaged throughout the procurement process and during the mobilisation of the new contracts.

Equality Implications

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

Risk Management Implications

33. The procurement of this service will ensure the continued delivery of this statutory service to residents and is in line with the objective of being ruthlessly financially efficient. Given the vulnerability of many of the users and higher duty it places upon the Council it will be important to seek and retain evidence of roadworthiness of vehicles, general compliance with operator H&S requirements, vetting and driver's licence checks for operatives and that adequate insurance is being maintained. Officers have undertaken a risk assessment and set out the key risks and mitigations in the report.

David Hughes, Director of Audit, Fraud, Risk and Insurance, 22 March 2023

Climate and Ecological Emergency Implications

34. The Council is committed to delivering a net zero carbon borough by 2030, including transport used locally, and expects all fleets used within its contracts to be zero carbon before this date. The use of a diesel fleet for this contract is associated with 94.85 tons of CO₂e emissions per year: 1.2% of the organisation's core scopes 1-3 footprint, excluding housing.

35. The market for specialist electric minibuses with sufficient seating capacity and access equipment remains underdeveloped at this moment in time. Officers have taken steps to support the climate emergency via maximum age and mileage requirements for vehicles within the service specification. Children's commissioning and climate unit officers will collaborate, and work with partners to explore opportunities to support switching fleets to greener energy sources during the lifetime of this contract as the market develops further and due consideration will be given to this within the evaluation of tenders. This may require further Council investment to deliver which would be subject to a separate decision paper.

Jim Cunningham, Climate Policy & Strategy Lead, 28 April 2023

Local Economy and Social Value Implications

36. It is a requirement that all contracts let by the council with a value above £100,000 provide social value commitments that are additional to the core services required under the contract. In addition, the evaluation of social value should account for a weighting of a minimum of 20% of the overall score. Officers have reflected this in the proposed evaluation criteria detailed within this report.

Paul Clarke, Social Value Officer, 21 March 2023

Property Implications

37. Bagley's Lane Depot has been assessed as a suitable site to meet the operators' requirements.
38. Rents are set for use of the site informed by market values.
39. A use agreement will be established that offers the provider sufficient length of tenure to ensure operational continuity whilst allowing the Council adequate flexibility should its plans for the site change at a future date.

Jonathan Skaife, Acting Head of Commercial Property, 22 March 2023.

Appendices

Appendix 1 – Equalities Impact Assessment (EIA)