




Tri-Borough Executive Decision Report

[Note: For the purposes of the statutory record, this report will be accompanied by the relevant sign-off sheet used at each authority that is party to this decision. Such record will be retained at each such authority.]

Decision maker(s) at each authority and date of Cabinet meeting, Cabinet Member meeting or (in the case of individual Cabinet Member decisions) the earliest date the decision will be taken	<p><i>Cabinet</i></p> <p><i>Cllr Marcus Ginn, Cabinet Member for Community Care</i></p> <p><i>Cllr Helen Binmore, Cabinet Member for Children's Services</i></p> <p>Date of decision: 14 January 2013</p>	
	<p><i>Cllr Fiona Buxton, Cabinet Member for Adult Social Care, Public Health and Environmental Health</i></p> <p><i>Cllr Elizabeth Campbell, Cabinet Member for Children and Families</i></p> <p>Date of decision: <i>[insert]</i></p> <p>Forward Plan reference: <i>KD03866</i></p>	 <p>THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA</p>
	<p><i>Cllr Nickie Aiken, Cabinet Member for Children, Young People and Community Protection</i></p> <p><i>Cllr Rachael Robathan, Cabinet Member for Adults</i></p> <p>Date of decision: <i>[insert]</i></p> <p>Forward Plan reference: <i>135</i></p>	 <p>City of Westminster</p>
Report title (decision subject)	TRI-BOROUGH PASSENGER TRANSPORT	
Reporting officer	<i>Andrew Christie and Andrew Webster, Executive Directors of Childrens Services and of Adult Social Care</i>	
Key decision	Yes	
Access to information classification	Public	

1. EXECUTIVE SUMMARY

- 1.1 In September 2012 the Cabinet Members for Adult Social Care and Children's Services in Hammersmith and Fulham (LBHF), Kensington and Chelsea (RBKC) and Westminster (WCC) agreed to initiate a parallel procurement process to select and appoint contractors to provide the following services on behalf of the Tri-borough group:
 - a. Management of passenger transport operations
 - b. A framework for provision of taxi and minibus services for Children's Services and Adult Social Care clients
- 1.2 To facilitate this process the following actions have been taken forward to progress the Tri-borough approach:
 - a. WCC has extended their current contract for taxi provision from September 2012 to August 2013.
 - b. LBHF has made interim arrangements for taxi services from January 2013 to the commencement of a new tri-borough contract.
 - c. Appropriate external subject matter consultancy and project management resource has been secured and all of the activities undertaken have built on work previously undertaken.
 - d. Robust governance and programme management arrangements have been put in place to ensure the programme is properly resourced and to act as a sponsoring and decision making body. Details of these arrangements are provided in Appendix 1.
 - e. The procurement process is incorporating work to rationalise existing passenger transport routes across the tri-borough area although the new providers will be responsible for maintaining the most efficient arrangements as demand patterns change.
 - f. The Working Group is currently base lining all costs and has identified TUPE implications.
- 1.3 The procurement exercise must be completed by August 2013 and to comply with EU legislation timescales are very demanding. To go ahead with a Tri-borough procurement, approval will be required at senior officer and political level by mid December 2012. Cabinet Members agreed to make this decision pending further detail on the business case now set out in this paper.
- 1.4 In advance of this and in anticipation of the agreement to proceed with the tri-borough procurement approach, the OJEU Notice and Pre-Qualification Questionnaire (PQQ) documents have been issued. The Invitation to Tender (ITT) documentation will be issued immediately after member approval to proceed with the approach. This means bidders will be asked to submit a tender based on a tri-borough approach.

- 1.5 It is the considered view of the Tri-borough Executive Directors and the Programme Board that there are significant advantages for both Children Services and Adult Social Care in taking a tri-borough approach to the procurement of passenger transport services.

2. RECOMMENDATIONS

- 2.1 To authorise officers to proceed to the next stage of the procurement process which will be to invite tenders for the provision of the services outlined in 1.1 above on a tri-borough basis.
- 2.2 To approve the recommended Tri-borough Passenger Transport Operating Model set out in this report so the ITT can be developed on a tri-borough basis.

3. REASONS FOR DECISION

- 3.1 At a time when overall levels of take up for passenger transport may go down as personalisation and eligibility thresholds affect demand, taking a Tri-borough approach will allow the three Councils to sustain or even increase a critical mass of users. Longer term savings can be achieved by using a Tri-borough operating model to manage demand and resources more efficiently. Full benefits of the approach are set out in Section 6.10.
- 3.2 The timescales for this procurement exercise are very demanding. It needs to be completed in accordance with European legislation and by August 2013, at which time the current WCC contracts terminate. A high level timeline is in Appendix 1.
- 3.3 In order to achieve the above, approval of the Operating Model and for a tri-borough approach is required at political and senior officer level during December 2012.
- 3.4 In the event that appropriate approval for a Tri-borough approach cannot be reached by December 2012, WCC and RBKC will need to proceed with a procurement exercise on a single-borough basis to ensure continuity of service provision beyond August 2013. LBHF will have the option of retaining its in-house service or of outsourcing on a single borough basis.

4. BACKGROUND AND POLICY CONTEXT

4.1 The scope of the passenger transport operations addressed in this report comprises the following:

- a. Passenger transport for Adult Social Care clients, comprising travel to and from day centres and adult education centres and other locations, shopper routes, transport for community groups and community car schemes offering ad-hoc journeys to activities and appointments.
- b. Home to school (H2S) travel for Special Educational Needs (SEN) children.
- c. General transport for Looked After Children (LAC) to contact visits, activities and appointments.
- d. Small volumes of staff taxi transport.

4.2 The total cost of these services to the three boroughs, as reported in September 2012, was in the order of £9.5m per annum. For the elements within the procurement process, the latest revenue outturn forecast for the current financial year is £9.3m against a budget of £9.1m. A budget breakdown by service by borough is provided in the table below.

2012/13 Budget £'000	LBHF	RBKC	WCC	Total
Adults	£530	£828	£586	£1,945
Children	£2,407	£1,512	£3,189	£7,107
Corporate	£0	£0	£0	£0
In Scope Total	£2,937	£2,340	£3,775	£9,052

4.3 Latest revenue outturn forecast is set out below:

2012/13 Forecast £'000	LBHF	RBKC	WCC	Total
Adults	£616	£793	£660	£2,070
Children	£1,811	£1,902	£3,545	£7,258
Corporate	£12	£0	£0	£12
In Scope Total	£2,439	£2,695	£4,205	£9,339

4.4 The expenditure analysis reveals that there are currently forecast overspends on Adult passenger transport in Hammersmith and Fulham, and in Westminster, but not in Kensington and Chelsea. Similarly there are forecast revenue overspends on children's passenger transport in Kensington and Chelsea and in Westminster, but not in Hammersmith and Fulham.

- 4.5 The bulk of the transport costs, around 70%, are in Children's Services for Home to School (H2S) transport for Special Educational Needs (SEN). The Councils have a statutory duty to provide this transport. The Councils also have a statutory duty to provide services for children in care. Transport requirements often arise from court ordered contact arrangements.
- 4.6 Tri-borough transport policies have been developed for SEN and LAC. A Tri-borough transport policy has been developed for ASC.
- 4.7 In Children's Services, the Tri-borough SEN Travel Assistance Policy provides details of circumstances in which each local authority will consider providing travel assistance for children with special educational needs over and above statutory duties. Travel assistance can include a range of options including council commissioned transport.
- 4.8 Most pupils with statements for SEN do not receive travel assistance and it is expected that most parents will make their own arrangements to take their child to school. Of those that do receive assistance, the majority travel to school on a school bus with a declining number travelling by taxi. Some pupils are taken to school by an escort on public transport and travel training has been enhanced by arranging for special schools to undertake travel training for their pupils on a regular basis.
- 4.9 To ensure robust demand management, Children's Services are in the process of appointing a single Assistant Director responsible for SEN transport across the tri-borough whose remit will include decisions on eligibility for travel and assistance. Assessment panels will carry out reviews of pupils receiving travel assistance on a regular basis and look at whether there is a continued need for travel assistance, whether the travel assistance option can be changed, for example, moving from a taxi to a bus, or whether an escort is still needed. Pupils will also be identified who are suitable for travel training and individual budgets offered to parents where this is considered the most cost effective option.
- 4.10 The forthcoming Children and Families Bill will include legislation on SEN and disabilities. In this context, for example, personalisation of budgets is likely to impact on the provision of transport services. While the effect of personalisation cannot be predicted with certainty, it is clear that service provision will need to be sufficiently flexible to accommodate potentially reducing, or at least changing, demands for transport during the life of any new contractual arrangements.
- 4.11 For LAC, the tri-borough transport policy seeks to encourage the carers of children who are looked after to use public transport in most situations and specifies the level of authorisation required for the use of taxis.
- 4.12 In Adult Social Care, demand is currently managed through the care management assessment process. This determines whether an individual has travel support needs that may mean he or she needs a vehicle and/or support to be safe when travelling. With the introduction of Personal Budgets, travel needs and how they will be met are identified within the individual's "Travel

Support Plan". A range of options will be considered from travel buddies who support people to use public transport, group transport using accessible multiple seat vehicles or an individual taxi and escort if required. Individual requirements are reviewed as part of the care management formal review process.

- 4.13 A tri-borough Travel Support and Transport strategy was developed by Adult Social Care in the summer of 2012 to be published early in 2013. The principle of the strategy is that people receive the right travel support to meet their need. Several work streams have emerged from the strategy, including reviewing assessment processes, investigating closer working with Transport for London to utilise its transport offer, and a more efficient and targeted use of commissioned transport.

5. PROGRESS TO DATE

- 5.1 Building on the work completed over the past 12 months, and following the last Tri Borough Cabinet Member Report in September 2012, two key steps in the tri-borough procurement process have now been completed:
- i. The OJEU notice has been issued
 - ii. The pre tender qualification process has commenced and is due to be completed in November 2012
- 5.2 In addition, detailed work has been completed to understand the service user needs and resultant transport requirements. This work included a series of consultative staff workshops which have informed the proposed optimum operating model.
- 5.3 A range of operating models has been considered taking into account:
- The strengths and weaknesses of the existing models across the tri-borough Group which range from in-house operations and an in-house managed service to fully outsourced models used by other local authorities
 - the findings contained within the London Contracted Passenger Transport Report
- 5.4 An assessment of the benefits of taking a tri-borough approach to passenger transport for both Adult Social Care and Children's Services has been carried out.
- 5.5 The proposed tri-borough tender process will test the operational and financial benefits of an integrated tri-borough transport solution prior to any contracts being awarded.

6. Tri-borough Business Case

- 6.1 Procuring passenger transport on a tri-borough basis will enable a well controlled and consistent level of service quality whilst providing the opportunity to reduce overall costs.
- 6.2 It enables a more strategic approach to providing transport solutions, better engagement with the market, and the opportunity to deliver procurement in a more consistent, focussed and collaborative way.
- 6.3 The tri-borough procurement is designed to enhance service provision and provide significant savings and whilst the outcome will not be known until the tenders are returned, conservative indicative minimum savings of between 15 and 20% are anticipated.
- 6.4 It is not possible at this stage to predict precise savings for individual boroughs or departments. The best available benchmark data is based on cost per service user and this is clearly impacted by the diverse mix of service user needs, demographics, and operating environment, amongst other factors.
- 6.5 However, comparisons using this benchmarking data have been made with a range of London Boroughs with the closest comparator being the 'Outer West London' (OWL) group. Each council currently has greater costs per service user than the OWL group.
- 6.6 Previous information provided to Members projected savings predicated on reducing the difference between the Tri-borough cost per service user and the average OWL cost per service user. Assuming that the tri-borough contract would only achieve price reductions equivalent to 50% of the difference in cost per service user, the following indicative savings against forecast expenditure can be expected:

Department	LBHF	RBKC	WCC
Adults Social Care	6%	20%	5%
Children's Services	11%	17%	19%

- 6.7 Based on this assumption, the estimated annual cash savings against current operational expenditure is set out below:

	Estimated annual savings £'000			
	LBHF	RBKC	WCC	Total
Adults Social Care	£37	£156	£33	£226
Children's Services	£206	£326	£689	£1,221
In Scope Total	£243	£482	£722	£1,447

- 6.8 The combined indicative savings are 15%.
- 6.9 The above exemplification is based on a number of key assumptions, including a standard reduction in price and current volume models. The savings are based on assumptions relating to the total cost of the contracted function i.e. including the Transport Management function. However they exclude assumptions around the cost of the Strategic Client function estimated at £360k, (£120k per borough, per year). The proposed ITT process will be used to verify savings and to inform a detailed financial business case prior to any new contracts being let.
- 6.10 Compared with having three separate contracting arrangements, a tri-borough approach will result in a more effective solution. It will enable consistency in the quality of service for service users and their carers, delivered at a lower cost.
- 6.11 Benefits of a Tri-borough approach

Benefit	How the benefit will be realised	Benefit details
Quality	The provision of a Tri-borough Intelligent Client function will result in a more co-ordinated and consistent approach to transport provision. The focus will be on delivering a high quality, efficient service with transport operators managed by the transport management function. Client and contractor responsibilities will be much clearer than under the present arrangements and easier to manage.	<p>Both ASC and CHS are now established as Tri-borough directorates. Together their services account for the majority of passenger transport activity. Currently the ways the services are managed replicate the single council, pre Tri-borough activities. Quality suffers as a result of fragmentation and having one structure to manage has clear benefits.</p> <p>The Tri-borough will benefit from having a more efficient approach from eligibility through to invoice payment.</p> <p>CHS and ASC will benefit from the efficiencies outlined above.</p>

Economies of scale	Due to a larger population of Service Users and increased purchasing power with a rationalised list of transport operators, leading to a reduction in costs	<p>Individually, the councils currently contract with 17 different taxi companies and have separate vehicle hire arrangements. Collectively the buying power increases and the number of contracts decrease.</p> <p>The Tri-borough will benefit from having a single price from suppliers and a reduction in overall vehicles required to deliver the services. Whilst all services will benefit from a reduction in Taxi costs, LAC will particularly benefit.</p>
Improved resource utilisation	Due to the ability to effectively share resources across the tri-borough Group (vehicles, drivers and passenger assistants) thereby improving utilisation and reducing costs	There are examples in both ASC and CHS current arrangements which highlight the opportunities to reduce costs through taking a “wider view” of meeting service users needs. The opportunity to examine this on a Tri-borough basis can only lead to further efficiencies. For example co-ordinated start/end times for schools and day centres will enable dual use of minibuses and significantly reduce the fleet requirements.
More effective vehicle routing	SEN children from across the tri-borough Group go to common educational establishments and therefore the opportunity clearly exists to optimise routes	<p>7 schools take SEN children from all 3 boroughs. This accounts for 31% of the cohort.</p> <p>Just 4 schools alone receive 29% of the cohort.</p> <p>The Tri-borough will benefit from route rationalisation</p>
Meeting changing needs	Greater flexibility to meet changing demands and to ensure the most appropriate use and mix of vehicles types	At present CHS and ASC needs are met by separate transport solutions. Merging the fleet will significantly reduce vehicle requirements, maximise utilisation and can be achieved by making minor alterations into start/return times.
Simplified management and control	One unified process, minimises risk of conflicts where same transport operators are used	

Improved supplier relationships	Clear responsibilities, expectations and performance monitoring through a consistency in approach	Removes the issue of common suppliers having to respond to 3 different sets of specifications. The Tri-borough will benefit from the clarity arising from having a single set of performance management criteria with suppliers having simplified and therefore more robust reporting procedures
A simplified operation for care managers	Clear responsibilities and consistency in approach	Present commissioning arrangements are not followed through by effective performance management and VFM arising from the transport solution. The Tri-borough structure simplifies the performance management aspects; ensuring service user needs are met and VFM achieved. The Tri-borough will benefit from the clarity arising from having a single set of performance management criteria
Innovation	The opportunity to deliver the service in a different and more cost effective way	A single overview of total Tri-borough passenger transport needs. The tri-borough will benefit from enabling dedicated transport managers and operators to identify solutions whilst the councils retain control through the Strategic Client function
Control	One clearly defined set of client management, transport management and operator functions	Sets out strategic approach. Each role is clearly defined and dedicated transport management and operations are in place.
Incentives for savings	More flexible contractual arrangements that incentivise the successful contractor(s) to operate in the most efficient way to minimise costs	Opportunities maximised through Tri-borough. The Tri-borough will benefit from improved supplier relationships and the savings that arise as a result of incentivising contractors to operate in the most efficient way.

7. OPTIMUM OPERATING MODEL

- 7.1 The following section sets out the proposed Tri-borough operating model. The recommendation is based on research and learning from practices within the Tri-borough and other Councils, best practice and from findings of the London Contracted Passenger Transport Review. The operating model options have been assessed and the optimum solution determined. The recommended solution is provided in schematic form in Appendix 3.
- 7.2 As well as demonstrating value for money, the operating model needs to meet service quality standards in that it is:
- Not overly bureaucratic
 - Allows for an intelligent client function
 - Allows for flexibility and efficiencies during the life of the contract
- 7.3 The key features of the recommended Tri-borough operating model are:
- 7.4 *Single Strategic tri-borough Client Function (In-house)*
- 7.5 At present client and management transport functions are fragmented. CHS provide a booking service for ASC transport but separate arrangements are in place for each borough. There is no clear link between eligibility checking through to authorisation and payment of invoices.
- 7.6 The intention is to maximise opportunities offered by existing Tri-borough service configurations to create a single strategic client transport function which focuses on the transport needs of vulnerable residents irrespective of departmental responsibility and provides a more robust performance management function.
- 7.7 Given that over 70% of the current spend relates to SEN/LAC journeys, it is proposed that this function is positioned within Children's Services with a clear responsibility to Adult Social Care.
- 7.8 The benefits arising from this are:
- Single point of contact and control between multiple Service Departments, Social and Care Workers and the Transport Management function
 - Control over passenger transport requirements with an understanding of all needs across the tri-borough
 - Monitoring of service levels, performance and efficiency, leading to continuous improvement becoming the norm
 - Financial control over expenditure with clear matching of invoices to authorised journeys and accurate charging in line with agreements
- 7.9 Further work is taking place to determine the number of staff and skill requirements for this function.

7.10 *Transport Management Function (Outsourced)*

- To plan routes and journeys and award contracts under a framework agreement for Transport Operators
- Maintain optimum routes as and when Service User needs change
- Ensuring optimised vehicle routes and vehicle utilisation in order to minimise costs
- Ensure the optimum use of Transport Operators and their vehicles
- Measured against clear performance criteria with commercial arrangements to penalise poor service performance and incentivise achievement of the required service at a lower cost

7.11 This outsourced function to be managed by the Strategic Client Function

7.12 *Transport Operators (Outsourced)*

- A range of transport operators to provide a flexible mix of vehicles – mini-buses, people carriers, cars, private hire, taxis
- Contract awards under a framework agreement which reflect the differing needs of the Transport Operators (e.g. mini-bus operators needing 5 year contracts to under-write their invest in vehicles, taxi operators only requiring short-term contracts)
- Ability to flex resources as levels and types of activity change through initiatives such as Personalisation and Socialisation

7.13 Transport Operators will be managed by the Transport Management function.

7.14 This operating model is therefore recommended as the optimum solution to secure a consistent and well controlled level of service with the flexibility to meet changing needs.

7.15 However, from a commercial perspective, there are two ways in which this optimum operating model can be delivered:

Option 1. A neutral Transport Management provider awarding contracts under a framework agreement between The Councils and the Transport Operators.

Option 2. A Transport Management provider who is also a Transport Operator and directly manages other Transport Operators in order to provide a complete solution i.e. Prime Contractor.

7.16 These two options will be explored through the procurement. The options appraisal can be found in Appendix 4.

8. SAFEGUARDING

- 8.1 The procurement and letting of the contract is being carried out in accordance with all relevant safeguarding legislation and best practice for Adults at risk and Children.

9. STAFFING

- 9.1 Current staffing arrangements are diverse across the three boroughs. In Hammersmith and Fulham the service is provided in-house while it is completely outsourced at Westminster.
- 9.2 The following table sets out the current Staffing complement and the head count potentially impacted by TUPE.

	Strategic Client	Transport Management	Transport Operations	Redundancy Calculation
LBHF	3 officers		1 x Senior Driver 25 x Driver/Attendants 23 x Escorts	£432,000
RBKC	1 officer		Various	£150,000
WCC – Internal	1 officer			
WCC - Enterprise			10 Drivers 29 Escorts 10 Operatives 1 Senior transport Asst 1 Transport Asst	£598,500
	6 other posts?			

- 9.3 Legal advice is being taken to determine under what conditions TUPE would apply to existing staff and this will inform the procurement process. The worst case scenario is that existing staff would not be affected by TUPE and would be entitled to redundancy payments. The average redundancy payment is currently £10,500 and should it be determined that all existing staff, including external staff, are not entitled to transfer to the new employer then the total redundancy bill, assuming the Councils are liable for all redundancy payments, could be as high as £1,200,000.
- 9.4 It needs to be stressed that this is the worst case scenario and is unlikely to materialise. The procurement process will be designed to minimise redundancy costs payments.
- 9.5 Should redundancy costs be applicable a decision will have to be taken as to the proportion of redundancy costs that each borough will bear. The operating

principle is that each borough bears one-off costs in proportion to the level of savings to be achieved. However this principle needs to be reviewed on a case by case basis as there could be specific issues that would mean that this is not appropriate.

10. EXISTING DEPOTS

- 10.1 Across the Tri-borough three Council sites are currently used as vehicle operating bases for passenger transport services:
- 10.2 **LBHF – Bagley’s Lane:** This is a multi-use site which currently accommodates parking and fuelling facilities for a range of fleet and passenger transport services as well as storage for certain street lighting / highways material. In addition, there is a small maintenance workshop which undertakes minor maintenance.
- 10.3 **RBKC - Edenham Road:** Currently used by Crystals Coaches as a temporary Coach Park, the site is identified in the Planning Core Strategy as a development site. Work is currently underway by Corporate Property and Housing, in consultation with residents and Ward Councillors, to prepare it for development. A timetable for this development is to be developed but it is not expected that the site will be available for transport operations beyond December 2013.
- 10.4 **RBKC – Acklam Road:** Currently used by Westway Community Transport. The depot is let to WCT by the Council on a 60 year lease at a peppercorn rent. The site houses its main admin building (which it constructed itself) as well as a parking area for its minibuses. It also leases the bay next door directly from Westway Development Trust. HTC Group provide the transport to ASC day centres and use the depot for their vehicles as well as having a small office space for the local operations managers.
- 10.5 Further work is being carried out to establish the viability, capacity, duration and potential benefit of offering Bagley’s Lane as a potential operating base for any contracts ultimately awarded under this procurement process. Should the facility remain available, any potential supplier wishing to make use of this facility will be asked to clearly identify the benefits in their tender submission.
- 10.6 No other council sites have been identified that could be considered as future transport operating bases.

11. PROCUREMENT

- 11.1 A Restricted Procurement procedure has been chosen to secure the best commercial suppliers(s) to deliver high quality cost effective passenger transport framework agreements.

- 11.2 This procedure allows any interested suppliers to participate in the tender but only those invited by the Tri-borough following a pre-qualification stage may submit a tender.
- 11.3 Westminster Council will award a Framework Agreement for a period of four years. Each council will call off from the framework. Each call off contract should be co-terminous within the three-Boroughs.
- 11.4 Westminster is leading the procurement work stream, and, as such, the Westminster City Council procurement code and bi-borough procurement approval processes are being followed.
- 11.5 Selection and award criteria will be developed and approved by Cabinet Members from Adults Social Care and Children's Services in each Council.

12. NEXT STEPS

- 12.1 On acceptance of the recommendations contained within this report, the next key step in the procurement process is to issue an Invitation to Tender to potential suppliers who have been pre-qualified for the tender process.
- 12.2 Further Cabinet approval will be sought prior to any contracts being awarded as a result of this procurement process.

13. EQUALITY IMPLICATIONS

- 13.1 An Equality Impact Assessment (EIA) has been carried out for all three Councils. The impact of the tri-borough passenger transport project has been assessed as neutral for all equality characteristics. A full copy of the equalities impact assessment can be found in Appendix 5.
- 13.2 The overall conclusion at this stage is that approval to proceed towards a Tri-borough procurement of passenger transport services will not have an noticeable impact upon service users as they will continue to be provided with transport as needed. The recommendations in the report do not seek to change eligibility. The main impact will be that the provider of the transport is likely to change although this may also have been the case for some existing arrangements as personnel and routes have been reviewed.
- 13.3 The EIA will be revised in the light of any implications for people with particular protected characteristics which have not been identified to date.
- 13.4 A workforce EIA is being carried out that will review the composition of the workforce and rationale for operational proposals

14. LEGAL IMPLICATIONS

- 14.1 Each authority has a statutory duty to provide Home to School transport for SEN children and for LAC children in certain circumstances. The passenger transport taxi/bus framework contracts are required to ensure that each council can fulfil this legal obligation.
- 14.2 The scale of procurement requires that it follows the European procurement legislation. This programme takes full account of this requirement.

15. FINANCIAL AND RESOURCES IMPLICATIONS

- 15.1 The current costs of passenger transport are estimated to be £9.3m as set out in paragraph 4.3

2012/13 Forecast £'000	LBHF	RBKC	WCC	Total
Adults	£616	£793	£660	£2,070
Childrens	£1,811	£1,902	£3,545	£7,258
Corporate	£12	£0	£0	£12
In Scope Total	£2,439	£2,695	£4,205	£9,339

- 15.2 Consideration needs to be given as to how the one-off costs of the procurement are financed. While it is reviewed on an individual basis, initial calculations in apportioning one-off costs are in line with the anticipated savings each borough makes. For the transport project the one-off costs could be apportioned in line with the exemplification set out in paragraph 6.7 and summarised below.

% of Annual Savings	LBHF	RBKC	WCC	Total
Adults	3%	11%	2%	16%
Childrens	14%	23%	48%	84%
In Scope Total	17%	34%	50%	100%

- 15.3 In addition to the potential redundancy costs, the other major one-off costs relate to the procurement process and these are currently estimated to be £100,000.
- 15.4 In addition to the procurement, demand management activities are being developed in order to reduce the total volume of passengers being transported. At this stage it is not possible to accurately identify the impact that these putative policies would have on the cost of transport. As such, all potential reductions in volume area assumed to be offset by an increase in the overall population for these services.
- 15.5 In summary the **estimated** financial impact of the procurement is set out in the table below:

	Current Annual Spend £'000			Assumed Annual Reduction £'000	One-off costs £'000	Estimated Aggregate Saving over Contract life-time of 5 years £'000
	Adults	Children's	Total			
LBHF	£616	£1,811	£2,427	£243	£418	£797
RBKC	£793	£1,902	£2,695	£482	£418	£1,992
WCC	£660	£3,545	£4,205	£722	£418	£3,192
Total	£2,070	£7,258	£9,327	£1,447	£1,255	£5,981

16. CONSULTATION

16.1 There are a number of areas where consultation will need to be undertaken through the process of rationalisation and procurement of new contractors. The consultations will be undertaken specifically for each part of the proposed programme once the proposed new arrangements are known.

16.2 Consultations will include:

Activity	Consultees	By when
Statutory Duty	Parents of SEN children	After tenders returned
Transport Management Service	Affected employees as TUPE may apply Parents, Carers, Service Users, Schools, Day Centres, Activity Centres	Initial consultations have commenced Once proposed arrangements are known
Transport Operator Framework	Affected employees as TUPE may apply Taxi, Private Hire and Minibus community Parents, Carers and Service Users (where their individual transport is affected). Schools, Day Centres, Activity Centres	Once proposed arrangements have been identified
Rationalisation	Schools, Day Centres, Activity Centres Parents, Carers and Service Users (where their individual transport is affected).	Once proposed arrangements have been identified

	Affected staff (if rationalisation materially effects their work duties)	
--	--	--

17. RISK MANAGEMENT

Risk associated with the procurement			
Risk	Likelihood	Impact	Mitigation
Fails to attract right calibre of providers	Medium	High	Quality of marketing materials and market warming
Procurement outcome is challenged	Low	High	Specialist expert legal advice procured
Procurement process fails to provide satisfactory outcome	Low	High	Specialist expert legal advice procured. Shift to restricted
Decision to proceed as tri-borough procurement is not reached by deadline date in December	Low	High	WCC will proceed with a WCC only procurement exercise
Staff redundancies/TUPE	Medium	High	Reputational damage to LBHF from outsourcing

18. IMPACT ON THE ENVIRONMENT

- 18.1 The Tri-borough Transport management service will ensure a high quality transport service delivered in a more consistent approach. Rationalisation of routes will result in fewer vehicles being required to undertake the journeys resulting in a reduced carbon footprint.

Andrew Christie
Tri-borough Executive Director for Children's Services

Andrew Webster
Tri-borough Executive Director for Adult Social Care

Background papers

August Cabinet paper

Local Government Act 1972

London Contracted Passenger Transport Report, volume 2, Peopletoo Ltd,
September 2012

Contact officer: Joanne Hay, Head of Business Development and Policy, Tri-
borough Commissioning Directorate (Children's Services). 020 7361 3353,
joanne.hay@rbkc.gov.uk

Appendix 1

Governance and Objectives for Tri-borough Passenger Transport Procurement

The board and working groups will manage and review the project plan across the three boroughs to achieve a clear link to shared strategic priorities and savings plans. It will ensure appropriate resource is committed to the project and that workstreams are delivered in a timely fashion.

To ensure:

- publication of the OJEU notice
- completion of the service specification
- preparation of TUPE
- Cabinet sign off of the specification
- successful procurement process
- mobilisation of contracts
- that risks are identified and managed
- appropriate stakeholder engagement and communications

Membership

Programme Board

Andrew Christie (chair) - Tri-borough Executive Director for Children's Services
Andrew Webster - Tri-borough Executive Director for Adult Social Care
Karen Tyerman – Tri-borough Director of Children's Commissioning
Cath Atlee - Assistant Director Joint Commissioning Adults
Joanne Hay – Head of Business Development and Policy, Children's Commissioning
Anthony Oliver – Chief Procurement Officer, Westminster City Council
Dave Griffiths – Agilisys
Moaz Khan – Programme Manager
Christina Houghton - Clerk

Working Group

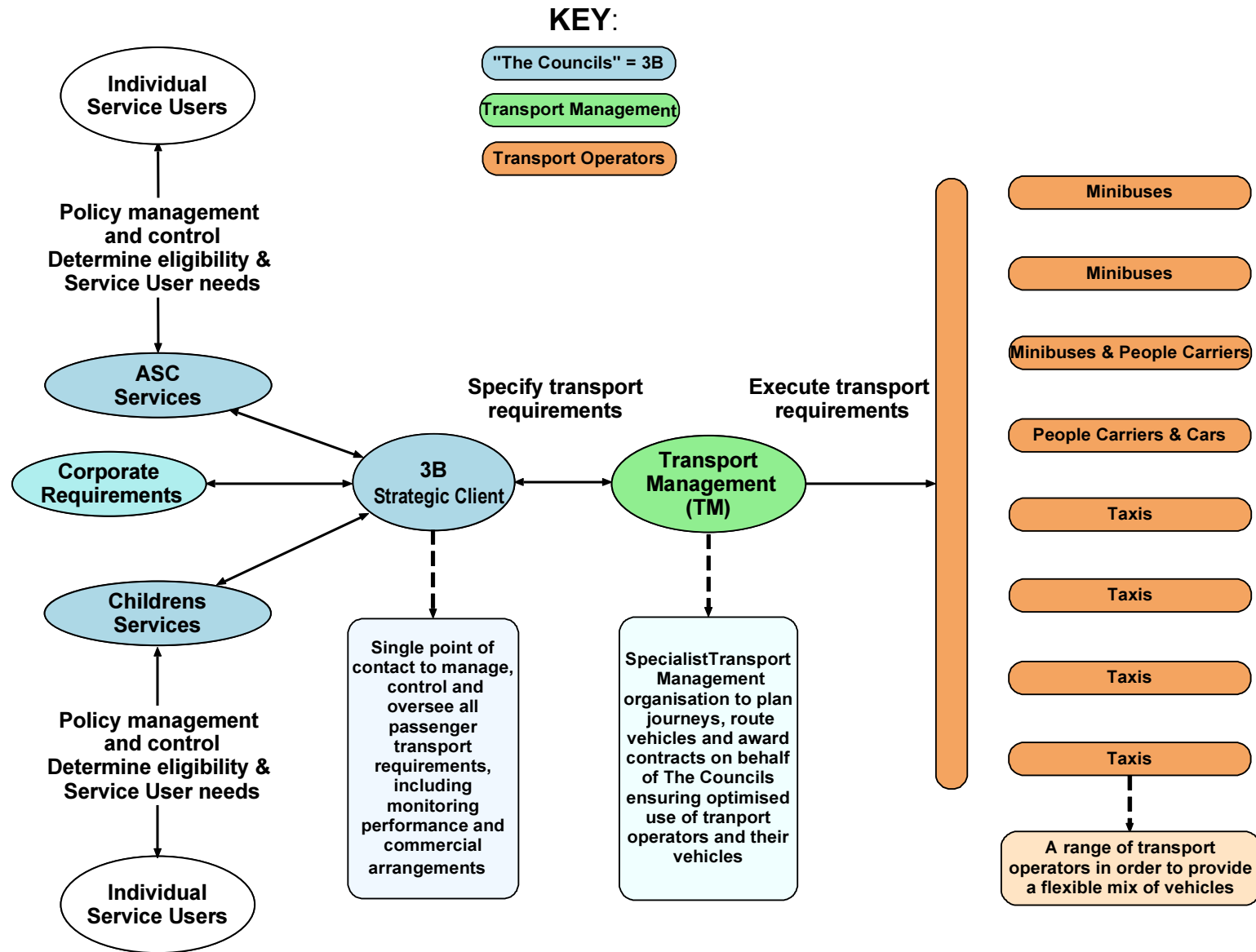
Karen Tyerman (Chair) - Tri-borough Director of Children's Commissioning
Christina Houghton (Clerk)
Joanne Hay - Head of Business Development and Policy, Children's Commissioning
Cath Atlee - Assistant Director Joint Commissioning Adults
Dave McNamara (Tri-borough Director of Finance and Resources, Children's Services)
John O'Rourke - HR lead
Suzie Shardow – Category Manager, Westminster
Moaz Khan - Programme Manager
Ormond Hooper - Agilisys
Richard Ward - Agilisys)

Appendix 2

Timeline

	End date
I. OJEU notice preparation and issue	21/09/12
II. PQQ process and evaluation	05/12
III. Cabinet paper Cabinet/Member approvals (LBHF, RBKC, WCC)	December
IV. ITT - Preparation and Issue	21/12/12
V. ITT evaluation and recommendation / Programme Board approval	01/03/13
VI. Cabinet approval for award of contract(s)	April 2013
VII. Alcatel period	03/05/13
VIII. Mobilisation period	30/08/13
IX. Contract effective date / transport provision commences	01/08/13

OPERATING MODEL - NEUTRAL TRANSPORT MANAGEMENT FUNCTION



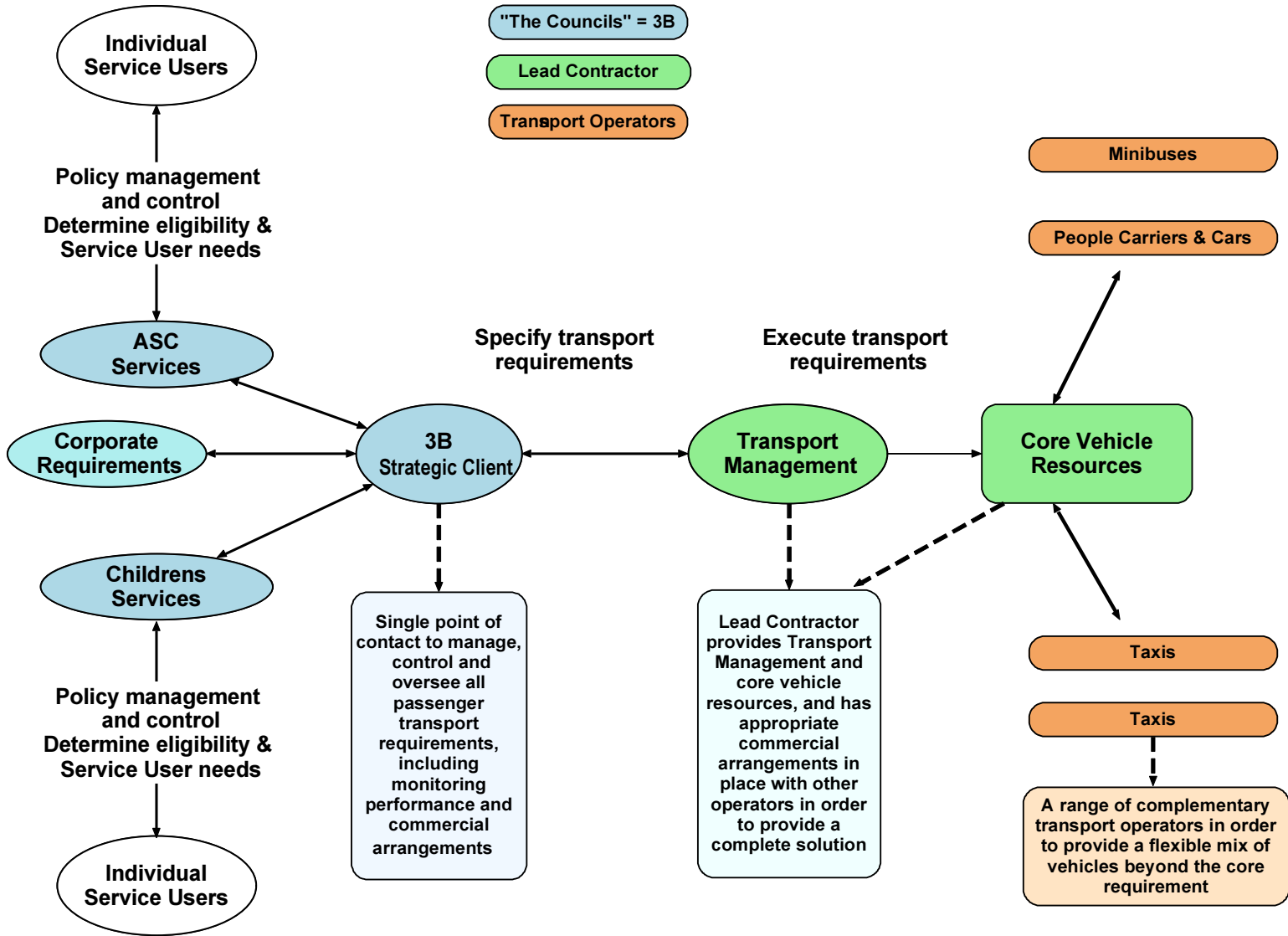
OPERATING MODEL - LEAD CONTRACTOR

KEY:

"The Councils" = 3B

Lead Contractor

Transport Operators



Appendix 4

Operating Model Options Appraisal

Essentially there are 3 fundamental operating models for Local Authority Passenger Transport requirements, each of which can be mixed and matched, and can be supported by various contractual and commercial arrangements between the parties involved.

The three fundamental operating models have been reviewed in light of the current status within the three Boroughs and the requirements of a 3B solution.

Option 1 - Managed Service, Neutral Vendor, Outsourced Delivery - i.e. Fully Externalised (e.g. WCC)

A supplier is appointed to manage the service (normally as part of a range of services) and appoints and manages a range of transport operators (including passenger assistants and drivers) from a network of tiered suppliers.

This model offers potential benefits of:

- Single point of contact for strategic management and administration
- Outsourced vehicles and therefore no requirement for an Authority to invest and take the risks associated with operating vehicles and maintenance depots
- The use of transport operators who have the ability to flex and utilise resources on other contracts thereby reducing overall costs

However, a single point of contact also has significant risks associated with lack of control, visibility and influence over the day to day transport operations from both a service and cost perspective, all of which have been experienced by WCC. This model was therefore discounted and the other benefits can be attained through other operating models.

Option 2 - Managed Service, Outsourced Delivery (e.g. RBKC)

The Authority is responsible for designing and managing the transport solution and appointing transport operators to deliver the service.

This option provides the benefits associated with Option 1 and also addresses the potential risk of an outsourced managed service as identified above. However, in this exact form, this option is not preferred due to the limited in-house capability and capacity. Specifically It would be difficult to expand Transport Management element as this is a non-core activity which would require investment in people processes and technology.

Option 3 – In House (e.g. LBHF)

In the main, all transport services are provided by the Authority including management, planning and the provision of an operating base(s), vehicles, drivers and certain passenger assistants. Where vehicle assets are owned or leased by the Authority, there is normally some in-house capability for vehicle maintenance and repairs. Under this operating model, taxi services are still bought-in.

Strategically, RBKC & WCC have already outsourced the provision of vehicles, drivers and supporting infrastructure, and LBHF have already determined to outsource this activity. It is

not considered feasible for the Councils to re-invest in these assets and infrastructure and has therefore been dismissed as an option.

Recommended Operating Model

The recommended operating model is based on the best components from Options 1 and 2 to provide the optimum solution for 3B Passenger Transport. Effectively this splits the 'Managed Service' element in to:

- A 'strategic 3B client' function to provide direction, control (operational and financial) and performance management
- An outsourced 'transport management' function to provide specific planning, routing, and vehicle utilisation skills and capability

Tri-Borough Equality Impact Analysis Tool

Overall Information	Details of Full Equality Impact Analysis	
Financial Year and Quarter	2012/13 Q3	
Name and details of policy, strategy, function, project, activity, or programme	<p>Title of EIA: Tri-Borough Passenger Transport (new)</p> <p>In September 2012, Cabinet Members for Adult's Services and Children's Services across all three boroughs agreed to initiate a parallel procurement process. The process aims to select and appoint contractors to provide services to manage passenger transport operations along with a framework for provision of taxi and minibus services for Children's Services and Adult's Services service users</p>	
Lead Officers	<p>Tri-borough Children's Services</p> <p>Name: Joanne Hay Position: Head of Business Development and Policy Email: joanne.hay@rbkc.gov.uk Telephone No: 020 7361 3353</p>	<p>Tri-borough Adult's Services</p> <p>Name: Cath Attlee Position: Assistant Director Joint Commissioning Adults Email: cattlee@westminster.gov.uk Telephone No: 020 7641 1964</p>
Lead Borough	Steve Bywater, Policy Officer, Tri-borough Children's Services Policy Team	
Date of completion of final EIA	Not complete	

Section 02	Scoping of Full EIA
Plan for completion	Timing: Resources:

Analyse the impact of the policy, strategy, function, project, activity, or programme

Analyse the impact of the policy on the protected characteristics (including where people / groups may appear in more than one protected characteristic). You should use this to determine whether the policy will have a positive, neutral or negative impact on equality, giving due regard to relevance and proportionality.

Protected characteristic	Borough Analysis	Impact: Positive, Negative, Neutral
Age	<p>All three boroughs Adults who require the provision of transport include a significant proportion who are older service users. However, as the recommendations of the report do not seek to change eligibility, the impact of a potential change of management and provider is anticipated to be neutral.</p> <p>Analysis of the workforce currently providing the service either as managers/administrators or drivers is currently taking place. This will identify any issues relating to the composition of the workforce in terms of age and the impact of changes which are due to take place.</p>	Neutral
Disability	<p>All three boroughs Adults who require the provision of transport include a significant proportion who have disabilities. This is also the case for a number of children who have special educational needs. However, as the recommendations of the report do not seek to change eligibility, the impact of a potential change of management and provider is anticipated to be neutral.</p> <p>The planning for procurement of the Tri-borough transport service has partly prompted development of eligibility policies for both children and adults which will also be subject to Equality Impact Assessments.</p>	Neutral
Gender reassignment	<p>All three boroughs N/A</p>	Neutral

	Marriage and Civil Partnership	All three boroughs N/A	Neutral
	Pregnancy and maternity	All three boroughs N/A	Neutral
	Race	All three boroughs Analysis of the workforce currently providing the service either as managers/administrators or drivers is currently taking place. This will identify any issues relating to the composition of the workforce regarding ethnicity and the impact of changes which are due to take place.	
	Religion/belief (including non-belief)	All three boroughs N/A	
	Sex	All three boroughs Analysis of the workforce currently providing the service either as managers/administrators or drivers is currently taking place. This will identify any issues relating to the composition of the workforce in terms of gender and the impact of changes which are due to take place.	
	Sexual Orientation	All three boroughs N/A	

Human Rights or Children’s Rights

Again, the report is seeking agreement to proceed with procurement to identify future arrangements for the management and provision of passenger transport services. There are no plans to reduce eligibility and policies which clarify eligibility criteria will also be subject to Equality Impact Assessments.

Section 03	Analysis of relevant data Examples of data can range from census data to customer satisfaction surveys. Data should involve specialist data and information and where possible, be disaggregated by different equality strands.
-------------------	---

Documents and data reviewed	LBHF: RBKC: WCC:
New research	Analysis is taking place regarding the composition of the existing workforce in terms of gender, age, ethnicity and other characteristics It is suggested that similar analysis takes place regarding the demographics of service users, particularly regarding any protected characteristics.

Section 04	Consultation
	Complete this section if you have decided to supplement existing data by carrying out additional consultation.
Consultation in each borough	<p>All three boroughs Consultation is planned as follows:</p> <ul style="list-style-type: none"> • Statutory duty to consult parents of children with SEN: following return of tenders • Proposed changes to Transport Management Service (employees): initial consultation has started • Proposed changes to Transport Management Service (parents, carers, service users, schools, day centres etc): following confirmation of proposed arrangements • Transport Operator Framework (parents, carers, service users where individual transport is affected): Once arrangements have been proposed • Rationalisation of routes and transport arrangements (parents, carers, service users if changes affect their transport arrangements; employees if arrangements materially affect work duties): Once arrangements have been proposed. <p>As consultation is planned around a number of stages in this process, it will be important to ensure that this is carried out using methods that ensure all service users including those with disabilities can participate.</p> <p>Additional consultations regarding eligibility policies is also planned or has taken place.</p>
Analysis of consultation outcomes for each borough	<p>All three boroughs To take place after each consultation exercise. EIA to be amended and developed further if additional issues are identified which have an impact on people with one or more protected characteristics.</p>

Section 05	Analysis of impact and outcomes
Analysis	<p>All three boroughs</p> <ul style="list-style-type: none"> • The overall conclusion at this stage is that approval to proceed towards a Tri-borough procurement of passenger transport services will not have a noticeable impact upon service users as they will continue to be provided with transport as needed. The main impact will be that the provider of the transport is likely to change although this may also have been the case for some existing arrangements as personnel and routes have been reviewed. • The EIA will be revised in the light of any implications for people with particular protected characteristics which have not been identified to date • A workforce EIA is being carried out that will review the composition of the workforce and rationale for operational proposals

Section 06	Reducing any adverse impacts and recommendations
Outcome of Analysis	No specific negative impacts identified to date although this EIA will need to be revised in the light of any specific issues identified during consultation with service users and staff.

Section 07	Action Plan					
Action Plan	Note: You will only need to use this section if you have identified actions as a result of your analysis					
	Issue identified	Action (s) to be taken	When	Lead officer and borough	Expected outcome	Date added to business/service plan
	Effective consultation of people with disabilities	Planned consultation of service users to include tailored approaches to ensure any barriers to communication	Ongoing			

		are addressed				
	Unforeseen impacts emerge from consultation or research	EIA to be refreshed and further actions planned as appropriate	Ongoing			

Section 08	Agreement, publication and monitoring		
Chief Officers' sign-off	LBHF Name: Position: Email: Telephone No:	RBKC Name: Position: Email: Telephone No:	WCC Name: Position: Email: Telephone No:
Key Decision Report (if relevant)	LBHF Date of report to Cabinet/Cabinet Member: XX / XX / XX Key equalities issues have been included: Yes/No	RBKC Date of report to Cabinet/Cabinet Member: XX / XX / XX Key equalities issues have been included: Yes/No	WCC Date of report to Cabinet/Cabinet Member: XX / XX / XX Key equalities issues have been included: Yes/No
Lead Equality Manager (where involved)	LBHF Name: Position: Date advice / guidance given: Email: Telephone No:	RBKC Name: Position: Date advice / guidance given: Email: Telephone No:	WCC Name: Position: Date advice / guidance given: Email: Telephone No: