

Procurement Committee On 13/02/07

Report Title: Passenger Transport Services - Award of contract – (Part A)

Forward Plan reference number (if applicable):

Report of: The Director of the Children and Young People’s Service

Ward(s) affected: All – this service is available to residents of all wards

Report for: Non-Key Decision

1. Purpose

1.1 To seek Member agreement to award the contract for externally provided passenger transport services, within an overall Framework Agreement.

1.2 To inform Members of the evaluation process used to determine the successful providers for provision of this service.

2. Introduction by Executive Member

2.1. The re-tendering of this externally provided passenger transport provision will have a positive impact on our most vulnerable service users and will enable higher quality service delivery without increasing costs.

2.2. The cost reductions will be used for quality improvements and for ensuring that services can remain within budget.

2.3 The delivery of centrally managed taxi services to staff across the Council, will ensure greater adherence to procurement regulations and greater financial accountability for the Council as a whole.

2.4 I recommend that the Committee agree this report.

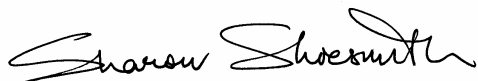
3. Recommendations

3.1 That Members agree to award the contract for the above project, as allowed under Contract Standing Order (CSO) 11, in accordance with the recommendations in paragraph 14 of this report.

3.2 That the contract be awarded for a period of 4 years.

3.3 That Members note the process for the allocation of routes, with effect from 1st April 2007.

Report Authorised by:



Sharon Shoesmith
Director
The Children and Young People's Service

Contact Officer: Maria Hajipanayi
Head of Operational Commissioning, Contracts
and Business Management
020 8489 3208

4. Executive Summary

4.1 A Restricted Tender process was initiated in August 2006. Stage 1 - Pre Qualification Questionnaires [PQQ]: 27 providers submitted a PQQ and 18 providers were short-listed.

4.2 Stage 2 – the 18 short-listed companies (A to R) were invited to submit a tender: 17 tenders were received and one provider withdrew, (Company R). Following an in-depth tender evaluation process 10 suitably qualified and experienced providers (Companies A to J) have been identified to provide passenger transport services across the vehicle type lots which they bid for, and one (Company P), has been selected to provide ad hoc coach services only, to enable competitive quotations to be received. These 11 providers and the lots tendered for are shown (shaded) in **Appendix 1. (N.B. This is exempt information and is included in Part B of this report).**

4.3 All 11 successful providers will be awarded a contract under a framework agreement, for a contract period of four years. A contract does not guarantee any work at all, and contractors will be advised of this fact when the routes are allocated. The process for allocation of routes to the successful contractors is exempt information and is in **Part B of this report.**

4.4 The Transport Project Board is confident that the quality of provision will increase, not only as a result of the monitoring process which has been put in place, but as a result of the documentation and systems which have been developed as part of the Invitation to Tender document and the stringent evaluation process which the providers were assessed against. Additionally, the inclusion of new providers has introduced a competitive aspect as well as broadening the type and range of provision which can be delivered across the Council by the JTPU.

5. Reasons for any change in policy or for new policy development (if applicable)

5.1 N/ A

6. Local Government (Access to Information) Act 1985

6.1 The following background documents were used in production of this report:

- The Best Value Review of Transport Services 1999
- Passenger Transport Services Specification
- Passenger Transport Services Tender Evaluation Information

6.2 See Part B for exempt information.

7. Background

7.1 A Best Value Review of Transport Services was completed in 1999. It recommended that for management and operational purposes, Passenger Transport Services be transferred from Environmental Services to Education Services [now Children and Young People's Services]. The transfer took place in September 2001 and the Joint Transport Planning Unit (JTPU) was created.

7.2 The JTPU currently commissions its passenger transport service by utilising a mixed provision of the in-house service, (also line managed by the Children and Young people's Service), and a range of external providers. It undertakes route planning, the procurement and management of external contracts, the deployment of the in-house fleet of 25 vehicles and the recruitment, training and deployment of escorts, all serving some of Haringey's most vulnerable residents. The costs of the service are aggregated and re-charged out to the appropriate departments, on the basis of their average percentage usage.

7.3 The JTPU seeks to provide transport that is safe, secure and reliable principally for vulnerable children, young people and adults, who have a wide range of special needs including learning, physical or behavioural difficulties at all levels, to and from schools and other educational establishments both inside and outside the Haringey Borough. Services required also include:

- Taking mainstream pupils between schools and swimming baths
- Taking vulnerable people requiring a variety of appointments for assessments, respite visits and therapy sessions
- Transport to and from after school clubs or to visit parents and relatives
- Delivery of school post between schools or other educational or Council establishment.
- Delivery of school meals to schools without kitchen facilities
- Taxi/Minicab services for Council staff

- Ad hoc transport services for other passengers within the Council and on behalf of service users
- 7.4 As part of the re-tendering exercise of the existing contracts, the in house service is also being reviewed/benchmarked alongside this process.
- 7.5 10 different external providers currently provide the service with the routes being distributed amongst them. It is unlikely that one company would be able to provide a comprehensive and flexible enough service. Therefore the tender was divided into lots and individual routes. Bidders were asked to indicate the maximum number of routes they wished to bid for and indicate prices for each of these routes. Bidders can only be awarded routes to a maximum of 25% of their turnover. The lots were as follows:
- Minicabs (including 7-seater MPVs)
 - Standard Minibuses
 - Accessible Minibuses
 - Coaches

8. Budget

- 8.1 The value of the externally provided client based transport service only in 2005/6, (excluding administration/uplift and any escort provision), was £2,207,304. For 2006/7, this is estimated at £2,109,090. From 2007/8 onwards, the value of this provision overall, is difficult to predict, as the service will be provided differently and as routes change on a regular basis. (See also paragraph 8.2 below).
- 8.2 A mini review of current transport needs and provision was carried out in September 2006, which resulted in a rationalisation of routes and a corresponding decrease in the value of the external contracts.
- 8.3 A cost analysis of the routes current provided by external contractors, based on the prices received from the tender exercise, is detailed in **Part B of this report, (exempt information)**.
- 8.4 As contract prices have reduced as a result of this re-tendering exercise, this will also be reflected in budgets across the Council, when procuring ad hoc and minicab services, hence the inclusion of Council-wide provision within this Children's Services tendering exercise.

9. Description of the Procurement Process

- 9.1 A restricted tender process was initiated in August 2006. This followed intensive market testing and stakeholder consultation. The tender process was undertaken in two stages, as outlined below:
- 9.2 A contract notice was issued to the OJEU and advertisements placed in 2 local papers and the Council's website asking for expressions of interest.
- 9.3 42 expressions of interest were received by the closing date.

Stage 1 – Pre-Qualification Questionnaires

- 9.4 27 completed PQQ questionnaires were received within the required timescale. These submissions were subjected to an evaluation process including specialist evaluations in compliance with the Council's agreed evaluation criteria.
- 9.5 18 contractors (a mix of existing and new organisations) were short-listed at the PQQ evaluation stage and were invited to tender. These are listed in **Appendix 2. (Exempt Information – Please see Part B)**

Stage 2 – Invitation to Tender

- 9.6 Invitations to Tender were issued to all 18 companies on 6/11/06. In line with the Council Tendering process the tender documents consisted of –
- Form of tender
 - Instruction to tender
 - Framework agreement
 - Service specification
 - Service Delivery Objectives
 - Price, Route & Rate schedules

Evaluation of Tenders

- 9.7 The 17 tenders received (one Company withdrew) were evaluated against the selection criteria included in the Invitation to Tender, and accordingly weighted. The criteria for evaluation and comparison of tenders is attached as **Appendix 3** to this report. The tenders were evaluated by a range of officers, with specialist knowledge and expertise of the different areas. Each criterion was awarded a score of between 1 and 5, as shown, and formed the basis for the Stage 1 evaluation of the tenders. Stage 1 was undertaken purely on the basis of the tender bid submitted.
- 9.8 The second stage of the evaluation process consisted of two site visits to each organisation: The first visit was to gather evidence and ascertain whether the organisation would be able to deliver the service in accordance with the contract specification, and included an inspection of records and the clarification of information already provided. The second site visit inspected the vehicles and associated vehicle maintenance documentation. The same criteria and scoring system was used for Stage 2 and each organisation was asked the same series of questions.
- 9.9 The final scores were then calculated and weighted accordingly, against the agreed criteria. These scores (in descending order), together with the vehicle type 'lots' which each organisation tendered for, is attached as **Appendix 1 – See Part B – Exempt Information.**

- 9.10 The first 10 organisations shown in Appendix 1, (Companies A to J), achieved above the cut off point score, **(exempt information – see Part B)**, and can automatically be included in the new framework agreement to deliver passenger transport services on behalf of the Council.
- 9.11 It is proposed that one more provider (Company P) be included within the framework agreement, but for the provision of **ad hoc coach services only**. 3 of the 17 companies tendered for coach provision, only two of which achieved above the cut off point score. In order to increase the capacity of the Council to meet its coach service provision requirements, including on an ad hoc basis, all three companies will be included in the framework agreement.
- 9.12 There are therefore 11 proposed contractors within the framework. Contracts will be awarded for a 4 year period, commencing from 1st April 2007, with no option for extension, in accordance with EU regulations. (These contractors are shown as shaded in **Appendix 1- Exempt Information in Part B**).

10 Consultation

- 10.1 A stake-holder group was established early on in the re-tendering process, (in March 2006), which included officers from each of the client departments, including SEN, Administration, School Swimming, Catering and Social Services, as well as colleagues from the Corporate Procurement Unit. This explored the current issues, what clients wanted from the service, how quality improvements could be made and what type of future provision might be needed.
- 10.2 A ‘Meet the Buyer’ Event was held in April 2006, to test the market, ascertain what potential providers existed, gain views of how the service could be delivered and consult upon what could be included in the tendering process. Feedback has indicated that this event proved useful for both providers and Council staff, and set the scene for the tendering process which was to follow, also ensuring that companies were engaged from the outset.
- 10.3 A Transport Project Board was then established, to oversee the tender process. It met monthly initially, but more often in the latter stages of the process. The Board will continue to meet as required throughout the life of the contract and will also oversee the benchmarking process and other transport related matters. Membership is as follows:

Ian Bailey – Deputy Director, Business Support and Development (Chair)	Children and Young People’s Service (CYPS)
Maria Hajipanayi – Head of Operational Commissioning, Contracts and Business Management	CYPS
Phil DiLeo – Head of Additional Needs and Disabilities	CYPS
Steve Barns – Acting Head of Property and Contracts	CYPS
Omar Syed – Budget Manager	CYPS
Kim Sandford - Head of Procurement Projects	Corporate Procurement Unit

Beverley Tarka - Learning Disabilities Service Manager	Social Services
Steve Davies - Deputy Head of Personnel	Corporate Personnel
George Liveras – CYPS IT business partner	IT Services

11 Key Benefits and Risks

Benefits

11.1 There are many benefits to be realised from this re-tendering process, as follows:

- A reduction in cost is expected from this process: for the tendered routes; for subsequent routes; and for ad hoc and minicab services procured for the wider Council. Prices within the contract will be maintained for a period of 4 years (inflationary uplifts aside).
- New providers have been able to be brought into the framework agreement, to join the existing providers retained, all of which have been thoroughly and transparently evaluated against the published selection criteria;
- The quality of provision to our most vulnerable clients and to Council staff will undoubtedly improve, due to the competitiveness of the process, the stringency of the criteria and the increased management and quality monitoring capacity within the Joint Transport Planning Unit of the Children and Young People's Service.

Risks

11.2 There are risks involved, particularly if new untested providers are allocated routes, which they are subsequently unable to deliver. This risk will be minimised by the quarterly monitoring of each contract and the enhanced capacity within the Joint Transport Planning Unit. (see Paragraph 12.2 below).

11.3 Providers who fail to meet our contract requirements, risk their route(s) being reallocated to another organisation, hence the need to ensure that adequate capacity is built in for each of the four 'lots' to be delivered.

12 Contract and Performance Management

12.1 These contracts will be monitored on a quarterly basis to ensure performance targets are met in accordance with the contract and using the quality framework agreed for The Children and Young People's Service.

12.2 The Joint Transport Planning Unit will oversee the provision of passenger transport services across the whole Council. The Unit will undertake quarterly monitoring and performance management of all external providers' contracts as well as that of the in-house service, which will also be benchmarked against this

provision at a future date. There will also be an annual review of the overall service. The capacity of the JTPU will be increased to ensure efficient administration and quality assurance.

13 Summary and Conclusions

- 13.1 The Tender process was initiated in August 2006. Following an in-depth two-stage evaluation of the tender documentation and 2 site visits to each organisation, 11 providers have been identified as best able to provide the externally contracted passenger transport service for the next four years. These organisations adequately cover the range of provision required under the specified 'lots', and are shown as shaded in **Appendix 1 (exempt information in Part B)**.
- 13.2 A range of benefits will be realised as a result of this process, as have already been outlined in this report.
- 13.3 The services of the JTPU will be promoted across the Council, to ensure that staff and Members are aware of what can be offered. Not only can the passenger transport/minicab be procured, but the invoices from providers can be checked and authorised for payment against journeys undertaken, allowing for better compliance, less work for each individual department and better co-ordination and ability to assess the value of each contract. However, if other Council departments wished to procure these services directly, within the framework agreement, then they can of course make their own arrangements with the successful contractors.
- 13.4 The selection of the Contractor for each route will be by call off where the prices have already been submitted and by mini-competition for ad hoc routes.

14 Recommendations

- 14.1 That Members agree to award the contract Passenger Transport services to each of the 11 contractors shown as shaded in Appendix 1 of this report, each for a term of 4 years.

Equalities Implications

- 15.1 The bids have been evaluated against the criteria set out in the pre qualification questionnaire and the evaluation document, which include an assessment of each organisations Equal Opportunities Policies and guidelines.
- 15.2 Regular quarterly monitoring of the contractors by the Council will ensure that they comply with the Council's Equal Opportunities Policy and in particular the Race Equality Scheme and the Race Equality Standard.
- 15.3 This service is mainly provided to our most vulnerable children, young people and adults. The expected increases in quality will directly benefit all our clients, whether it be regarding better quality and greener vehicles, a more appropriate and more rapid response to the needs of the service users en

route, better procedures for risk assessment of passenger needs and the routes themselves and so on.

16 Health and Safety Implications

- 16.1 The contractors have been measured and assessed against the evaluation criteria outlined in the pre qualification questionnaire documentation
- 16.2 Effective management of the contract will ensure compliance at all times, to the relevant Health and Safety Legislation.
- 16.3 The protection of children, young people and vulnerable adults is paramount across this service, and all drivers working on Council routes will have to have an enhanced CRB check. This was a key aspect of the documentation received and all record-keeping was checked at the site visits. This will continue to be a key aspect of the monitoring process and all new drivers will need to be notified to the Joint Transport Planning Unit, with verification that they have passed the CRB process.

17 Sustainability Implications

- 17.1 Environmental sustainability was an important aspect of the tender, as can be seen from **Appendix 3**. Issues examined included conservation, recycling, waste minimisation, green procurement and sustaining the local economy. The site visits also concentrated on the quality of the vehicles used, fuel emissions and future planning to meet the needs of new legislation from 2008.

18 Financial Implications

- 18.1 Some of these have already been detailed in Section 8. Additional implications are shown in **Part B of this report (exempt information)**.
- 18.2 It is also expected that once contracts have been awarded, further work can be done with the contractors to look particularly at the routes being used for transport to reduce overall costs still further.

19 Comments of the Director of Finance

- 19.1 Transport costs incurred by the Children and Young People's Service are collected within a holding account managed by the Joint Transport Planning Unit (JTPU) and subsequently charged out to service users across the totality of the Council, and schools. Reductions in overall costs resulting from this re-tendering exercise should reduce the re-charges.
- 19.2 The Committee's attention is drawn to the fact that award of this contract will produce savings that will benefit all users of external transport services.
- 19.3 The use of the savings needs to be considered and reported appropriately as part of the budget setting process for 2007/08. Any saving reported in Part B of this Agenda Item must go towards the corporate savings target for procurement savings across the Council.

20 Comments of the Head of Legal Services

- 20.1 The Contract is above the EU threshold of £144,450.00 under the Service Regulations 2006 (Regulations), so must be tendered under the EU rules.
- 20.2 The recommendation is for the approval of a framework agreement for 4 years. A framework can be established under the Regulations, the framework was advertised under the EU regulations and contractors who were selected for the framework have gone through a MEAT evaluation (most economically advantageous tender).
- 20.3 As the value of the framework is in excess of £250,000 the award must be approved by the Procurement Committee in accordance with Contract Standing Order 11.3.
- 20.4 In accordance with the Regulations the selection of contractors will be by call off where prices have been determined and mini competition for the ad hoc routes.
- 20.5 The Head of Legal Services confirms that there are no legal reason preventing members from approving the recommendations set out in paragraph 3.
- 20.6 The Head of Legal Services confirms that there are no leasehold issues affecting this report.

21 Comments of the Head of Procurement

- 21.1 Corporate Procurement have been fully involved in the Procurement of this service and confirm that this procurement has been carried out in line with the Procurement Code of Practise.
- 21.2 The setting up of framework agreements for the provision of passenger transport will minimise the risk to the council of service failure, ensure ongoing competition and ensures all appropriate safeguards are in place for service users and council officers.
- 21.3 The evaluation process shows a thorough evaluation based on a qualitative basis. The lower level of inclusion within Ad hoc provision by coaches is acceptable as it minimises risk of service failure to the Council, but needs to be carefully monitored to ensure the quality of service is not compromised.
- 21.4 Contract monitoring has been put in place to ensure contract compliance and to ensure that supplier relationship management is utilised to ensure ongoing developments within the service.
- 21.5 The review/benchmarking of the in house service provision needs to be timetabled in to report its recommendations to Procurement committee.

22 Use of Appendices / Tables / Photographs

- 22.1 Appendix 1 – Evaluation Scores by ‘Lots’ (**See Part B – exempt information**)

Appendix 2 – Short-listed applicants after PQQ Stage (**See Part B – exempt information**)

Appendix 3 - Evaluation Criteria and Comparison of Tenders

22.2 Part B of this report contains exempt information.

Appendices 1 and 2 are attached to Part B of this report