

CABINET

Date of Meeting	Tuesday, 18 th July 2017
Report Subject	Update on the Integrated Transport Unit Procurement Project.
Cabinet Member	Cabinet Member for Streetscene and Countryside
Report Author	Chief Officer (Streetscene & Transportation)
Type of Report	Operational

EXECUTIVE SUMMARY

Since the introduction of the new Integrated Transport Unit (ITU) in May 2015, the service now manages all of the Council's transport and transportation activities.

At any one time, the ITU has approximately 450 individual contracts in place with local suppliers, delivering all of the transport needs for schools, colleges, social care and the general public transport service. The day to day management and re-procurement of these contracts creates a large and continuous workload for staff within the service and also puts pressure on the local supply chain to deal with the regular and on-going tender process. The contracts are also complicated by the regular changes to the routes which are made necessary by changes to the individual user's circumstances, with each change requiring negotiated amendments to the existing contractual arrangements.

The Transport Service Diagnostic and Gain-Share delivery project, approved by Cabinet in 2015, is coming to an end with the final report due to be received by the Council in June 2017. One of the main recommendations for change is a revised procurement process, the introduction of which is being overseen by the Business Partner. This report provides an update on the procurement process and details of the main changes in transport provision as a result of the new process which will be introduced from September 2017.

RECOMMENDATIONS

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| 1. | That Cabinet notes the likely impact from the School Transport procurement process detailed in this report. |
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REPORT DETAILS

1.00	EXPLAINING THE BACKGROUND TO THE PROPOSED CHANGES
1.01	<p>Following Cabinet approval in May 2015, it was agreed that an ITU should be established within the Authority to ensure an integrated approach to service delivery and operational management, as well as offering benefits of the economies of scale, resources and best use of the specialist technical skills available to deliver operational and financial efficiencies in the future. The aim was to establish the ITU as the “one-stop shop” for the organisation for the delivery of all the Council’s transport needs.</p>
1.02	<p>Under the changes, service delivery, budget management and day-to-day operational management for Social Services transport transferred to the ITU. Eligibility assessment and policy setting remained within the Social Services Portfolio with ITU involvement at Panel Assessments as and when required.</p>
1.03	<p>Budget management and eligibility assessment for mainstream home to school transport also transferred to the ITU within the Streetscene & Transportation portfolio; however, policy setting for school transport remained within the Education & Youth portfolio.</p>
1.04	<p>In May 2015, Cabinet approved the engagement of a suitably qualified Business Partner (on a gain share basis) to assist with the assessment and delivery of the financial benefit that would be derived from the new ITU. With the advice and guidance of the Corporate Procurement Unit, the engagement of the Business Partner was subsequently undertaken and JMP Consultants were duly appointed following a compliant procurement exercise.</p>
1.05	<p>The subsequent review has been undertaken into two phases:</p> <p>Phase 1 – A diagnostic review of all transport operations across the Authority in order to identify any savings opportunities and efficiencies within the current operating model. (This work was completed in May 2016).</p> <p>Phase 2 – Support to deliver and implement the opportunities and efficiencies identified within Phase 1 - on a gain-share basis.</p> <p>In particular, the diagnostic review was intended to make clear recommendations on the future of all transport services and on the best delivery model, in order to integrate services and derive the maximum benefit from the introduction of a fully integrated transport solution.</p>
1.06	<p>The early outcomes of the diagnostic review identified a number of areas of potential savings, particularly in the area of procurement. The Business Partner promoted an alternative procurement option, recommending an area, framework approach known as a Dynamic Purchasing System (DPS), rather than the current method of procuring each journey through an individual tender process.</p>

1.07	<p>As a procurement tool, the DPS has some aspects that are similar to a framework agreement, but differ in that new suppliers can apply to join the DPS at any point during its lifetime. The DPS has to be run as a completely electronic process and is a two-stage process: firstly, the pre-qualification stage, where all suppliers who meet the selection criteria are admitted to the DPS, during the second stage, the routes are awarded after the Authority has invited all suppliers on the DPS to bid for the specific contract in a mini-competition.</p>
1.08	<p>The first stage of the procurement process is now complete with 47 suppliers now admitted onto the DPS framework, having passed the pre-qualification stage.</p> <p>The second stage of the process (Mini-Competitions) commenced on 11th June 2017 with route information being made available to all suppliers admitted onto the DPS from this date. Suppliers will be invited to price each route, on a rate per mile basis and provide rates per mile for each category of vehicle required to deliver the service within a stated area. Any changes to the length of the route (brought about by changes to passenger travel arrangements) will be covered by payment for the additional mileage - at the contracted variation rate, with no re-negotiation of the contract required. The closing date for tender submissions will be 11th July 2017.</p>
1.09	<p>A thorough optimisation exercise has been completed by the ITU prior to the commencement of the tender process. The optimisation exercise was intended to deliver maximum benefit by ensuring the most efficient use of vehicles and deliver the most cost-effective routes for the required number of eligible passengers.</p>
1.10	<p>As outlined in the current transport policy, the efficient use of resources will dictate the mode of transport (subject to the above conditions). Transport may be provided by means of school contract transport services or existing public transport services which, together with the type of transport (bus, minibus, train, taxi, etc.) will be dictated by cost effectiveness. In some cases, one contract bus may transport different pupils to more than one school site. Transport will normally be to and from bus stops or pick-up points for groups of pupils and it will only be provided from door-to-door in exceptional circumstances. The maximum distance a pupil is expected to walk to and from pick-up point will depend upon, for example, the age of the child, their individual needs and the nature of the route they are expected to walk. As part of the optimisation exercise, pick-up and drop-off points and time of pick up are being reviewed however the existing policy will be applied, unless there are exceptional circumstances.</p>
1.11	<p>Once the tenders are returned and have been evaluated, staff from the ITU will then notify parents of any changes to the service they receive. Subject to approval, it is intended that these arrangements will be implemented from September 2017.</p>
1.12	<p>The final report from the Business Partner will be completed by the end of June 2017 and the final proposals on the extent of potential savings in the overall Transportation Service will be presented to the September Cabinet for consideration.</p>

2.00	RESOURCE IMPLICATIONS
2.01	The new procurement arrangements will deliver the savings planned for the service, identified by the Business Partner and detailed within the Portfolio Business Planning proposals for 2017-18.
2.03	The Council currently employs around 120 school transport escorts and passenger assistants, whose purpose is to support and ensure the safe transportation of children with additional learning needs and vulnerable adults. It is not anticipated that there will be a change in roles or reduction in the number of posts as part of this procurement project. However, some staff may be required to travel on different routes with different pupils and different operators from September 2017, which may require minor changes in the number of hours worked by some individual employees. Briefing sessions have been held for staff to ensure that they have been kept informed of the main changes and it is intended that any individual changes will be communicated to staff in early July 2017.

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	With former and new Cabinet Member.
3.02	The existing contracted operators have attended a number of stakeholder engagement events and 'drop-in' sessions with staff from the ITU and have been consulted regularly on the proposed changes to the procurement arrangements.
3.03	All school transport escort staff and passenger assistants have attended briefing sessions to keep them informed of the proposed changes to the procurement arrangements.
3.04	Consultation has been undertaken with the Head Teachers Forum and with staff at the Special Schools on the proposals.
3.05	Further consultation with parents, schools and day care centres will be required once the new routes have been procured and awarded to the successful operators.
3.06	Consultation is ongoing with internal departments, such as Social Services and Education.
3.07	Consultation has taken place with the Chief Officer Team.
3.08	Environment Overview and Scrutiny considered the changes at their meeting in June 2017 and supported the proposed changes to the procurement process.

4.00	RISK MANAGEMENT
4.01	A Project Review Board has been set up to monitor and oversee the implementation of the proposals, and to ensure that the project stays on target. The Board consists of Chief Officer (Streetscene & Transportation); Transportation and Logistics Manager; ITU Manager, Finance, Internal Audit and Procurement.

5.00	APPENDICES
5.01	None.

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	Contact Officer: Stephen O Jones Telephone: 01352 704700 E-mail: stephen.o.jones@flintshire.gov.uk

7.00	GLOSSARY OF TERMS
7.01	ITU - Integrated Transport Unit.