

## CABINET

<b>Date of Meeting</b>	Tuesday 17 January 2017
<b>Report Subject</b>	The Integrated Transport Unit
<b>Cabinet Member</b>	Deputy Leader of the Council and Cabinet Member for Environment
<b>Report Author</b>	Chief Officer (Streetscene & Transportation)
<b>Type of Report</b>	Operational

### **EXECUTIVE SUMMARY**

Since the introduction of the new Integrated Transport Unit (ITU) in May 2015, the service now manages all of the Councils 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 significant workload for staff within the service and also puts pressure on the local supply chain to deal with the continuous 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 main recommendations for change being a revised procurement process, the introduction of which is being overseen by the Business Partner. This report provides details of the new procurement process and the starting date for the new contracts. It also seeks Cabinet approval to extend the existing contracts to coincide with the commencement date for the new procurement model in September 2017.

The Council is supporting the introduction of a number of local Community Transport arrangements and the majority of Town and Community Councils have expressed an interest in becoming involved in these essentially localised projects. This report provides details of how these services are to be integrated into both the day to day business of the ITU and the new procurement arrangement.

## RECOMMENDATIONS

1	That Cabinet approves the new procurement model for the Transportation contracts, detailed within the Procurement Commissioning Form. <b>Appendix 1.</b>
2	That Cabinet approves the extension of the existing Transport contracts until 4th September 2017, in order to coincide with the commencement of the new procurement arrangements.

## REPORT DETAILS

<b>1.00</b>	<b>EXPLAINING THE BACKGROUND TO THE PROPOSED CHANGES</b>
1.01	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 in terms of economies of scale, resilience and making better 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.
1.02	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. Budget management and eligibility assessment for mainstream home to school transport also transferred to the ITU however, policy setting for School transport remained within the Education & Youth portfolio.
1.03	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 could be derived from the new ITU. With the advice and guidance of the Corporate Procurement Unit, the process to engage the Business Partner was subsequently undertaken and JMP Ltd were duly appointed, following a compliant procurement exercise.
1.04	The subsequent review has been undertaken in two phases by the Business Partner:  <b>Phase 1</b> – A diagnostic review of all transport operations across the Authority in order to identify any savings opportunities and efficiencies within the current operating arrangements. (This work was completed in May 2016).  <b>Phase 2</b> – Provide support to deliver and implement the opportunities and efficiencies identified within Phase 1 - on a gain-share basis.
1.05	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

	<p>approach known as a Dynamic Purchasing System (DPS), rather than the current method of procuring each journey through an individual tender process. 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 and that it has to be run as a completely electronic process. The DPS is a two-stage process: firstly, the pre-qualification stage, where all suppliers who meet the selection quality criteria are admitted to the framework stage. The routes are then awarded during the second stage, based on the most beneficial mileage rates submitted by each contractor for particular journeys and vehicle types.</p>
1.06	<p>Within the DPS, it is intended that the County will be divided into 6 geographical areas, with a single framework being offered for all of the Authorities transport needs within each area. The suppliers will be invited to provide rates per mile for each category of vehicle type required to deliver the service within that area. The routes will then be optimised by the ITU staff to deliver maximum benefit and the route offered to the supplier with the lowest cost per mile, according to the mileage rate submitted within the tender. Any changes to the length of the route will be reimbursed at the same rate, without the need to re-negotiation the contract.</p>
1.07	<p>The new procurement option will reduce the workloads both within the ITU and for the local supply chain and the contract will operate for a period of four years from the start of the new arrangement. In order to align the commencement dates for all of the existing contracts within each area, it will be necessary to extend the current transport contracts to the proposed start date of the new arrangement which is 4 September 2017.</p>
1.08	<p>The Council is supporting the introduction of a number of local Community Transport arrangements and the majority of Town and Community Councils have expressed an interest in becoming involved in these essentially localised projects. It is important that new management and operating structure for Community Transport is integrated into the day to day business of the ITU to deliver a fully joined up approach to service. In order to achieve this a dedicated staff member within the ITU will manage all of the Authorities transport needs within each area.</p>
1.09	<p>It is intended therefore that the 6 new area frameworks will also mirror the new proposed Community Transport areas, which will allow the successful operators to be contracted to provide community benefit from the tendered contracts, through the provision of local Community Transport arrangements.</p> <p>Details of both the procurement and Community Transport areas are shown on <b>Appendix 2</b></p>

<b>2.00</b>	<b>RESOURCE IMPLICATIONS</b>
2.01	<p>The new procurement arrangements will assist the service to deliver the savings identified by the Business Partner and detailed in the Business Planning proposals for 2017-18</p>

<b>3.00</b>	<b>CONSULTATIONS REQUIRED / CARRIED OUT</b>
3.01	With Cabinet Member.
3.02	The existing contract operators have attended a number of 'drop in' sessions with staff from the ITU and have been fully consulted on the proposed changes to the procurement arrangements.

<b>4.00</b>	<b>RISK MANAGEMENT</b>
4.01	A Project Review Board has been meeting 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 & Logistics Manager; Internal Audit and Procurement.

<b>5.00</b>	<b>APPENDICES</b>
5.01	Appendix 1 – The Procurement Commissioning Form. Appendix 2 – Procurement and Community Transport Areas

<b>6.00</b>	<b>LIST OF ACCESSIBLE BACKGROUND DOCUMENTS</b>
6.01	<b>Contact Officer:</b> Stephen O Jones <b>Telephone:</b> 01352 704700 <b>E-mail:</b> <a href="mailto:stephen.o.jones@flintshire.gov.uk">stephen.o.jones@flintshire.gov.uk</a>

<b>7.00</b>	<b>GLOSSARY OF TERMS</b>
7.01	ITU = Integrated Transport Unit DPS - Dynamic Purchasing System