

WIRRAL COUNCIL

CABINET

23RD JUNE 2011

SUBJECT:	TRANSFER OF THE INTEGRATED TRANSPORT UNIT AND TENDER EXERCISE FOR THE PROVISION OF ADULT TRANSPORT SERVICES
WARD/S AFFECTED:	ALL
REPORT OF:	INTERIM DIRECTOR OF CHILDREN'S SERVICES
RESPONSIBLE PORTFOLIO HOLDER:	COUNCILLOR ANN MCLACHLAN
KEY DECISION?	YES

1.0 EXECUTIVE SUMMARY

- 1.1 This report outlines the transfer of the Integrated Transport Unit (ITU) from the Department of Adult Social Services (DASS) to Children and Young People's Department (CYPD) and the Transfer of Technical Services (TS) Transport Team to CYPD to form an Integrated Transport Unit.
- 1.2 It also informs Cabinet Members of the results of the tendering exercise for private provider transport for vulnerable adults and requests the approval of the award of the individual contracts to the recommended tenderers. These contracts will follow the temporary contracts awarded in March 2011 operating from April to July 2011 and ensure continuation of service. The new contracts are proposed to operate from 1 August 2011 to July 2012 with a one year optional extension. The contract has been scrutinised and all detail including the proposed awarding of contracts agreed by the Corporate Procurement Unit.
- 1.3 Commercially sensitive information related to this report is set out in Appendix 1 as an exempt item on the agenda (Category 3a).

2.0 RECOMMENDATIONS

- 2.1 That members note the transfer of DASS and TS Transport functions to CYPD creating an Integrated Transport Unit.
- 2.2 That Cabinet approves the transfer of gross budgets of £2.8m from Technical Services and £5.7m from DASS to CYPD.
- 2.3 That members approve the recommended tenders set out in Appendix 1 to come into effect on the 1 August 2011.

- 2.4 That the additional re-provision cost of £340,000 set out in section 10 is funded from balances in the current year and provision is made for growth in future years.

3.0 REASONS FOR RECOMMENDATION/S

- 3.1 Identification of transfer of budgets between departments as per the Council Constitution.
- 3.2 The award of contracts to allow the continuation of the transport of vulnerable adults.
- 3.3 There is insufficient provision to meet these costs from within the revenue budget.

4.0 BACKGROUND AND KEY ISSUES

- 4.1 In 2009 the Council undertook a review of transport function and recommended that an ITU was established from 1 April 2010. The Strategic Change Project recommended that the transport functions of CYPD and DASS were merged to create an ITU, managed by DASS. The decision was taken to include TS transport functions in the unit at a later date, taking account of the anticipated reduced transport function arising from the Colas contract and the proposed PACSPE.

It was anticipated at that time that savings of £600,000 in 2010/11 would be made through re-scheduling routes, new joined up contracts, procurement savings and reduced fleet costs (more children would be transported on fewer vehicles). Further savings were also expected in future years, resulting in an overall reduction in transport costs of 25%.

- 4.2 In summer 2010 a major retendering exercise was carried out for the provision of SEN home to school transport. The tenders specified a number of route and journey changes that would potentially reduce costs. The contracts were for 3 years. Whilst this has had some limited success, these savings have been offset by other increases. Some routes were handed back by providers who were unwilling or unable to provide the range of services at the specified rates. In addition complaints from schools about journey times and behavioural problems meant that some routes had to be re-scheduled.
- 4.3 Further consideration of transport has resulted in service provision transferring to CYPD (the major user of the service). On the 1st of April 2011 the existing ITU was transferred from DASS to CYPD along with the transport function in TS establishing a new ITU residing in CYPD with a gross budget of £8.5m.

In the year ended 31.3.2011 transport costs exceeded the budget provision by £1.3m. The current indications are that in 2011-12 the shortfall will increase to £1.5m. This is broken down as follows:

	£
Under-provision of transport costs, SEN, LAC and Adults	630,000
Unachieved savings target 2010-11	600,000
Savings target 2011-12	130,000

Re-provision costs – transport for vulnerable adults	340,000
Extended Rights to Free travel Grant (Cabinet 2.6.11)	<u>200,000cr</u>
Total	1,500,000

- 4.4 In January 2011 as a result of EVR / severance the Councils transport fleet workforce was reduced by 20 from 42 drivers and attendants to 22. This secured a staff saving of £507,000. Due to the timescales involved in allowing staff to leave the Council temporary contracts were tendered and awarded for three months January to March 2011 to provide a continuing service for the transport of vulnerable adults. These contracts were subsequently extended and will end in July 2011. The long-term re-provision costs were uncertain in January; some costs would be absorbed in existing rotas. Therefore consideration was deferred until the actual costs in the current tendering round were known. The re-provision costs are:

	£
New contracts	563,000
Less previous fleet operating costs	<u>223,000cr</u>
	340,000

This will change the indicative budget position as follows:

	£
Shortfall	1,500,000
Less re-provision	<u>340,000</u>
	1,160,000

- 4.5 The budget position outlined requires focused and considered attention. A full review and analysis is underway and will be the subject of future reports. Key areas under consideration are:
- Review of current Wirral transport policies in relation to statutory duties and other local authority policies.
 - Transport route evaluation and review of computerised mapping tools.
 - Discussion with other local authorities where transport savings have been effectively made.
 - Review of the in-house fleet and vehicle replacements.

The outcome of the transport strategic change project highlights the complexity of this service area. In addition passenger transport of vulnerable people in Wirral is a vital service. Any proposed changes will require careful consideration, full consultation and approval.

5.0 DETERMINATION OF CONTRACTS

- 5.1 The new contracts for the transport of vulnerable adults are planned to be in operation from 1 August 2011 to 31 July 2012 with an optional one year extension. There are twelve contracts determined by geographical location of destinations.
- 5.2 The award of the contracts will not commit the Council to a particular level of purchase. It will allow for changes in demand for the service that may arise as a result of policy changes, personalisation and self directed support. The conditions of the contract will enable new routes to be covered as and when

they are needed. It will also provide options on both sides to terminate the contract by giving one month's notice should any contracts prove problematical or unsustainable.

- 5.3 The contracts will be monitored and contract penalties will be issued against contractors who fail to perform the contract in accordance with the conditions of the contract. If a contractor accrues one hundred points against an individual contract over the period of a contractual year then that contract will be terminated.
- 5.4 The procurement exercise was carried out through the Council's procurement system. Thirteen pre-qualifying questionnaires (PQQ) were completed and nine organisations notified to submit tenders. Three completed tender documents were evaluated.
- 5.5. Analysis of tender submissions were weighted in accordance with agreed criteria with regards to price (80%) and quality (20%) which incorporated service delivery standards, service user understanding, service transition and value added.
- 5.6 A summary of the tender results together with recommendations for the award of contracts are detailed in Appendix 1.
- 5.7 The award of the contracts will be subject to the European Court of Justice 'Alcatel' ruling, which allows tenders the provision to challenge the award of contract. In effect, once Cabinet award the contracts there will be a 10 day 'standstill' period.

6.0 RELEVANT RISKS

- 6.1 The PQQ and tendering process have been utilised to reduce risks associated with delivery of the contracts.

7.0 OTHER OPTIONS CONSIDERED

- 7.1 None.

8.0 CONSULTATION

- 8.1 None.

9.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

- 9.1 There are no implications arising from this report.

10.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

- 10.1 The transfer of Council Transport functions require budgets of £2.8m from Technical Services and £5.7m from DASS to be transferred to CYPD.
- 10.2 The new transport contracts will cost £563,113 pa. The reduction in fleet operating costs is estimated to be £223,000. There is a net additional revenue

cost of £340,000 which is not provided within the revenue budget and will need to be met from balances, with a provision for growth in future years.

Comparing this contract (£563,113 pa) with the current temporary arrangement (£554,753 pa) there is an increase in cost of £8,360. This increase is related to a current provider not submitting a tender for one route which is priced substantially higher by those tendering.

10.3 The overall position regarding transport will be the subject of further reports.

11.0 LEGAL IMPLICATIONS

11.1 The council is entering into a contract for purchase of transport.

12.0 EQUALITIES IMPLICATIONS

12.1 The services covered by these contracts are provided to vulnerable people in the borough.

12.2 Equality Impact Assessment (EIA)

- | | |
|---------------------------------------|----------------|
| (a) Is an EIA required? | Yes |
| (b) If 'yes', has one been completed? | Yes (May 2011) |

13.0 CARBON REDUCTION IMPLICATIONS

13.1 The Council's commitment to Carbon reduction is emphasised in the tender specification and the environmental policies of organisations submitting tenders are requested during the process.

14.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

14.1 There are no implications arising from this report.

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APPENDICES

Appendix 1 Tender results summary and recommendations.

REFERENCE MATERIAL

None

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
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Cabinet	16 March 2011
Cabinet	4 February 2011
Cabinet	22 July 2010