




Report to:	People Committee	Date:	6 December 2018
Report title:	Assisted Transport Procurement		
Report from:	Jessica Crowe, Assistant Director - Customers, Commissioning and Governance		
Ward/Areas affected:	Borough wide		
Chair of Committee/Lead Member:	Councillor Marian James		
Author(s)/Contact Number(s):	Terry Clark, Head of Outcomes Commissioning, 02087706163		
Corporate Plan Priorities:	<ul style="list-style-type: none"> • Living Well Independently • Keeping People Safe 		
Open/Exempt:	Open		
Signed:			16 November 2018

1. Summary

- 1.1 This report sets out proposals for the future commissioning of assisted transport to support children and young people with disabilities and additional needs with home to school transport from September 2019 onwards.
- 1.2 It is proposed that services will be commissioned through a Dynamic Purchasing System (DPS). This will allow for competition to be refreshed regularly and for new businesses to enter the market ensuring competition remains strong within the market and continues to deliver value for money.
- 1.3 This report focuses solely on the re procurement of vehicle assisted transport and further reports will come to committee in 2019 in relation to other services to support and assist children and young people with home to school journeys.

2. Recommendations

The People Committee is recommended to:

- 2.1 Agree the procurement of a Dynamic Purchasing System and delegate authority to the Strategic Director of People in consultation with the Chair of the People Committee to award contracts.

- 2.2 Delegate authority to the Strategic Director of People to issue call-off contracts as required to providers on the Dynamic Purchasing System.

3. Background

- 3.1 The council has a statutory duty to provide home to school transport for children with disabilities and additional needs which are prescribed in legislation. Section 509(1) of the Education Act 1996 requires a Local Authority to decide whether or not it needs to make arrangements for provision of transport for each pupil with a statement of need. If a Local Authority decides that transport is necessary, then it must decide what form of transport is suitable and organise it free of charge. Transport is provided for children, to and from schools, respite provision, after school clubs or where transport has been authorised on medical grounds both within and outside the Borough.
- 3.2 Transport is currently provided through a framework agreement jointly commissioned by the London Borough of Sutton and Achieving for Children who commission transport for the London Borough of Richmond upon Thames and the Royal Borough of Kingston upon Thames as agreed by the Children, Family and Education Committee on 25 June 2015. The Framework has 32 providers across the boroughs ranging from large companies to individual sole traders. Sutton uses the framework to call off all of its transport routes including mini buses for multiple passengers. Over the lifetime of the framework the council has not undertaken route optimisation as frequently as it should have, in order to ensure it was receiving value for money from providers. Therefore going forward as set out in the January 2018 committee report annual route optimisation will take place.
- 3.3 The current framework is due to end on 31 July 2019 and as required under the Public Contracts Regulation 2015 and the Council's Contract Standing Orders new arrangements need to be commissioned and be in place for 1 August 2019.
- 3.4 Although there are over 30 providers on the current framework, routes are being awarded to a small number of providers. Of the current number of providers approximately 17 providers are active bidders for routes. Once a framework is set up there is no opportunity for new providers to enter the market. There is a danger of provider fatigue where those who are unsuccessful in obtaining routes do not bid for new routes. This means that competition within the framework is reduced.
- 3.5 The current procurement for individual routes through the framework is by blind bid. This does not allow providers to amend their cost in relation to their competitors. By increasing the number of providers actively competing for routes and by making pricing more visible there should be increased competition for individual routes. Renewing the current framework does not support these criteria.
- 3.6 The cost of assisted transport provision has increased over the life of the current framework due to an increase in demand for transport from approximately 500 eligible children at the commencement of the current framework to the present number of 656 eligible children. Since the current framework was set up there have been inflationary increases in prices submitted by

providers. With this increase in demand and prices the council needs to look for a more cost effective method of procurement.

- 3.7 The table below summarises the council's annual usage and cost of vehicle assisted transport.

Transport – Annual Budget and Forecast Annual Usage 2018/2019	
Annual Budget	£6.534m
Number of Pupils	656
Number of Routes	262
Number of Providers	31

4. Issues

- 4.1 Of the current framework providers approximately 17 are active bidders for routes. Analysis of routes awarded show that 42% of routes are awarded to 2 providers and that 64% of routes are shared between 4 providers.
- 4.2 Overall satisfaction with current transport services are high. In response to termly surveys sent out (25% return rate), parents rate the service on average 4.64 out of a possible 5. Overall punctuality of the pick-up and drop off at home is excellent. Educational establishments rated the drivers and assistants on average 4 out of a possible 5. Children were given an average score of 4 out of 5 for arriving ready to learn which indicates that children had a stress free journey. Punctuality at schools is excellent. Commissioners also attended a number of Sutton Parent Forum events and focus groups to obtain parental views for the wider Children With Disabilities and Additional Needs Strategy. Feedback on home to school transport from these events was positive.
- 4.3 There have been no safeguarding incidents for Sutton children over the life of the current framework demonstrating that the criteria for providers and individual drivers has been successful. This high level of quality will be maintained in the proposed model. In order to maintain the current level of quality the council will set minimum criteria for providers, drivers and passenger assistants to meet as part of the procurement process. In addition quality standards will be monitored through quality assurance visits to providers, spot inspections, surveys of schools, surveys of parents and by speaking to the children.
- 4.4 The call off for routes from the current framework is done via a blind bid, meaning that the providers do not know the price that competitors are tendering for routes. This means that there is no opportunity for them to put in a tender at a lower price. Using a DPS it allows providers to know what the current lowest bid is and gives them the opportunity to adjust their price to secure the route. By setting robust safeguarding and quality criteria at the initial stage to allow entry to the DPS we will be reassured that the safety of children and the quality of service is not

compromised. At the forefront of any award will be the safety of some of our most vulnerable children.

4.5 Benchmarking across London boroughs has shown that Sutton provides transport to a higher proportion of children than other boroughs and that the comparative cost of that transport is more expensive.

4.6 Comparative Cost of Transport – London Boroughs

Local Authority	Population 0-25	No EHC Plans	No Children Transported	% Population 0-25 with EHC Plans	% Transported CYP out of the total with an EHC Plan	% Transported CYP out of the total 0-25 population	Avg cost per child £k	Total expenditure £k
Sutton	63,086	1,612	657	2.56%	41%	1.04%	£9.9k	£6,964k
Borough A	89,282	1,702	547	1.91%	32%	0.61%	£6.3k	£3,446k
Borough B	88,994	1,700	522	1.91%	31%	0.59%	£6.9k	£3,602k
Borough C	92,687	1,458	604	1.57%	41%	0.65%	£5.5k	£3,322k
Borough D	102,976	1,853	558	1.80%	30%	0.54%	£7.5k	£4,185k
Borough E	115,960	1,800	669	1.55%	37%	0.58%	£7.3k	£4,884k
Borough F	75,349	1,053	409	1.40%	39%	0.54%	£6.7k	£2,740k
Borough G	79,392	1,200	280	1.51%	23%	0.35%	£9.5k	£2,660k
Borough H	104,432	1,850	650	1.77%	35%	0.62%	£7.0k	£4,550k

4.7 There are no obvious geographical differences between these boroughs. Borough C has more of a cluster of special schools but the other boroughs have a spread of schools across their boroughs. Most of the other boroughs use pick up points for their mini bus services which may reduce their costs slightly. Borough G transports a lower proportion of children than the other boroughs and this is reflected in their overall cost.

4.8 A number of boroughs use a Dynamic Purchasing System (DPS) to manage transport contracts.

4.9 London Borough of Merton use a DPS system to procure routes for taxi routes. They use an in house service for the provision of mini buses. Using the DPS system Merton has seen a reduction in 10% of the previous year's expenditure.

4.10 Borough A use a DPS to procure transport services for all of their SEN transport routes for both taxis and mini buses. They have made savings of approximately 7% on transport costs per child.

4.11 After the first year of using a DPS for transport provision that goes out of borough Borough C, they made a saving of at least £150,000 on the previous expenditure. Following the first year, the costs have remained fairly stable.



4.12 Based on the high cost per head of transport provision in Sutton it is estimated that savings of between 5% and 15% of total annual costs can be achieved by using a DPS and by calling off all home to school routes annually during the school summer holidays. A forecast of these savings is shown in the finance section of this report.

5. Options Considered

5.1 The following options were considered for assisted transport:

5.2 **OPTION 1: RE-COMMISSION TRANSPORT THROUGH A NEW FRAMEWORK AGREEMENT**

5.3 A framework of providers is fixed for four years. This means that the providers accepted onto the framework are fixed for that period. This does not allow new providers to enter the market over the life of the framework. Where there is provider fatigue with those unable to get business no longer tendering for call offs the competition within the framework is reduced. Where competition is stagnant then prices become uncompetitive.

5.4 Option 1 is not recommended. A framework is too static and does not allow for new providers to be introduced into the market once it has been set up.

5.5 **OPTION 2: RE-COMMISSION TRANSPORT THROUGH A DYNAMIC PURCHASING SYSTEM.**

5.6 The majority of Local Authorities who have used DPS software systems have seen a reduction in expenditure. The DPS allows us to bring new providers into the market throughout. The system functionality that allows providers to see competitor's prices can drive the price of individual routes down.

5.7 A electronic DPS can be procured using a direct call off from the YPO (formerly Yorkshire Purchasing Organisation) public procurement framework. This means implementation can be achieved quickly. Software providers actively engage in the project management and initial supplier engagement to support the introduction of the DPS. By calling off from the framework it will allow more time to engage with the market around joining the DPS and using the technology. Currently 17 of our framework providers use DPS system in other boroughs.

5.8 This option is recommended. The flexibility of a DPS is a better way of purchasing than a fixed framework. The software used to operate a DPS has been tested and its functionality used by other councils. The majority of the Local Authorities who have used this system have seen a reduction in expenditure following implementation.

5.9 There is an annual licence fee of approximately £40,000 and initial one-off implementation cost of £35,000 for software system to support the DPS. Included in this cost is project management of the implementation, provider engagement and training for both providers and staff. End to end implementation of the DPS is normally a 16 week project.



5.10 The tables below set out the possible savings based on a 5-15% saving being applied to the budget.

Base cost of provision, with a 'step change' in Summer 2019 to reduce costs by 5-15%. No account taken of costs of system, set-up, etc.					
Saving of 15%	2018/19	2019/20	2020/21	2021/22	Total Saving Over Budget
	£m	£m	£m	£m	
Spring	2.18	2.18	1.85	1.85	
Summer	2.18	1.85	1.85	1.85	
Autumn	2.18	1.85	1.85	1.85	
	6.54	5.89	5.56	5.56	
Gross Saving		£650,000	£330,000	£0	£980,000
Net Saving Less Licence*		£575,000	£290,000	£-40,000	£825,000
*Annual licence fee £40,000 Implementation fee £35,000					
Saving 10%	2018/19	2019/20	2020/21	2021/22	Total Saving Over Budget
	£m	£m	£m	£m	
Spring	2.18	2.18	1.96	1.96	
Summer	2.18	1.96	1.96	1.96	
Autumn	2.18	1.96	1.96	1.96	
	6.54	6.10	5.89	5.89	
Gross Saving		£440,000	£210,000	£0	£650,000
Net Saving Less Licence*		£365,000	£170,000	£-40,000	£495,000
*Annual licence fee £40,000 Impl. fee £35k					
Saving 5%	2018/19	2019/20	2020/21	2021/22	Total Saving Over Budget

	£m	£m	£m	£m	
Spring	2.18	2.18	2.07	2.07	
Summer	2.18	2.07	2.07	2.07	
Autumn	2.18	2.07	2.07	2.07	
	6.54	6.32	6.21	6.21	
Gross Saving		£220,000	£110,000	£0	£330,000
Net Saving Less Licence*		£145,000	£70,000	-£40,000	£175,000

*Annual licence fee £40,000

6. Impacts and Implications

Financial

- 6.1 The SEND transport budget for 2018/19 is £6.534m including a £640k contribution from the Dedicated Schools Grant. The budget includes a savings target of £772k for 2018/19, with further planned savings of £692k and £114k for 2019/20 and 2020/21 respectively. As at September 2018 (month 6) there is a projected underachievement of savings of £430k and a request to reprofile the savings over the next 2 years.
- 6.2 The implementation of the Dynamic Purchasing System (DPS) was included in the original savings proposals for SEND transport. The ongoing savings attached to the DPS implementation were £620k, with costs of £34k by year 3. Assuming that the other elements of the savings proposals achieve at their estimated level; the DPS will need to make savings of between 10-15% to achieve the reductions required on the existing budget, as indicated in the tables above.

Legal

- 6.3 This report refers to the procurement of a dynamic purchasing system for the provision of home to school transport for the Council via a Dynamic Purchasing System (DPS).
- 6.4 The report notes that software will be procured from a framework and it must be ensured that this is procured in accordance with the council's standing orders and if necessary the Public Contracts Regulations 2015 (PCR).
- 6.5 The procurement of the home to school transport services will need to be procured in relation to the relevant part of the PCR and the correct CPV codes are selected so that it is appropriately advertised within the European Union and compliant with the PCR. Where procured under the 'Light Touch Regime' for social and other services (which are listed in schedule 3 of the PCR), the procurement must be compliant with regulations 74-77 of the PCR and must comply with the general treaty principles including transparency, proportionality,



non-discrimination and equal treatment. Light Touch Regime procurements can be designed by the Authority within the treaty principles and as such need to not follow the full requirements of regulation 34.

7. Appendices and Background Documents

Appendix letter	Title
N/A	

Background documents
None

Audit Trail		
Version	Final	Date: 15 November 2018
Consultation with other officers		
Finance	Yes	Sue Holmes
Legal	Yes	Jonathan Miller
Equality Impact Assessment required?	N/A	N/A