

OVERVIEW AND SCRUTINY MANAGEMENT COMMITTEE
15th MARCH 2006

TRANSPORT CONTRACTS**Purpose of Report**

1. To provide further information as requested at a previous meeting of the Committee.

Background

2. A report on Transport Contracts was considered by Committee at its meeting on 10th November, 2005. This was in response to a request by the Committee for a spot review when it considered the procurement database of all contracts on 19th July. The report was noted, but further information was requested (to the meeting on 15th March, 2006) on:
 - (i) The outcome of the TAS study (this had been referred to in the report);
 - (ii) Progress with the work being undertaken to review eligibility criteria by the Departments for Adult and Community Services and Children and Education in order to improve efficiencies.

Outcome of the TAS study

3. The report to the November meeting of the Committee identified that a major study had been commissioned from transport consultants the TAS Partnership to review the existing arrangements for procurement of client transport, and to examine and recommend possible new procurement strategies based on best practice. Members were interested to know more about the findings of the study once these were available.
4. The consultants' Final Report was received in late February, and has been shared with the two Departments (DACS and DCE) for whom client transport is procured by the Passenger Transport Unit. A copy of the report is available in the **Members' Room**, and the main findings and recommendations are summarised in the following paragraphs.
5. The **purpose** of the review was to investigate the feasibility, benefits and costs of alternative and possibly innovative methods of procuring Special Needs and Social Services transport. The review included an assessment of current procurement practices, benchmarking and good practice comparisons, and consultation with operators and the client Departments.
6. The **main findings** of the review are that:
 - There is scope to improve on the current methods of procuring Special Needs transport, which are based on the assumption that the level of change of transport requirements is so great that only annual contracts are suitable. The report challenges this assumption. Day Centre contracts would also benefit from being brought into a structured programme of long term tendering.

- Changes to the working practices of passenger assistants, so that they are required to make their own way to and from the transport rather than being picked-up, could improve cost effectiveness – although it is recognised that this could be a sensitive issue and may also impact on recruitment and retention.
- It is acknowledged that one-off transport is a difficult type of transport to manage effectively, but it is suggested that ‘call-off’ contracts based on a rate table should be introduced, initially on an experimental basis in one area. Care will be needed to ensure that the size of area chosen balances the availability of sufficient operators with the minimisation of ‘dead mileage’.
- Consultations with DACS and DCE suggested that there are not generally significant problems with the quality or timeliness of transport arranged by PTU. However, there was a desire for better information on costings and performance management.
- Consultations with operators suggested there would be general support for a move towards longer term contracts that would offer more stability; and for more transparency in the way contracts are awarded by moving away from the current system of short term contracts secured through telephone quotes.
- Consideration was given to the introduction of a County Council vehicle fleet to provide a proportion of SEN and Social Services transport. Although it was acknowledged that this could be worthwhile to consider where there is evidence that the market is not working to provide cost-effective transport, the establishment of a fleet would require a significant amount of management effort, the establishment of a new operational unit and would also raise issues about transparency in competition for tenders with the private sector. It is suggested that this option is not pursued at present.

7. The consultants believe that there are significant improvements that the PTU could make to current working methods. They believe that it is more important to address these (through the recommendations listed below) than to spend management time on developing innovative approaches which may or may not yield benefits. The **key recommendations** from the review are that

- (i) There should be a phased introduction of longer term contracts.
- (ii) These contracts should be let by open competitive tender with at least three months between award and starting date.
- (iii) The County Council should consider, after consultation, changes to the working arrangements and terms of employment of passenger assistants so that they make their own way to the pick-up point.
- (iv) The possibility of using parents or carers as passenger assistants should also be explored before allocating a passenger assistant to a contract.
- (v) The PTU should experiment with tenders for a ‘call-off’ contract for short term and ‘one-off’ trips.
- (vi) The County Council should publish all its transport contract tendering results, and also hold an annual briefing session open to all operators on the tender list.

- (vii) Discussions should be held at senior level with DCE and DACS about developing the existing Service Level Agreement in the areas of budget management and forecasting, service standards, management information for clients and key performance indicators for the PTU.
8. The introduction of these recommendations is expected to lead to:
- Better value for money for the Council contributing to the savings and efficiencies that DACS and DCE are required to make in their 2006-07 approved budgets
 - Improved working relationships with the client departments and transport operators, and
 - Better job satisfaction for PTU staff.
9. Although value for money savings are expected to be achieved, the consultants were not able to quantify the extent of these as they would depend on the response of the market to the new arrangements for tendering. They would also need to be phased in over a period of time, and sufficient lead time allowed to plan effective tender specifications, give operators adequate notice and comply with EU procurement regulations. It is therefore unlikely that significant savings would be realised in time to make a major contribution to expenditure reductions in the 2006-07 financial year.
10. DACS and DCE have both indicated their broad agreement to the recommendations. It is now proposed to work with DACS and DCE, and the Corporate Procurement Unit, to begin implementation, and an Action Plan is being developed to co-ordinate this with the plans being developed by the two Departments to address other issues around transport arising from their recovery plans.

Eligibility Criteria

11. Both DCE and DACS have been reviewing their eligibility criteria with a view to ensuring that transport is targeted at those with the greatest need, or a statutory entitlement. The two Departments have provided the following information on the progress with this work, and the current ways in which eligibility is determined.

Special Education Needs Transport (DCE)

12. Transport entitlement for pupils with SENs is provided in line with the statutory walking distances outlined in Section 509 of the Education Act 1996. Therefore, transport is usually provided when:
- the pupil is attending his or her local (designated) school or the school considered by the County Council to be the most appropriate and the walking distance between home and school is at least two miles for pupils under the age of 8 and three miles for pupils aged 8 or over.
13. However, if students continue in education after reaching 16 the County Council will usually provide transport if they attend their nearest appropriate school or designated college and live at least three miles away. Any transport provided for these students will not be automatically free and parents may be expected to make a financial contribution towards the cost. However, DCE is now considering what is sustainable in the longer term.

14. DCE and PTU have put together an Action Plan to identify areas of work where procedures need to be reviewed and monitored more closely. These are currently being worked on with a view to providing more robust guidance and to ensure that transport is targeted at those pupils with a statutory entitlement.

DACS Transport

15. Historically, in line with many local authorities, DACS has allocated transport services to users automatically linked with the provision of care services.
16. However, on 20th January 2006 Cabinet approved a proposal to introduce eligibility criteria for the provision of community care transport services to users of social care services. These criteria are attached for information at **Appendix 1**.
17. Adoption of the criteria is expected to lead to a considerable reduction in expenditure on transport (contributing to the savings and efficiencies identified in the budget for 2006-07) and to provide a transparent policy that will give clarity to the public about what transport assistance can be expected.

Recommendation

18. That the additional information provided in this report be noted.

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The following unpublished documents have been relied on in the preparation of this Report:

None