
REPORT FOR: CABINET

Date of Meeting: 11 April 2019

Subject: Re- Procurement of the Taxi Framework and the re-procurement of the Labour Supply contract for Special Needs Transport services

Key Decision: Yes, as it is significant in terms of its effects on communities living or working in an area of two or more wards of the Borough.

Responsible Officer: Paul Walker, Corporate Director Community

Portfolio Holder: Cllr Varsha Parmar – Portfolio Holder for Environment

Exempt: No

Decision subject to Call-in: Yes

Wards affected: All

Enclosures: None

Section 1 – Summary and Recommendations

This report seeks Cabinet approval to embark on a procurement exercise for the provision of the taxi transport and the labour supply frameworks for service users requiring Special Needs (SN) transport services.

Recommendations:

Cabinet is requested to:

1. Grant approval to procure and select the contractor/(s) for the provision of the Special Needs taxi transport and the labour supply frameworks for the Harrow and Brent shared transport service;
2. Agree that those frameworks should incorporate flexibility to accommodate the London Borough of Ealing who has expressed an interest in joining the Special Needs shared transport services and its associated contracts and framework;
3. Agree and note that as part of the procurement exercise, officers from all relevant Directorates, will also consider alternative ways to deliver the special needs taxi transport service;
4. Delegate authority to the Corporate Director, Community, following consultation with the Corporate Director People, the Portfolio Holder Environment and the Portfolio Holder for Finance and Resources to:
 - finalise the procurement exercises and award the framework contract/s, and/or
 - authorise the implementation of an agreed alternative delivery model for the service.

Reason: (For recommendations)

To ensure the Council fulfils its statutory functions for transporting those with special needs.

Section 2 – Report

- 1.1. The Community Directorate launched its commercialisation programme, Project Phoenix in July 2015. A key aspect of this programme was the exploration of opportunities to share services with other boroughs in a mutually financially beneficial manner. Additionally Cabinet in April 2017, agreed the Directorate's business case for the redevelopment of the Central Depot at Forward Drive and this included proposals for extending and increasing shared services to not only contribute to Medium Term Financial Savings (MTFS) but to also repay the cost of the capital financing.
- 1.2. In April 2016, Cabinet agreed the shared Special Needs (SN) service with Brent Council. That agreement incorporated the following:
 - The authority for Harrow, as the host borough, to procure the shared taxi framework;
 - The Inter Authority Agreement between the two boroughs could be extended for three years on the basis of an extension notice agreed between the parties at least three months before the end of the initial term; and
 - Harrow, as the host borough, to enter a contract with the then Brent labour supply contractor for three years until July 2019.
- 1.3. The agreements mentioned above were entered into in August 2016. With the Brent shared service running until July 2022 and discussions underway with the London Borough of Ealing who have expressed an interest in joining the shared service during the period of 2019/20, it is now necessary to undertake the required procurements of the SN taxi transport and labour supply frameworks to meet the on-going and potentially increasing needs of the service.
- 1.4. Although the current taxi framework has the scope to run for 5 more years there are some operational issues that make it necessary to re-procure in time the September 2019 school term. The key reasons are:
 - The current framework supported savings in taxi costs in the first two years. Harrow's taxi costs were reduced from £2.25m in 2015/16 to £1.89m in 2016/17 and £1.7m in 2017/18 even though number of passengers did not decrease. However, towards the end of year three, there are only 3 major companies out of the 12 on the framework that are consistently bidding for routes and this has led to an increase in price on some routes with Harrow's costs projected to be upwards of £2m for 18/19.
 - The smaller companies on the framework, although lower in prices, have not developed sufficiently to ensure the quality of service delivery that is required;

- Some companies on the framework have had financial difficulties and one that was widely used in the service has gone into liquidation;
- The current framework did not incorporate or make provision for the incorporation of additional local authorities joining the service.

1.5. The current labour supply contract ends on 31st July 2019 and although there is a provision to extend for 2 years, it is necessary to undertake a procurement exercise, not only for similar reasons as those set out above, but also because Harrow has never done a separate procurement of these services.

1.6. As with all statutory services, there is a need to reduce costs. Although the Transport Team in the Community Directorate, does not determine the eligibility for transport, it does have a responsibility to provide that transport in the most cost effective, efficient and safe manner. These procurement exercises are being planned to meet those objectives.

3 Options considered

2.3 The following options were considered:

2.3.1 Taxi Framework:

- Maintain the status quo – this option was discounted as it does not deliver the financial savings required and it does not have the flexibility to accommodate an additional local authority seeking to join the service;
- Deliver the service in-house - although there may be some in-house provision as already exists this option can only be supplementary to an external framework option;
- Procure another framework – this is the recommended option but with options for including another local authority into the arrangement. This option would also require mechanisms to better develop the market of smaller participants in a sustainable manner. Given the geographical spread of the services for at least 3 boroughs there is a need to widen the participating base of providers;
- Dynamic Purchasing– This option has been discounted as it is resource intensive as it requires tendering each route on a regular basis.

2.3.2 Labour supply framework:

- Maintain the status quo – this option was discounted as it would not enable best value and removes the option to have a framework in place
- Provide in house- this option has been discounted as it is cost-prohibitive
- Gain labour via other agencies- this is discounted as the service that is procured incorporates a managed service where the labour

supply contractor is responsible for the training of those drivers and passenger assistants.

- Procure a framework or a contract- this is the preferred option.

Risk Management Implications

The risk associated with this procurement is mainly financial and relates to the Council being unable to find suitable affordable proposals. This risk will be managed in the procurement process via an evaluation mechanism that sets an affordability target and /or cap with figures benchmarked to current costs. It is expected that the value of the contracts should deliver economies of scale. This will need to be balanced with the number of contractors on the framework to give some assurance as to possible quantity of work.

Risk included on Directorate risk register? No

Separate risk register in place? Yes

N/A

Procurement Implications

The procurement exercises will follow OJEU guidelines for an open tender process. The Invitation to tender will set out the high level evaluation criteria with a price weighting of 40% and a quality rating of 60% and make clear the affordability benchmarks that bidders need to target or meet. The contracts will be for 4.years. Prior to the issuing of tender documentation , the Community Directorate will , with the support of the Procurement and Contracts team, hold its usual supplier engagement sessions and use key outcomes to shape its tender documentation.

Legal Implications

The procurement process will be conducted in accordance with the Public Contract Regulations 2015 (the “Regulations”) (“PCRs”) and the Council’s Contract Procedure Rules (CPRs).

The tendering process must comply with the EU Procurement principles of equal treatment, transparency, mutual recognition and proportionality. As the total value of the contract will exceed the procurement threshold for services

and it will be necessary to advertise the contract in the Official Journal of the European Union using a restricted process in accordance with the Council's Contract Procedure Rules.

The Transfer of Undertakings (Protection of Employment) Regulations 2006" as amended by the "Collective Redundancies and Transfer of Undertakings (Protection of Employment) (Amendment) Regulations 2014" (TUPE) is likely to apply and officers will be required to give due consideration to the implications of the transfer of staff during the tender process.

Financial Implications

The SN taxi transport framework will range in value from circa £6 million pa. to £9.3m p.a to allow for a third participating authority. The OJEU notice will be drafted to include the higher value. The Labour contract will be £3.5m p.a. These figures reflect actual costs across shared service plus additional funds to cover any other participating borough. Any savings generated from the taxi framework procurement will accrue to Harrow's People's Directorate and to Brent Council as they will be part of the recharges for operational service delivery costs. The same principle will apply for any other participating council. As part of the business case there was a saving to Community Directorate that relates to the rent and management fee from Brent (£251k in total) which has been fully achieved in 2017/18 and aids in the achievement of the overall saving target of £2.160m MTFs over the three year period for commercialisation projects under Project Phoenix within the Community Directorate.

Equalities implications / Public Sector Equality Duty

There are no equalities Implication to this decision.

Council Priorities

The Council's vision:

Working Together to Make a Difference for Harrow

The proposals meets the Council's priorities and the Harrow Ambition Plan in terms of being more businesslike as it seeks to provide all possible options to ensure maximizing the financial benefits from the procurement. The procurement also supports the continuation and expansion of shared service arrangements.

Section 3 - Statutory Officer Clearance

Name: Dawn Calvert Chief Financial Officer

Date: 2 April 2019

Name: Sarah Inverary on behalf of the
Monitoring Officer

Date 25 February 2019

Section 3 - Procurement Officer Clearance

Name: Nimesh Mehta Head of Procurement

Date: 25th February 2019

Name: Paul Walker Corporate Director,
Community

Date: 3 April 2019

Ward Councillors notified: NO, as it impacts on all
Wards

EqIA carried out: No

Section 4 - Contact Details and Background Papers

Contact: Venetia Reid-Baptiste- Divisional Director-
Commissioning and Commercial Services.
Phone: Ext 2492 Email- venetia.reid-baptiste@harrow.gov.uk

Background Papers: None

**Call-In Waived by the
Chair of Overview and
Scrutiny Committee**

NO