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**REPORT FOR: CABINET**

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<b>Date of Meeting:</b>	18 June 2020
<b>Subject:</b>	Special Needs Transport (SNT) Taxi Framework
<b>Key Decision:</b>	Yes
<b>Responsible Officer:</b>	Paul Walker, Corporate Director - Community
<b>Portfolio Holder:</b>	Cllr Varsha Parmar – Portfolio Holder for Environment
<b>Exempt:</b>	No
<b>Decision subject to Call-in:</b>	Yes
<b>Wards affected:</b>	All
<b>Enclosures:</b>	None

**Section 1 – Summary and Recommendations**

This report seeks Cabinet approval to extend the provision of the labour supply contract for the delivery of transport services to users requiring Special Needs Transport (SNT) service. The extension required is required for up to an additional year to provide adequate time to complete the procurement of the new contract originally intended for award this summer but has been delayed due to the Covid 19 pandemic. Secondly, this report seeks approval to increase the contract spend on taxi contractors for SNT passengers under the current Taxi Framework.

**Recommendations:**

Cabinet is requested to:

1. Approve the extension and variation of the current contract with Drake International Limited for SNT managed labour supply for up to one year to 31<sup>st</sup> July 2021.
2. Approve the increase in contract value for Drake International Limited up to an additional £4.5m for the service to continue during the extension period.
3. Approve the increase in contract value for the Taxi Framework contracts by an additional £10m to allow for the increased demand on the service.

**Reason: (For recommendations)**

To ensure the Council fulfils its statutory functions for transporting those with special needs and procure the best possible contractor to deliver this critical service whilst continuing to use the incumbent contractors to address the increased demand.

## **Section 2 – Report**

### **Introductory paragraph**

- 1.1. In order to comply with their home to school transport duties as set out in the Education Act 1996, local authorities must make transport arrangements for all eligible children as they consider necessary to facilitate attendance at school. Eligibility falls under two categories for children of compulsory school age (5-16):

#### Statutory walking distances eligibility

Provide free transport for all pupils of compulsory school age (5-16) if their nearest suitable school is:

- beyond 2 miles (if below the age of 8); or
- beyond 3 miles (if aged between 8 and 16)

#### Special educational needs, a disability or mobility problems eligibility

- make transport arrangements for all children who cannot reasonably be expected to walk to school because of their mobility problems or because of associated health and safety issues related to their special educational needs (SEN) or disability.

- 1.2. A procurement exercise firstly for a new labour supply contract for the delivery of SNT services and secondly for a Taxi provision contract will

begin this summer to ensure we have competitively procured providers for both services for 2021/22. This work will be done jointly with the People Services Directorate as the commissioners.

- 1.3. It is the intention of officers to only extend the contract with Drake until the end of the calendar year. In the event that the procurement process is not successful it will still leave the council with time to find a solution before the end of the one year period.
- 1.4. To that end procurement of this service will begin immediately with a view to having a new contract in place for no later than the 01<sup>st</sup> January.
- 1.5. Due to the COVID-19 Pandemic, it is in the best interest of the Council to continue with our current arrangement with Drake ensuring the continuity of this critical service is secure until we complete the procurement. It is for this reason we have requested approval for the whole year of the extension should we need to utilise it because of the pandemic or should the procurement take longer than expected.
- 1.6. The contract with Drake is for the provision of managed labour for the SNT service and was for an initial period of 3 years with the option to extend by up to a further 2 years in periods of 1 year. The initial 3 year term ended on 31<sup>st</sup> July 2019.
- 1.7. In April 2019 Cabinet approved the recommendation to go out to tender. However, in September 2019, Cabinet approved a one year extension and an increase in contract value for Drake International Limited to allow for the completion of a LEAN review of SNT thus giving time for the outputs of the LEAN review to be incorporated into the procurement process if necessary. This approval permitted the Council to exercise year one of the permitted two year extension term to 31<sup>st</sup> July 2020.
- 1.8. Due to the ongoing pandemic, the potential impact of the government changes to TfL travel funding and its impact on SNT services as well as the uncertainty of the fluctuating market, this report is now requesting the approval of the second and final year of extension available under the original terms of this contract. This will cover the period August 2020 to 31 July 2021. This proposed maximum of up to one year extension of the contract will require the contract value to be increased by £4.5m. This is estimated based on the 2019/20 total spend (for both Harrow and Brent Councils) which was £3.9m. This spend will increase during the proposed extension period for the reasons set out below:
  - National Living wage increased from April 2020 which affects all passenger assistants.
  - Drivers pay rate increased in quarter 4 of 2019/20, which will have a full year impact in 2020/21. This was agreed to help with recruitment and retention of drivers with a D1 licence.
  - An allowance for demand growth in 2020/21 academic year based on previous years trends.
- 1.9. The taxi contract was let as a framework in 2016 and is due to expire at the end of August 2021. The taxi usage has increased over time as the number of clients with complex medical and behavioural needs that

cannot be placed with other clients has gone up. Also, more clients are being referred to out of borough schools where transporting them on a bus is not justifiable or not the most cost efficient method of transport.

- 1.10. There is a remaining contract value of around £250k only, it is necessary to increase the contract value in order to continue service provision. It is proposed that the contract value is increased by £10m to cover the remaining period from April 2020 to August 2021 which includes outstanding invoices.
- 1.11. The Council provides transport for eligible 16-19 year olds (who have started a course before their 19th birthday) as well as young people with an Education, Health and Care (EHC) plan up to age 25 years where they are continuing on a course started before their 19th birthday. A smaller number of adults attending social care centres and Neighbourhood Resource Centres (NRCs) are also transported by the Council.
- 1.12. Applications for transport are received by the Peoples Directorate and assessed for eligibility. Once approved, eligible clients are referred to the Special Needs Transport (SNT) Team in the Community Directorate to undertake risk assessments and arrange transport.
- 1.13. Harrow Council runs the SNT service for both Harrow and Brent Council under an inter-authority agreement. Brent is invoiced on a quarterly basis for their share of the costs and a management fee and space rental fee is added to the invoice. In addition, both Harrow and Brent financially benefit from the opportunity to share vehicles and crews on appropriate routes.
- 1.14. The SNT service utilises a fleet of 163 minibuses operating from Central Depot to transport around 1250 service users from Harrow and Brent. Drivers and passenger assistants for the minibuses include part time permanent staff (approx. 89) together with managed staff provided by Drake International Ltd (approx. 300).
- 1.15. Service users that have more complex medical or behavioural needs normally cannot travel with other service users and hence the Council utilises a framework of taxi contractors typically with smaller vehicles. Taxis are also used for those clients who need to be transported to schools outside of the borough or where there is only one or two clients going to a particular school making it inefficient to use a large minibus. Taxi contractors transport around 700 service users across Harrow and Brent.

## **Options considered**

The options considered were to:

- a. Utilise the current Taxi Framework contracts less by considering procuring additional buses but it may not be cheaper and there is additional parking space requirements and future maintenance works to consider.

- b. Go out to tender using the current service specification.
- c. Extend the current managed service for the Managed Labour contract with Drakes International so that service delivery continues, while we make some internal changes and recruit if necessary to increase efficiencies and then retender the service during this extension period.

Option c is recommended as it will enable the Council to redefine a more efficient service specification which utilises new technology and processes to meet the needs of ever increasing service users. It will also permit commissioners to undertake a holistic review of how we deliver transport services to identify the best and most operationally and economically viable future model of delivery of both the SNT managed service and future requirements for taxi services.

### **Ward Councillors' comments**

This is not applicable as the matter concerns all wards.

### **Risk Management Implications**

The risk associated with this extension arises if the incumbent contractor fails to deliver the labour supply required for the service during the extension period. This is currently being managed through a combination of in-house and agency staff.

Risk included on Directorate risk register? No

Separate risk register in place? Yes

N/A
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### **Procurement Implications**

<p>The one year extension that has been requested for the Managed Labour Service is permissible under the terms of the contract with Drakes. It is the intention of officers in the first instance to extend the contract only up to the end of December 2020.</p>
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<p>A procurement process will begin immediately to meet the timetable for having a new contract in place by January 2021.</p>
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<p>We have requested approval for a full year extension to accommodate any potential delays as a result of the Covid-19 pandemic or as a result of any potential delay to the procurement process.</p>
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## Legal Implications

The Managed Labour contract between Harrow Council and Drake International Limited dated 18 August 2016 provides for a two year extension until 31 July 2021 and so there are no contractual implications arising from continuing with the Contract Period for another year.

Likewise the Taxi Framework provides for a 5-year initial period with the scope to extend by a further 2 years.

There are no implications arising in relation to the Public Contract Regulations 2015.

## Financial Implications

The Labour Supply contract was set up when the shared SNT service with Brent Council commenced in 2016. It is primarily used for the delivery of SNT service for Brent Council as they do not have any drivers or passenger assistants employed in-house. Harrow Council makes use of the contract if additional staff are required.

The usage of the contract by Brent and Harrow is approximately 85% and 15% respectively. The actual expenditure over the last 3 years is summarised below. Should the contract be extended for a maximum of one further year, the projected cost for 2020/21 can be up to £4.5m after allowing for demand growth and contract inflationary increases.

	<b>2017/18 Actual Expenditure</b>	<b>2018/19 Actual Expenditure</b>	<b>2019/20 Actual Expenditure</b>
Brent	£2,650,269	£2,897,535	£3,245,035
Harrow	£455,841	£546,174	£629,345
<b>Total</b>	<b>£3,106,110</b>	<b>£3,443,709</b>	<b>£3,874,380</b>

This report also proposes to increase the value of the Taxi Framework contracts by £10m. The actual expenditure on taxis for transporting SNT clients in 2019/20 is £2.5m and £5.4m for Harrow and Brent respectively.

As part of the shared SNT service agreement with Brent Council, any costs incurred on their behalf for the delivery of SNT services are fully recovered by way of quarterly invoices. This will include the costs incurred for the labour supply contract and taxis.

The majority of the Harrow spend is within the People Services directorate which had a combined spend of £6.078m in 2019-20. There are significant pressures on the SNT budget and through the MTFs, growth was added to the budget in 2020-21 of £789k however this will still prove challenging. There is an internal SNT Project Board which will review the overall commissioning

and provision of Special Needs Transport to ensure that the service is operating in the most efficient and cost effective manner whilst meeting the needs of vulnerable Adults and Children.

## Equalities implications / Public Sector Equality Duty

An EQIA was completed for the Special Needs Transport award in 2016 there were no adverse equality implications arising from the EQIA. The extension of the Managed Labour contract for 12 months will not change the delivery of service and have no adverse equality impacts.

## Council Priorities

### 1. Addressing health and social care inequality

The extension and increased funding of the Managed Labour contract and Taxi Frameworks will enable the SNT service to continue to support vulnerable residents in the provision of a necessary transport service without a gap in provision.

### 2. Thriving economy

The extension and increased funding of the Managed Labour contract and Taxi Frameworks will enable the continuation of a vital public service without a gap in provision. Failure to continue to provide a continuous service during a tender process would damage a public service. The SNT service provides employment for residents and develops the skills base of its employees.

## Section 3 - Statutory Officer Clearance

Name: Jessie Mann	<input checked="" type="checkbox"/>	on behalf of the * Chief Financial Officer
Date: 28/05/20		
Name: Sarah Inverary	<input checked="" type="checkbox"/>	on behalf of the * Monitoring Officer
Date: 28/05/20		

Name: Nimesh Mehta	<input checked="" type="checkbox"/>	Head of Procurement
Date: 28/05/20		

Name: Paul Walker

Corporate Director

Date: 01/06/20

**Ward Councillors notified:**

NO, as it impacts on all  
Wards

**EqIA carried out:**

YES

**EqIA cleared by:**

## **Section 4 - Contact Details and Background Papers**

**Contact:**

Paul Walker, Corporate Director, Community

Phone: Ext 8658 Email: paul.walker@harrow.gov.uk

**Background Papers:**

Cabinet Reports: [April 2019](#) & [September 2019](#)

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

NO