

**REPORT TO:** Cabinet

**DATE:** 8<sup>th</sup> July 2010

**SUBJECT:** Bus / Taxi Framework Agreements - Update

**WARDS AFFECTED:** All

**REPORT OF:** J G Black  
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**EXEMPT/  
CONFIDENTIAL:** No

**PURPOSE/SUMMARY:**

Members considered an original report on 10<sup>th</sup> June 2010 seeking to obtain approval to extend the current Bus Route framework agreement for an additional 12 months. Further information was requested by Members before a decision was made. This report provides the additional information and seeks to obtain approval to extend the current Bus Route framework for an additional 12 months.

**REASON WHY DECISION REQUIRED:**

To provide an ongoing contractual agreement for the transportation of vulnerable residents by external bus companies until 31<sup>st</sup> August 2011, at which time a new framework agreement for a combined bus and taxi contract can be tendered.

**RECOMMENDATION(S):**

That Cabinet:

1. Note the progress made towards route optimisation for both bus and taxi routes in Sefton, and the timetable for combining both Bus and Taxi contracts with effect from September 2011.
2. Agree to the extension of the current Bus Route framework agreement for a period of 12 months with effect from 1<sup>st</sup> September 2011.
3. Agree to a formal tendering procedure being undertaken to procure a new combined Bus and Taxi contract to operate from 1<sup>st</sup> September 2011.

**KEY DECISION:** No

**FORWARD PLAN:** No

**IMPLEMENTATION DATE:** Following the expiry of the "call in" period for the minutes of this meeting.

**ALTERNATIVE OPTIONS:** None – undertaking a formal re-tendering process would not, at this time, allow for any savings arising from the forthcoming 'route optimisation' software purchase to be incorporated within the process. In addition, the re-tendering exercise could take up to 6 months to undertake, during which time transport is still required on a daily basis.

**IMPLICATIONS:**

**Budget/Policy Framework:** None

**Financial:**

<b><u>CAPITAL EXPENDITURE</u></b>	<b>2007/ 2008 £</b>	<b>2008/ 2009 £</b>	<b>2009/ 2010 £</b>	<b>2010/ 2011 £</b>
Gross Increase in Capital Expenditure				
Funded by:				
Sefton Capital Resources				
Specific Capital Resources				
<b><u>REVENUE IMPLICATIONS</u></b>				
Gross Increase in Revenue Expenditure				
Funded by:				
Sefton funded Resources				
Funded from External Resources				
Does the External Funding have an expiry date? Y/N	When?			
How will the service be funded post expiry?				

**Legal:** An extension period of up to 24 months is allowed for within the existing Bus Route framework agreement.

**Risk Assessment:** Not applicable.

**Asset Management:** Not Applicable.

**CONSULTATION UNDERTAKEN/VIEWS**

Central Purchasing

FD407 - The interim Head of Corporate Finance & Information Services was consulted and has no comments about the Bus / Taxi Framework Agreements Report.

**CORPORATE OBJECTIVE MONITORING:**

<b><u>Corporate Objective</u></b>		<b><u>Positive Impact</u></b>	<b><u>Neutral Impact</u></b>	<b><u>Negative Impact</u></b>
1	Creating a Learning Community		√	
2	Creating Safe Communities		√	
3	Jobs and Prosperity	√		
4	Improving Health and Well-Being	√		
5	Environmental Sustainability	√		
6	Creating Inclusive Communities	√		
7	Improving the Quality of Council Services and Strengthening local Democracy	√		
8	Children and Young People	√		

**LIST OF BACKGROUND PAPERS RELIED UPON IN THE PREPARATION OF THIS REPORT**

N/A

## Background

1. In 2003 the Government produced a series of Best Value guidelines for specialist transport services. In response to this, it was proposed that a Specialist Transport Unit be created in Sefton to co-ordinate and commission all transport services for Health & Social Care and Childrens Services.
2. In April 2005 the Specialist Transport Unit was created from the existing Health & Social Care Transport Operation and a Head of Service was appointed to develop the operation and maximise its usage. The initial functions of the Unit included the incorporation of Childrens Services SEN operations, changes to day-care times to facilitate improved vehicle utilisation, the development and introduction of contracts with the Taxi and Private Hire companies and Bus companies.
3. To maximise the usage of both vehicles and staff, additional activities and partnership opportunities were also considered, including links with the Ambulance Service, PCT transport requirements and 'Dial a Ride'. However, the demand profile at that time provided limited opportunities to further develop the services offered by the Specialist Transport Unit.
4. In April 2006 the Head of Service left his post, followed by the then Deputy Head of Service in August 2006. Management of the Specialist Transport Unit was transferred to the Assistant Finance Director and two Principal Managers were appointed, responsible for Operations and Policy respectively.
5. In April 2009 it was recommended that an Officer with specialist knowledge of transport operations be appointed. The current Head of Service was appointed in September 2009 on a fixed term twelve month contract with a remit to develop and update a range of transport policies and services, and develop Service Level Agreements with commissioning Departments and partners.
6. The Specialist Transport Unit was required to provide safe, appropriate and cost effective transport services for the Childrens Services and Health & Social Care Departments. It was therefore necessary to develop and amend the service provision to reflect the changing needs of users whilst ensuring that all statutory services were delivered at the minimum cost.
7. Statistical data compiled over the three year period prior to the appointment of the new Head of Service showed that the number of service users had remained relatively stable. However, by applying industry-standard usage formulae it can be seen that the transport requirements of the cross section of users has increased by 8%. For this reason, whilst the numbers of users has remained steady, transport costs have risen due to the type of transport required by those users.
8. The following table shows the total number of service users in September from 2007 to 2009:

	SEN	SS	Post 16	Other	TOTAL
Sept 2007	638	838	65	43	1584
Sept 2008	657	896	12	56	1621
Sept 2009	643	890	48	37	1618

9. The following table shows the breakdown of these service users using 'Equivalent Travel Units'. These units have been calculated to give a true picture of relative activity levels and usage. For the purposes of these unit calculations, one wheelchair user is equivalent to four non-wheelchair users, and one taxi / private hire user is equivalent to between three and five non-wheelchair users. Transport activity does vary on a daily basis, but in general terms, there were some 300 routes per day, and activity had increased by over 8% between September 2008 and September 2009.

	Non-Wheelchair Users	Wheelchair users	Taxi & Private Hire usage	Total	Equivalent Travel Unit Total
Sept 2008	1251	212	158	1621	2731
Sept 2009	1175	247	196	1618	2947

## Resources

10. In 2009/10 the Specialist Transport Unit had 32 vehicles of varying sizes and ages. These covered 26 routes on a daily basis, utilising 45 drivers and 220 passenger assistants.
11. The Unit also subcontracted 86 buses and between 150 and 190 taxi and Private Hire vehicles due to changing requirements of users. In addition, the sub contractors also supplied some 40 passenger assistants.

## Database/Management System

12. The original system used to operate the Specialist Transport Unit's services, in terms of data capture, was called 'Logical Transport'. Between 2005 and 2007 efforts were made to customise this system to enable information to be shared accordingly as required between agencies. It became apparent by the summer of 2007 that this system would be unable to provide the complex and over-arching information required, upon which decisions could be made as to how best meet the needs of all users.
13. In August 2007 an in-house Microsoft Access database was created to store the necessary information and in Summer 2008 a decision was taken to purchase a bespoke and specialist transport management system. This would not only provide the necessary management information, but would also be able to develop route optimisation procedures to enable transport costs to be kept to a minimum.
14. By September 2009, when the new Head of Service commenced, detailed research had been undertaken with both a wide range of specialist suppliers and other specialist transport providers. Tenders were evaluated from September 2009 to January 2010, and it was agreed by Cabinet in March 2010 to purchase a new transport management system known as Cleric.
15. A restructure of the Specialist Transport Unit is currently being undertaken to ensure that all staffing resources are compatible with the new system and will allow it to be utilised to its full capacity. In essence, there will be a clear distinction between service operations and policy/programming. This will allow management to make

best use of all available resources within the Specialist Transport Unit. It will also provide a saving against current staffing costs.

## **Bus Contracts**

16. The current Bus Route framework agreement was set up in 2005 and is scheduled to end on August 31<sup>st</sup> 2010, however, there is a facility within the contract to extend for a period up to two years.
17. The new transport IT system currently being purchased will be able to produce the most efficient routing, to allow considerable savings to be made, via a 'route optimisation' module. The system is expected to be installed during July 2010, with data population also commencing at this time. In house training is commencing with the chosen suppliers on 9<sup>th</sup> July 2010.
18. However, the route optimisation process will not be completed in time to undertake a formal OJEU process for the procurement of a new Bus Framework agreement in time for the 31<sup>st</sup> August 2010 deadline.
19. However, it should also be noted that the current Taxi Framework Contract expires on 31<sup>st</sup> August 2011. Since both the original Bus and Taxi contracts were awarded there has been significant changes in the transport suppliers market. New 'multi purpose' vehicles have been brought onto the market, and transport companies have invested heavily to be in a position to provide vehicles which cater for single or small user groups, up to larger coach-type vehicles. There is no longer a specific need to split bus and taxi travel contracts as transport companies will now be able to tender for a single combined contract.
20. By extending the existing Bus Framework agreement to coincide with the end of the existing Taxi Framework agreement, an opportunity exists to merge both agreements and tender for one single comprehensive specialist transport agreement.
21. After extensive consultation with the new IT system suppliers, and following the service restructure to meet the requirements of the system, it is envisaged that the first phase of service rationalisation of the current routing of both in-house and external provision will be carried out during November 2010, after which time it will be possible to reduce the numbers of vehicles being used, and thereby reduce costs.
22. By January 2011 it is envisaged that the optimal routing model will have been developed, allowing a comprehensive OJEU tendering process to be undertaken for a combined Bus / Taxi Framework agreement in time for implementation on September 1<sup>st</sup> 2011.
23. The external expenditure on buses in 2009/10 was £2.07million. The external expenditure on Taxi / Private Hire increased from £919k to £974k between September 2008 and September 2009, an increase of £55k or 6%. However, during this period the number of routes increased from 158 to 196, a growth of some 24%. Having consulted with a range of existing IT system users, and undertaken initial mapping and scoping exercises, it is predicted that savings of some 15 – 25% could and should be achievable in Sefton across both service areas.

## **Additional Information requested by Cabinet – 10/06/10**

24. 'The reasons for the delay in the procurement of a new combined Bus and Taxi Route Contract' – A new four year taxi agreement was implemented with effect from

1<sup>st</sup> September 2009. This agreement has a two year 'break clause' allowing the contract to be re-evaluated or re-tendered with effect from 31<sup>st</sup> August 2011. The Bus Framework expires on 31<sup>st</sup> August 2010, with the possibility to extend for up to two years. Therefore, the first available opportunity to combine the two Framework agreements into a single contract is with effect from 1<sup>st</sup> September 2011.

25. 'The possibility of reducing the period of time for the proposed extension of the current Bus Route Framework Agreement' – It will take some months after the implementation of the new IT software package to develop the necessary route optimisation processes. It will also take a number of months after this process is developed to undertake a full OJEU tender process. In addition, the current Taxi Framework only allows for a break in the contract at 31<sup>st</sup> August 2011. It is therefore proposed that 1<sup>st</sup> September 2011 does indeed provide the only opportunity to merge both contracts, and therefore the current Bus Framework agreement will need to be extended to this point.
26. 'The possibility of renegotiating the terms of the extended agreement' – The original Bus Framework agreement, and the costs associated with it, were set up in 2005, using 2005 rates of pay and costs. There was no annual or periodic review built into the contract. As a consequence the vast majority of routes are still operating at the same 2005 rates. Any renegotiation of the current rates with the current supplier would have to take into account changes in labour and fuel rates in the last five years, plus the cost of capital employed and vehicle depreciation rates based on a 12 month tariff rather than a longer contract. It is therefore economically advantageous to retain the existing contract terms whilst extending the current contract for the appropriate period.
27. It should also be noted that the management of the Specialist Transport Unit has recently been transferred to the new Operational Services Department. With the appointment of a senior management structure within the Department, and a clear and concise focus on a number of operational and front line services operated by the Council, it is expected that the Specialist Transport Unit will benefit greatly from it's new location. Plans are underway to transfer the management teams to a central depot location where the Unit will further benefit from strong and focussed management and supervision.

#### **Recommendations:**

1. Members note the progress made towards route optimisation for both bus and taxi routes in Sefton, and the timetable for combining both Bus and Taxi contracts with effect from September 2011.
2. Members agree to the extension of the current Bus Route framework agreement for a period of 12 months with effect from 1<sup>st</sup> September 2011.
3. Members agree to a formal tendering procedure being undertaken to procure a new combined Bus and Taxi contract to operate from 1<sup>st</sup> September 2011.