

EXECUTIVE BOARD – 22 MAY 2018

Subject:	Passenger Transport Taxi Tender – Key Decision	
Corporate Director(s)/Director(s):	Andy Vaughan, Corporate Director of Commercial and Operations Dave Halstead, Director of Neighbourhood Services	
Portfolio Holder(s):	Councillor Sam Webster, Portfolio Holder for Adult Social Care and Health	
Report author and contact details:	Norman England, Commercial Operations Manager – Transport 07852 534730	
Subject to call-in:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Key Decision:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Criteria for Key Decision:		
(a)	<input checked="" type="checkbox"/> Expenditure <input type="checkbox"/> Income <input type="checkbox"/> Savings of £1,000,000 or more taking account of the overall impact of the decision	
and/or		
(b)	Significant impact on communities living or working in two or more wards in the City <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Type of expenditure:	<input checked="" type="checkbox"/> Revenue <input type="checkbox"/> Capital	
Total value of the decision:	Up to £2.5m per annum (four year tender so total over period up to £10m)	
Wards affected:	All	
Date of consultation with Portfolio Holder(s):	27/4/18	
Relevant Council Plan Key Theme:		
Strategic Regeneration and Development	<input type="checkbox"/>	
Schools	<input type="checkbox"/>	
Planning and Housing	<input type="checkbox"/>	
Community Services	<input type="checkbox"/>	
Energy, Sustainability and Customer	<input type="checkbox"/>	
Jobs, Growth and Transport	<input checked="" type="checkbox"/>	
Adults, Health and Community Sector	<input checked="" type="checkbox"/>	
Children, Early Intervention and Early Years	<input checked="" type="checkbox"/>	
Leisure and Culture	<input type="checkbox"/>	
Resources and Neighbourhood Regeneration	<input type="checkbox"/>	
Summary of issues (including benefits to citizens/service users):		
NCC currently spends up to £2.5m per annum on transport provided by external contractors. This is currently procured via spot contracts since the expiration of the previous contractual framework agreement.		
Due to the total spend on taxis exceeding the OJEU threshold, a new procurement process is required.		
In order to obtain best value, procurement have recommended the creation of a Dynamic Purchasing System for this requirement. Full details on the procurement strategy can be found in Enclosure 1 – Procurement Strategy		
Exempt information: State 'None' or complete the following		
None		

Recommendation(s):

1. Authorise the Procurement Process to tender for a Dynamic Purchasing System (DPS) for up to 4 years to enable Nottingham City Council (NCC) to go to the market place for transport.
2. Approve spend for transport via this DPS of up to £2.5m per annum, £10m for the life of the DPS. The DPS may be advertised at a higher spend level for the possible inclusion of other parties but authority is only required for NCC spend.
3. Approve the delegated power to:
 - (a) Corporate Director of Commercial and Operations / Corporate Director for Children and Adults to award the DPS to contractors;
 - (b) Operations Manager- Transport to award individual Transport contracts under the DPS during the contract term.

1 REASONS FOR RECOMMENDATIONS

- 1.1 To procure a Dynamic Purchasing System to meet the needs of NCC's transport requirement with external providers.

2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

Passenger transport Services provides transport for the citizens in Nottingham and the staff of Nottingham City Council. The majority of the transport provided is to Special Educational Needs children to travel to school and vulnerable adults to various internal and external day services.

In 2012 the internal transport service was restructured to become more effective and efficient. The SEN service and Adults transport service was merged to better use the vehicles – an SEN run immediately followed by an Adult run. Prior to 2012 external contractors completed all SEN transport but now 44% is completed in house and the service has grown from 40 staff and 30 vehicles to 120 staff and 60 vehicles.

However, there is still a need to use external contractors for three reasons:

- Firstly, on certain smaller journeys with no special requirements it is more cost effective to go to the market place.
- The second reason is due to internal capacity and the lack of flexibility to expand quickly enough to the changing demand whilst keeping the service lean and cost effective.
- Lastly, it is due to the temporary nature of some journeys.

The current SEN budget spend on transport is £2.6m of which internal transport accounts for £1.1m. Adults spend £1.23m on a block contract for internal transport and currently spends £0.778m pa on regular external contractors (taxi companies). Enclosure 2, shows spend for the last three years in the main areas of transport.

Adults service currently has a 'Big Ticket' MFTP commitment to reduce its costs by £0.750m 18/19. Part of this project is to review the procurement strategy and go to the market place for its transport via a Dynamic Purchasing

System (DPS). Suppliers will apply to be part of a 'framework' and then bid for individual blocks of transport on various time lengths (1-4 years). Appendix 2 details the procurement strategy for awarding transport contracts. Appendix 3 is the project presentation Adults Services Transport Project.

The main part of the £0.750m is the implementation of a new Adult Transport Policy on 1/4/18. This could see up to 53% of citizens on internal transport having it withdrawn as they are already receiving benefits for mobility. Also up to 47% of citizens on externally arranged transport could also see their transport withdrawn with the remainder being transferred to fill the spare capacity in the internal fleet that will be created by the reduction of passengers. This process will not remove the need to retain external provision for transport but it is expected to significantly reduce the demand.

Passenger Transport Services under Commercial and Operations is always exploring ways to increase income and partnership options with other authorities and government departments so will ensure the DPS is available to allow collaborative work going forward with external partners to look at the options for further cross savings and efficiencies to support this essential frontline service to some of the city's most vulnerable children and adults.

3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

- 3.1 Please see Enclosure 1, which details the Procurement Strategy

4 FINANCE COLLEAGUE COMMENTS (INCLUDING IMPLICATIONS AND VALUE FOR MONEY/VAT)

- 4.1 Nottingham City Council annually spends in the region of £2.5m on external taxi provision. This is currently spent via spot contracts since the expiration of the previous contractual framework agreement. In order to achieve greater value for money it is proposed to go out to tender and to create a Dynamic Purchasing System which will enable greater flexibility and efficiencies.
- 4.2 In order to achieve the 18/19 MTFP savings, efficiencies need to be created within Transport. It is expected (and needed) that this procurement process will deliver savings compared to the current level of spend.
- 4.2 All contracts awarded and processes will need to be in line with Financial Regulations and VAT will need to be treated in accordance with HMRC guidance.

**Advice provided by Phil Gretton, Senior Commercial Business Partner –
1st Mat 2018**

5 LEGAL AND PROCUREMENT COLLEAGUE COMMENTS (INCLUDING RISK MANAGEMENT ISSUES, AND LEGAL, CRIME AND DISORDER ACT AND PROCUREMENT IMPLICATIONS)

- 5.1 The report author has already engaged with procurement to ensure compliance with the Council's financial regulations and contract procedure rules. A tender for a Dynamic Purchasing System (DPS) will be conducted in order to secure best value for the Council and the citizens it represents. Full

details can be found in Appendix 1 – Procurement Strategy. On this basis, there are no procurement concerns with the approach.

Advice provided by Rosalie Parkin, Category Manager on 30th April 2018

Legal Observations

5.2 The previous contract for transport services has expired and services are currently procured using one-off spot contracts. The Council is required to re-tender the services to continue its commitment of supporting children with Special Education Needs and vulnerable adults to access the community in accordance with the Public Contracts Regulations.

The report seeks approval to undertake a tender process to establish a contract for the services going forward.

The contract is proposed for an initial term of 3 years with an option to extend for a further year at the Council's sole discretion, which is hoped will allow the Council to manage the contract efficiently, ensuring value for money. The procurement of a DPS will seek to offer maximum flexibility and access to the market.

Legal services will continue to work with the service area and procurement colleagues during the tender process to ensure that the requirements are accurately developed within the contractual arrangements with the chosen provider.

Dionne Screamton, Solicitor, Contracts and Commercial, 30th April 2018.

6 STRATEGIC ASSETS & PROPERTY COLLEAGUE COMMENTS (FOR DECISIONS RELATING TO ALL PROPERTY ASSETS AND ASSOCIATED INFRASTRUCTURE)

6.1 N/A

7 SOCIAL VALUE CONSIDERATIONS

7.1 None

8 REGARD TO THE NHS CONSTITUTION

8.1 None

9 EQUALITY IMPACT ASSESSMENT (EIA)

9.1 Has the equality impact of the proposals in this report been assessed?

No



An EIA is not required because: There is not a change in service to the citizens of Nottingham under this DPS tender.

(Please explain why an EIA is not necessary)

Yes



Attached as Appendix x, and due regard will be given to any implications identified in it.

**10 LIST OF BACKGROUND PAPERS RELIED UPON IN WRITING THIS REPORT
(NOT INCLUDING PUBLISHED DOCUMENTS OR CONFIDENTIAL OR EXEMPT INFORMATION)**

10.1 None

11 PUBLISHED DOCUMENTS REFERRED TO IN THIS REPORT

11.1 None