

**Forward Plan reference number: FP/300/11/23**

<b>Report title:</b> Enabling older people, adults with disabilities and those with dementia to access meaningful day-time opportunities	
<b>Report to:</b> Cabinet	
<b>Report author:</b> Councillor John Spence, Cabinet Member for Adult Social Care and ICS Integration	
<b>Date:</b> 16 January 2024	<b>For:</b> Decision
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<b>County Divisions affected:</b> All Essex	

## 1. Everyone's Essex

- 1.1 Within Everyone's Essex, Essex County Council committed to addressing and, where possible, improving the lives of all our residents. This includes those adults who, through a variety of factors, such as age, disability or chronic illness such as dementia, are at risk of becoming socially isolated and not leading independent lives.
- 1.2 The Day Opportunities programme is one initiative that helps tackle social isolation, supports our families and carers with their caring responsibilities and helps to prevent our adults requiring further care and support. It has run for many years and is now being reviewed to ensure it enables our adults to live independent and meaningful lives, is attractive to both younger and older adults, and offers value for money. While that process will be complete in 2024, implementation will take many months, given the property issues involved.
- 1.3 The purpose of this report is to seek approval to extend three adult social care transport contracts and to procure six new contracts, to provide transport services for eligible Adult Social Care clients to and from our day centres.

## 2. Recommendations

### 2.1 Agree

- a) to exercise the contractual right to extend three adult social care transport contracts listed in paragraph 3.10 of the report for 24 months from 1 August 2024, to provide transport services for eligible Adult Social Care clients, at the existing costs, subject to agreement of the contractor if necessary.
- b) that if any of these contracts cannot be extended then those services will be re-tendered in the same manner as set out in paragraph 2.2 below.

- 2.2 Agree to procure six new adult social care transport contracts for a period of three years from 1 August 2024, with an option to extend for a further two years to provide transport services for eligible Adult Social Care clients. The services will be procured on a 90% price, 10% quality split via the Council's Dynamic Purchasing System (DPS) following a single sealed bid process.
- 2.3 Note that the total value of the decisions in paragraph 2.1 and 2.2 over the lifetime of the contract or extension is £5.7m over the respective terms recommended in 2.1 and 2.2, based on forecast spend at current activity levels and routes.
- 2.4 Agree that the Executive Director for Adult Social Care may award the contracts following completion of the competitive procurement process, provided the cost of the contracts can be accommodated within the Adults Social Care budget.

### **3 Background and Proposal**

- 3.1 The Council has a statutory responsibility under the Care Act 2014 to ensure that adult social care clients who meet the eligibility criteria can access the support or services they need. We therefore need to provide transport. These services are therefore critical to ensure that people can access the services they need to live a good and meaningful life.
- 3.2 These services may allow people to access any non-residential or home-based services, including day opportunities, work experience and employment support and opportunities.
- 3.3 Sometimes these services are provided to reduce the need for unpaid carers to help people get to and from social care services.
- 3.4 The Council has ten current transport contracts with commercial operators for eligible adults. Nine of those will expire in July 2024. Generally these contracts are with operators of minibuses or licensed private hire vehicles, with appropriate adaptations for passengers with a disability.
- 3.5 Adult Social Care is also developing thinking around its day opportunities model which is expected to emerge in 2025 but will take time to implement and embed. These transport contracts are critical to enabling Adults to access day opportunities and will need to flex to accommodate any changes in provision.
- 3.6 Given the impending expiry of the current contracts we need to put arrangements in place from August 2024.

#### **What Adults Have Told Us**

- 3.7 The Council has undertaken satisfaction surveys with social care passengers to understand their experience of current transport services and they told us that their experience was a positive one, with 92% of passengers happy with the

service they received, 96% feeling that services were punctual and 100% feeling safe.

### **Market Engagement**

- 3.8 Following recent market and stakeholder engagement sessions, a number of risks have been identified in relation to the stability of the transport market. These risks include cost pressures caused by inflation, a driver shortage and availability of vehicles. The transport industry has not seen activity return to pre-covid levels. This creates a risk that operators will exit the market.
- 3.9 We will seek to reduce the impact of retendering on our customers by providing information to tenderers about how each contract is currently being delivered. We will allow contractors to sell any spare capacity or use existing public transport routes where this can appropriately be done.

### **Contracts**

- 3.10 Three contracts have an option for extension for a further two years on the existing contract terms. These are highlighted in the table below:

<b>Contracts with option to extend for two years</b>		
<b>Route</b>	<b>Route Description (all cluster contracts)</b>	<b>Passengers</b>
CA0002	Colchester and Tendring	46
CA0004	West Essex, including transport to settings in Hertfordshire and London	41
DA0001	Rochford	14

- 3.11 Extending these contracts would mean that the services would continue to be operated by the current contractor at the existing operating pricing matrix.
- 3.12 It is proposed to exercise the options to extend these contracts as this offers value for money, with the price paid being at or below what we would expect to achieve from a competitive process. This approach also reduces the risk disruption to the service for passengers whilst we review and start the implementation of our day opportunities model. These contracts can flex up or down in terms of volumes dependant on the outcome and roll out of the newly emerging day opportunity model.
- 3.13 Contracts can only be extended on the current terms and with the agreement of the contractor. It is considered likely that operators will agree to extend but that is not inevitable. If a contract can't be extended we propose to launch a competitive procurement for a replacement contractor.
- 3.14 Six contracts will end on 30 June 2024 and cannot be extended, either because we need to change things or because there isn't an extension clause. These are highlighted in the table below:

<b>Contracts with no option to extend or where material change is required</b>		
Route	Location	Passengers
CA0001	Castle Point	81
CA0003	To settings in Southend on Sea	29
CA0005	Basildon	30
CA0006	Braintree, to locations in Suffolk and Cambridgeshire	5
CA0007	Chelmsford and Maldon	35
CA0008	Brentwood	3

- 3.15 These services will need to be retendered. It is recommended that a new contract for these services is tendered via the Council's Dynamic Purchasing System (DPS). Use of the DPS is recommended because operators will have pre-agreed to terms and conditions which can be used to drive improvements in quality and performance.
- 3.16 It is proposed to procure six new contracts each of which will replace one of the expiring contracts. We are proposing to maintain these geographical splits as there are few operators who could provide services across the whole of the area where we need them to be provided, whereas there are more operators in local areas, meaning that continuing to divide our requirement for services in this way is likely to lead to more competition for the work and thus a better price.
- 3.17 Contracts will be awarded for a period of three years with the option to extend for a maximum of two years, making five years in total. Whilst we are reviewing day opportunities and our requirements may significantly change from 2025, we believe we will need these services until at least 2017 and procuring a three year contract will allow a transitional period for any new services to take effect. The new contracts can flex up or down to reflect changes in volume meaning that we will not be paying for capacity we don't need.

### **Price, Quality and Social value**

- 3.18 It is proposed that these procurements will be tendered through the council's Dynamic Purchasing System (DPS) using evaluation criteria based on 90% price, 10% quality weighting.
- 3.19 Operators are not permitted to join the DPS until they have satisfied mandatory requirements including safeguarding checks and environmental standards. These procurements will be open to all existing operators on the DPS, ensuring competition and focus on price.
- 3.20 The quality evaluation model will assess each operator's ability to mobilise effectively, ensuring they are meeting the key requirements highlighted by passengers and the quality of management systems they have in place to ensure compliance with contractual obligations.
- 3.21 To improve the quality of the service work has been completed to improve the specification that bidders will respond to and the terms and conditions within the

contracts. These changes are in response to feedback received from passengers and frontline practitioners and include:

- 3.21.1 Picking up referrals in a more timely manner
  - 3.21.2 Ensuring the service starts within 10 days of referral or quicker
  - 3.21.3 Offering a door-to-door service to improve safety for passengers
  - 3.21.4 Increasing safety requirements specifications for new vehicles
  - 3.21.5 Increased reporting requirements to provide further assurance regarding quality of delivery
- 3.22 At point of admission to the DPS, operators also committed to deliver 'social value' pledges and to support carbon reduction. Social value pledges become active and are measured and reported to the council when an operator delivers a cumulative spend of over £100k through contracts awarded via the DPS. A Carbon Reduction Plan also formed part of the requirement, and this is reviewed on an annual basis through the contract management process.

### **Integrated Transport**

- 3.23 Although these services substantially transport adult social care passengers, it is sometimes possible to use these services to transport children from home to school and therefore some of the costs highlighted in this paper will be met from the home to school transport budget or Children and Families budgets. Oversight and co-ordination of adults and children's transport is provided by the council's Integrated Passenger Transport Unit to ensure we maximise value across transport contracts and services.
- 3.24 Some people who live in Essex but are close to the borders of other local authority areas attend day opportunities outside Essex, for example Suffolk or Cambridgeshire. ECC has a duty to ensure they can access this support. This is why the Council commissions transport which takes people to locations in other local authority areas.
- 3.25 In looking at these contracts, officers always look to ensure that any potential join-ups with transport contracts in other services are fully explored.

## **4 Links to our Strategic Ambitions**

- 4.1 This report links to the following aims in Everyone's Essex
- **Healthy lifestyles** - helping people to overcome social isolation,
  - **Promoting independence** - supporting access to employment and meaningful activities,
  - **Levelling up outcomes for families** - healthy, active and productive lifestyles,

- **Transport and built environment** - We will deliver a step change in sustainable travel across the county.

4.2 Approving the recommendations in this report will have the following impact on the Council's ambition to be net carbon neutral by 2030:

- Contribute to reducing congestion and carbon emissions through the promotion of group travel as an alternative to private travel via car or taxi if appropriate to meet our adults travel needs.
- Requirements for contractors to minimise mileage through efficient routing reducing carbon emissions through reducing unnecessary road miles.
- A ULEZ (Ultra Low Emission Zone) standard vehicle requirement of 70% of a Private Hire Vehicle Operator's fleet used on ECC contracts (not including wheelchair accessible vehicles) will be added to the specification to reduce air pollution related to ECC contract activity.
- continuing to encourage registration of these services with the Traffic Commissioner will enable the wider community to access services.

## 5 Options

5.1 **Option 1: Where contractual conditions allow, extend contracts at 0% increase to the current daily rate, tender those where this approach cannot be achieved and those identified as requiring tender (recommended).**

5.1.1 Three contracts have an option available to extend for a further two years. If the option is exercised, these services will continue to be operated by the current contractor (subject to agreement) at the existing contract cost.

5.1.2 The reasons for concluding that extension of the three contracts is recommended are as follows:

- The contract(s) were procured openly through a tender process in 2022 and the costs are still considered to be appropriate given the nature and complexity of the services delivered and they can be extended at the current cost for a further two years.
- This will reduce the risk of disruption for vulnerable passengers.
- An extension will provide greater flexibility for the Council to consider more efficient and effective models of delivery in the medium to longer term such as combining passengers or routes whilst day opportunities are defining and implementing their delivery model.

5.1.3 A further six contracts will require to be tendered because either:

- There is no option to extend.
- here are material changes to the requirement of the service.
- There are opportunities to gain better value for money through a procurement.

5.1.4 Where a tender process is necessary; the procurement will be undertaken via the Council's dynamic purchasing system using a single sealed bid. Contracts will be awarded for a period of up to a maximum of three years, with the option to extend for up to a further two years.

5.1.5 Option 1 is the recommended option because it minimises disruption for eligible adults, offers good value for the council and is permitted under the terms of the existing contract.

## **5.2 Option 2: Tender all contracts (not recommended).**

5.2.1 The Council has statutory and policy-based obligations to provide transport for pupils meeting the eligibility criteria.

5.2.2 To tender all contracts may increase costs to the Council and cause unnecessary disruption to eligible adults and day opportunity providers.

5.2.3 Contracts were previously awarded through a competitive tender process with the option to extend. An extension for a year is based on current places remaining in place for the entirety of the extension period.

5.2.4 There is a significant resource implication to procuring all contracts that could not be met by the existing team without having significant impacts for other priorities.

5.2.5 There is an increased risk of poor mobilisation due to the volume of change at a single point in time.

5.2.6 This option is therefore not recommended.

## **5.3 Option 3: Do nothing (not recommended)**

5.3.1 Under the Care Act (2014), the Council has a statutory duty to provide transport arrangements for ASC clients who meet the eligibility criteria.

5.3.2 In the event of there being no organised arrangements in place, transport placements would likely need to be made by spot purchase arrangements. This may not be possible without additional administrative arrangements in place to manage each individual request and journey arrangement. This option may present a considerable risk of exceeding the ASC budget for transport, as spot purchase placements are likely to be higher than costs via contractual arrangements. This could also lead to more use of transporting single people negating the positive environmental impacts of these services.

5.3.3 This option is therefore not recommended.

## 6 Issues for consideration

### 6.1 Financial implications

6.1.1 The table below shows the impact on each portfolio of this decision using passenger numbers as detailed in paragraphs 3.10 and 3.14.

Hired Transport			Current Annual Estimation £000	Annual Estimation including assumed inflation £000	No. of years of new contracts for Governance	Total for Decision £000
Contract Type	Portfolio	Routes associated currently				
Routes to retender	Adult Social care & NHS Integration	6	966	1,072		3,216
	Highways, Infrastructure and Sustainable Transport	3	138	153	3	459
	Children's Services and Early Years	2	11	12		36
Routes to extend	Adult Social care & NHS Integration	3	813	813		1,626
	Highways, Infrastructure and Sustainable Transport	1	205	205	2	410
Total	Adult Social care & NHS Integration		1,779	1,885		4,842
	Highways, Infrastructure and Sustainable Transport		343	358		869
	Children's Services and Early Years		11	12		36
<b>Grand Total</b>			<b>2,133</b>	<b>2,255</b>		<b>5,747</b>

6.1.2 The Council's draft Medium Term Resource Strategy (MTRS) includes a budget of **£1.9m** for 2024/25 and **£2m** per annum thereafter for *all* ASC externally hired transport, inclusive of a value of inflation for those contracts being retendered. This budget covers the 9 routes included in this report plus an additional route not included in this decision as it has 18 months of the contract left to run. The estimated budget allocation for the 9 contracts in this decision is **£1.9m** per annum. The Home to School Transport draft budget is also sufficient for the estimated **£358,000** element of these routes based on current client information. As mentioned in paragraph 3.23, Children and Families may also use these routes where the Integrated Passenger Transport Unit (IPTU) deem appropriate, based on clients and location of travel, and these numbers may fluctuate depending on placements and need and will be charged to the relevant service budget.

6.1.3 The proposed procurement approach to extend 3 contracts by 24 months will be delivered with no increase to the price matrices. The remaining 6 contracts will go out to tender for the reasons set out in 5.1.3. The price evaluation is set at 90% to support gaining best value from these contracts. The modelled price assumption in 6.1.1 above is that the cost of these contracts will be contained

within the draft budget for 2024/25 and 2025/26 based on procurement intelligence of this market, assuming cohort size and needs remain static.

6.1.4 Figures in the table in 6.1.1 are on the basis that these routes continue to operate or are re-procured on an exact like for like basis, with all routes running for 253 network days, with the same clients throughout the year, and with no in year price escalation. There have been increased volumes in 2023/24 which have impacted the budget, it is these increased volumes that have been used to model the contract costs in this decision and the draft budget therefore mitigating some of the risk of increased pressure over and above that set out in 6.1.1. The actual cost of these contracts will be continually monitored as part of monthly budgetary control.

6.1.5 There remains some risk around total cost of transport due to the factors that are affecting the service, as set out below:

- Changing passenger numbers for the contract years
- New transport requirements for new adults within the system
- The current trend of increasing complexity of need within the Adult with Disabilities population
- Ongoing industry pressures due to driver shortages causing increased fiscal pressure on contract delivery
- Inability to re-procure and/or extend contracts at 0% inflation given the inflationary economic environment

These risks are ongoing within the transport service and are not specific to this decision. The table below shows sensitivity analysis and the potential impact on the total cost if the contract spend were increased by various percentages.

<b>Hired Transport</b>		
<b>Extended/Retendered Contracts</b>	<b>Total for Decision</b>	<b>Variance to Decision Total</b>
	£	£
<b>Current volumes and route dynamics cost base (in 6.1.1)</b>	<b>5,747</b>	<b>-</b>
Increase of 5% in overall cost base	6,034	287
Increase of 10% in overall cost base	6,322	575
<b>Increase of 15% in overall cost base</b>	<b>6,609</b>	<b>862</b>

6.1.6 Exact client and route comparison may not be possible at tender evaluation to compare the costs modelled here and those presented at bidding stage as more up to date client information is presented to route operators to enable them to quote more accurately for those clients known at the time of tender. The actual cost of these contracts will be continually monitored as part of the monthly budgetary control process and if costs start to escalate above budget the wider Adult Social Care budget will be considered as part of a budget recovery process that may include accessing grant funding from reserve if required.

## **6.2 Legal implications**

6.2.1 The proposals for extending contracts is permitted by an extension clause in the contract. The proposals for procuring new contracts, including the use of quality, is permitted under the rules for the dynamic procurement system that we have procured.

6.2.2 Therefore the actions in this report are in accordance with the Public Contracts Regulations 2015.

## **7 Equality and Diversity Considerations**

7.2 The Public Sector Equality Duty applies to the Council when it makes decisions. The duty requires us to have regard to the need to:

- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act. In summary, the Act makes discrimination etc. on the grounds of a protected characteristic unlawful
- (b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
- (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.

7.3 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, sex, and sexual orientation. The Act states that 'marriage and civil partnership' is not a relevant protected characteristic for (b) or (c) although it is relevant for (a).

7.4 The Equalities Comprehensive Impact Assessment indicates that the proposals in this report will not have a disproportionately adverse impact on any people with a particular characteristic.

## **8 List of Appendices**

Appendix A – Equalities Comprehensive Impact Assessment

## **9 List of Background papers**

None