

## AGENDA ITEM 5

<b>Report to Cabinet</b>	<b>Forward Plan reference number:</b> FP/331/12/15
<b>Date of Meeting:</b> 16 February 2016	<b>County Divisions affected by the decision:</b> All divisions
<b>Title of report:</b> Education Transport Contract Extensions and Awards 2016	
<b>Report by:</b> Cllr Ray Gooding - Cabinet Member for Education and Lifelong Learning	
<b>Responsible Director:</b> Clare Kershaw, Director for Commissioning, Education and Lifelong Learning	
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### 1. Purpose of report

- 1.1. To outline the proposals in relation to the extension and procurement of education transport contracts totalling £15.8m which are due to expire in July 2016. These contracts represent 66% of the total value of home to school transport contracts currently in place.
- 1.2. To seek the authority of Cabinet to carry out the necessary contractual and procurement processes to ensure that suitable transport arrangements are in place for September 2016 onwards, to fulfil the Council's statutory and policy based obligations to provide transport to school for children.

### 2. Recommendations

- 2.1. Agree that the Director for Commissioning: Education and Lifelong Learning is authorised to extend any home to school transport contracts which expire in July 2016 and where extension is permitted.
- 2.2. Agree that the Director for Commissioning: Education and Lifelong Learning is authorised to enter into new contracts to replace any home to school transport contracts which expire in July 2016 and where extension is not

permitted or considered to be in the Council's best interests. Any such new contract is to be for one year and give the Council the right to extend.

### **3. Background and proposal**

- 3.1. The Council has a statutory and policy based responsibility, under the terms of the Education Act 1996 (as amended) and its Education Transport Policy to provide free home to school transport to pupils who meet the eligibility criteria.
- 3.2. This report relates to transport arrangements for pupils who are transported (or to be transported) on hired transport secured by the Council from commercial operators where the current contracts expire at the end of the 2015-16 academic year in July 2016.
- 3.3. There are 291 individual education transport contracts that are due to expire in July 2016, covering the full spectrum of primary, secondary and special school transport. Action must be taken in respect of all of these contracts to either extend or re-tender them so transport is provided for the relevant children from September 2016.
- 3.4. For the purposes of this report, the table and commentary below illustrates the scale of the contracts in question, their current value in financial terms and the proposed actions to be taken.

No of contracts	No of pupils travelling	Value based upon 190 school days	Number to be offered for 1 year extension at 0%	Value of number to be extended for 1 year at 0%	Number identified for tender	Value of number identified for tender
291	9281	£15.8m	183 (63%)	£8.6m	108 (37%)	£7.2m

- 3.5. Detailed analysis was undertaken by Commercial and Transport officers of all the expiring home to school transport contracts to determine a proposed way forward.
- 3.6. A total of 183 have been identified as suitable for extension (see 3.8 below) for a year based upon a 0% price increase. The contract conditions allow for this. This would mean that the contracts in question would continue to be operated by the current contractor (subject to agreement) at the existing operating price unless requirements materially changed.
- 3.7. Consideration was given as to whether, in the context of the decreased price of fuel, operators could be asked to continue contracts at a reduced rate. However, fuel does not form the major proportion of transport operators' costs with wages and associated on costs constituting a far greater share of total costs. These have not diminished in recent years and are unlikely to diminish in the short term. Continuing with the practice of offering extensions on a non-

inflationary 0% basis is felt to represent a reasonable and proportionate approach.

3.8. The reasons for concluding that extension of the 183 contracts is appropriate are as follows:

- Requirements have not changed since the original tender/contract award with little or no increase to cost;
- The daily operating price is considered to represent efficient value based on current and historical data on the price per passenger for contracted transport;
- There is opportunity to renegotiate the operating price of some of the contracts based upon reduced pupil numbers;
- It would not benefit pupils or Essex County Council in the short term to change the contractor for a number of special needs contracts, whereas an extension would provide greater flexibility for the Council to consider more efficient and effective models of delivery in the medium to longer term;
- The Council has recently started to implement a new '*Bus and Passenger Transport Strategy*' as part of the broader integrated transport agenda. There may be opportunities for some of these contracts to be incorporated into the wider network. As such extending the contracts for one more year is felt appropriate pending any future decisions around integration.

3.9. A total of 108 contracts have been identified as requiring tender action for some or all of the following reasons:

- The maximum term of the contract duration, including any extension clauses, has been reached;
- Material change of requirements due to natural reduction in pupil numbers;
- Change of transport requirement due to impact of policy changes e.g. phasing out of faith school transport and effect of the new 'nearest school only' transport policy;
- A review of the current contract suggests that better value could be achieved by retendering, based on comparing the contract price with the current and historical data.

3.10. Bids will be requested, in accordance with the Council's Passenger Transport Framework Agreement for such contracts, for 1 year with the option to extend. Routes being tendered will include all existing operators and will expose routes to competition.

- 3.11. All contracts will be procured in such a way so as to comply with the law.
- 3.12. No significant changes to routes or services are proposed.

#### **4. Policy context and Outcomes Framework**

- 4.1. Increasing educational attainment and skills is one of the aims of a *Vision for Essex 2013-17*. The Council has also set out outcomes which it seeks to achieve, one of which is an aspiration that children in Essex get the best start in life. Ensuring children have access to school is a critical factor in this. Another aim is to ensure that people in Essex experience a high quality and sustainable environment and use of public transport will help deliver this.
- 4.2. Providing transport for eligible children, to enable their attendance at school, is not only fundamental to the above aims, but also links to supporting their future employment and wellbeing, both of which form part of the Council's vision and Outcomes Framework.
- 4.3. Moreover, the law requires the Council to provide school transport to eligible children and hence it is essential that suitable arrangements are made for pupils to be transported through the contracts in question.

#### **5. Financial Implications**

- 5.1. Home to school transport is an area of considerable Council expenditure. In the current financial year, the forecast outturn is £24.3m (net position including a £1.5m recharge to the dedicated schools grant - DSG).
- 5.2. The 2016/17 proposed budget for Home to School Transport is £24.0m. This position reflects an efficiency saving expected as a result of price constraint (inflation avoidance) but also the impact of policy changes to decrease demand. The above contracts represent 66% of the total proposed 2016/17 budget.
- 5.3. Where renegotiation or re-tender takes place, the intention would be to see a reduction in operating prices where, for example, the numbers of children expected to be transported decreases on certain contracts due to the impact of policy changes. The above savings have already been taken account of within the Medium Term Resourcing Strategy.

#### **6. Legal Implications**

- 6.1. Where contracts are to be extended and procured, this will be carried out in accordance with the Council's procurement policy and procedures and with the Public Contracts Regulations 2015.

- 6.2. The Council has a legal duty to provide home to school transport in certain circumstances and also provides transport to some children over and above statutory requirements in accordance with its home to school transport policy.

## **7. Staffing and other resource implications**

- 7.1. There are no staffing or resource implications for the Authority.

## **8. Equality and Diversity implications**

- 8.1 Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when ECC makes decisions it must have regard to the need to:
- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act
  - (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.
- 8.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.
- 8.3 The Equality Impact Assessment (attached as appendix 1) indicates that the proposals in this report will not have a disproportionately adverse impact on any people with a particular characteristic.

## **9. List of appendices**

- 9.1 Appendix 1 – Equality Impact Assessment.

## **10. List of Background papers**

- 10.1 List of home to school transport contracts expiring in July 2016.