

## READING BOROUGH COUNCIL

### REPORT BY DIRECTOR OF ENVIRONMENT AND NEIGHBOURHOOD SERVICES

TO:	POLICY COMMITTEE		
DATE:	25 SEPTEMBER 2017	AGENDA ITEM:	11
TITLE:	CONTRACT AWARD - COMMUNITY TRANSPORT (DIAL-A-RIDE)		
LEAD COUNCILLOR:	COUNCILLOR PAGE	PORTFOLIO	STRATEGIC ENVIRONMENT, PLANNING AND TRANSPORT
SERVICE:	TRANSPORTATION & STREETCARE	WARDS:	BOROUGHWIDE
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#### 1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This report seeks approval for the award of contract for the provision of Community Transport Services including the outsourcing of the Council's current internally provided Adult Social Care Transportation Service.

#### 2. RECOMMENDED ACTION

- 2.1 That Policy Committee resolves to award a contract to Readibus Limited for the provision of Community Transport Services for an initial period 30 months, with the option to extend by a further 36 months, subject to performance.

#### 3.0 POLICY CONTEXT

- 3.1 On 30 November 2015, Policy Committee agreed a series of savings proposals that would help bridge the budget gap. This included a proposal to create a fresh approach to grant giving, ensuring that where appropriate a procurement process is put in place for services to achieve a balance of grants and contracts.
- 3.2 On 13 June 2016 Policy Committee approved that a procurement exercise be undertaken to identify a single Service Provider to operate the Council's Community Transport Contract, including the outsourcing of the current in-house Adult Social Care Transport Service.

#### 4.0 BACKGROUND

- 4.1 Reading Borough Council's Community Transport services are currently provided through a variety of arrangements, including existing agreements for Dial-a-ride services, as well as services operated internally by the Council.

- 4.2 Reading Borough Council Adult Social Care currently provide transport through a variety of options to people with learning disabilities, people with mental health problems, people with physical disabilities and older persons across Reading.
- 4.3 Readibus provides the Council's current Dial-a-ride services for people of all ages who can't make use of the mainstream bus services offered in the area.

## 5 THE PROPOSAL

- 5.1 As part of the Council's continued objective to deliver best value, high quality services to its residents, it has undertaken a comprehensive procurement process to source a single operator for the provision of all its Community Transport based services.
- 5.2 This procurement process has been conducted in accordance with the Public Contract Regulations and was published via the Official Journal of the European Union (OJEU), Contracts Finder, and on the Council's procurement portal, In-Tend.
- 5.3 This procurement process included the outsourcing of the in-house Adult Social Care Transport Service, and its staff. The Council is currently working with these employees, to ensure a smooth transition to the incoming employer. This is being conducted with the support of HR and Union representatives.
- 5.4 The deadline for the receipt of tenders was noon on 4 August 2017. Upon conducting a formal tender opening ceremony, one tender submission was received. Following a detailed evaluation this submission was found to be fully compliant with the Council's requirements.
- 5.5 Immediately prior to the deadline for the receipt of tenders, the Department for Transport released some revised guidance regarding the issue of permits under Section 19 and 22 of the Transport Act 1985.
- 5.6 A recent decision by the Driver and Vehicles Standards Agency (DVSA) determined that the derogation from the requirement in EU Regulation 1071/2009 for operators of road passenger transport services to hold a PSV Operator's Licence could not properly be considered applicable simply because the operator was a registered charity (and was therefore prohibited from distributing its profits).

An operator whose activities are essentially those of a bus company (in that it employs salaried drivers and carries out passenger transport services under contracts won in contestable markets and/or in exchange for fares charged to passengers at more than nominal rates) cannot be regarded as carrying out its activities "*exclusively for non-commercial purposes*". That is so even if the operator is a registered charity or other "not for profit" organisation.

Where *any* of an operator's services are not being carried out "*exclusively for non-commercial purposes*", then the operator cannot operate *any* vehicles

under a Section 19 or 22 permit, since it falls outside the scope of the derogation.

5.7 The Department for Transport intends to clarify this further by way of a formal public consultation in autumn 2017, which will set out the detailed changes required in order to update current guidance, together with proposed amendments to the Transport Act 1985. However it is expected that the principles set out in the letter of 31 July 2017 will remain valid, and therefore based on this guidance Readibus is required to hold a valid PSV licence for its provision of commercial operations, beyond just those covered by this Contract award.

5.8 This change in legal guidance could not have been anticipated prior to the commencement of the procurement process; however the procurement process required that the successful operator hold either a valid PSV licence or Section 19 or 22 permit, and therefore the Council is satisfied that this change has not had an impact on the commerciality of the tender result.

5.9 The Council intends to award this Contract in accordance with the criteria stipulated in the procurement process. Additional clauses will be included within the Terms and Conditions setting out the requirement to comply with this revised guidance, and discussions have already commenced with Readibus to manage and monitor the transition.

## **6 CONTRIBUTION TO STRATEGIC AIMS**

6.1 Objectives are in line with the Council Priorities as set out in the Corporate Plan 2015-2018, in particular: -

- Safeguarding and protecting those that are most vulnerable
- Providing the best life through education, early help and healthy living
- Keeping the town clean, safe, green and active
- Providing infrastructure to support the economy
- Remaining financially sustainable to deliver these service priorities

## **7 COMMUNITY ENGAGEMENT AND INFORMATION**

7.1 N/A

## **8 EQUALITY IMPACT ASSESSMENT**

8.1 Under the Equality Act 2010, Section 149, a public authority must, in the exercise of its functions, have due regard to the need to:-

- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

8.2 There is no change to Readibus nor the existing service users as a result of the proposals detailed in this report.

## 9. LEGAL IMPLICATIONS

9.1 As the estimated lifetime cost of this service contract exceeds the "Service Threshold", this procurement exercise was subject to the Public Contract Regulations 2015, and as such the principles of non-discrimination, equal treatment, transparency, mutual recognition and proportionality were applied.

9.2 In accordance with the Public Contract Regulations 2015 and the Council Contract Procedure Rules, the opportunity was advertised on 6 July 2017 in the Official Journal of the European Union (OJEU) as well as on the Council's electronic tendering portal and via 'Contracts Finder'.

9.3 This report sets out the decision to enter into contract based upon the most economically advantageous tender, in accordance with the criteria stated in the invitation to tender.

## 10. FINANCIAL IMPLICATIONS

10.1 This contract will be funded through existing Revenue budgets and will replace any and all existing grant funding payable by Reading Borough Council to Readibus.

10.2 The sums contracted under this arrangement are as follows:

- Oct 17 - Mar 18 - £300,000
- Apr 18 - Mar 19 - £600,000
- Apr 19 - Mar 20 - £525,000

Should the contract be extended beyond the initial period, the sum payable shall reduce to £425,000 per annum for the remaining term of the Contract.

10.3 This Contract therefore fulfils the ambition to make a budget reduction in the service.

## 11. BACKGROUND PAPERS

- Readibus Additional Funding report to Policy Committee on 16<sup>th</sup> June 2016.