

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Executive Member for Environment and Transport
Date:	25 September 2018
Title:	Community Transport Contracts
Report From:	Director of Economy, Transport and Environment

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1. Recommendations

- 1.1. That the Executive Member for Environment and Transport gives authority to procure and spend up to the value of £6.24 million (for the maximum six year period), of which £3.6 million will be funded from Hampshire County Council resources, and to make the necessary contractual arrangements for the community transport services identified in Appendix 1 of this report, to commence on 1 April 2019 for an initial period of 2 years, with the option to extend for up to a further four years, subject where appropriate to the agreement of other funders where they also contribute towards these services, and the availability of the County Council's own financial resources.
- 1.2. That the Executive Member for Environment and Transport authorises the Director of Economy, Transport and Environment to use funds from the vehicle replacement reserve up to the value of £1.88 million for vehicle replacement in accordance with the current Community Transport Operating Model.
- 1.3. That the overall approach to tendering, as set out in Section 6 of this report, is agreed in principle, and that the Director of Economy, Transport and Environment is given delegated authority to finalise the detail in consultation with the Executive Member for Environment and Transport.
- 1.4. That approval is given for the County Council to enter into Deeds of Agreement for funding with each of the respective funding partners for the initial contract terms, and subsequently to cover any contract extensions as outlined in this report.
- 1.5. That the overall approach to reviewing fares is agreed in principle as set out in this report, and that authority is delegated to the Director of Economy, Transport and Environment to develop future fares arrangements in consultation with the Executive Member for Environment and Transport.
- 1.6. That the County Council accepts bids from Section 19 Transport Act 1985 permit operators ("Section 19 Permit Operators") who can demonstrate that they have a main occupation other than that of being a road transport provider, and that should the final licensing approach by the Department for Transport on the use of Section 19 Permits identify that an alternative method of operation is

necessary, contract operators will be required to convert to this within an agreed timescale.

2. Executive Summary

- 2.1. Contracts for most community transport services expire on 31 March 2019. This report seeks approval for a procurement process which will commission the next generation of community transport contracts.
- 2.2. The report also sets out the overall approach for commissioning these services which is consistent with the current Community Transport Operating Model which was approved by the Executive Member for Environment and Transport at a decision day on 23 March 2017.
- 2.3. The report also proposes a review of fare structures for Dial-a-Ride and Call and Go services and the basis on which bids to the County Council from Section 19 Permit Operators should be invited.

3. Contextual information

- 3.1. As part of its approach to realising savings for 2019, the County Council has already given a commitment to protect its existing core funding for community transport services.
- 3.2. In partnership with other funders, mainly district councils, the County Council has previously awarded contracts to provide a network of Dial-a-Ride and Call and Go services across Hampshire. Dial-a-Ride and Call and Go services primarily serve the individual needs of people with mobility difficulties (frail, older and disabled people) whilst Call and Go services are also available to people without access to their own transport and who live more than 400 metres from their nearest bus stop. Services provide some 72,500 individual passenger trips per annum.
- 3.3. The County Council also provides funding to Minibus Group Hire Schemes in Hampshire. Four district councils in Hampshire (Eastleigh, East Hampshire, New Forest and Test Valley) also contribute to these schemes, which provide wheelchair accessible minibuses to voluntary and community groups. Funding helps to support staff and office costs in overseeing the operation of these schemes, which deliver over 188,500 passenger trips per annum.
- 3.4. As most contracts for the above services will have run their full term by 31 March 2019, this report proposes that these services should now be re-tendered with new contract awards from 1 April 2019 in order to ensure continuity of service for service users. It also sets out the basis on which services should be commissioned.
- 3.5. In addition to the above, the County Council has historically provided grants to YelaBus, a community transport operator in Yateley. Previous grant awards have been made to YelaBus on the basis that future support should be consistent with the current Community Transport Operating Model. Given this, it is proposed that the funding previously awarded to YelaBus should be included in the proposed re-tendering process and incorporated into the overall contract spend, which will be available to support community transport services in the Rushmoor and Hart area of Hampshire.

4. Community Transport Contracts to be tendered

- 4.1. The community transport services to be re-tendered as part of this procurement exercise are listed in Appendix 1 of this report. This includes the Basingstoke Dial-a-Ride service which has a contract expiry date of 30 September 2019. Including the Basingstoke Dial-a-Ride service in this procurement will ensure that all future contract terms for these services are consistent.
- 4.2. Appendix 1 shows an annual value of £1.04 million in 2018/19 for these contracts. The County Council's annual contribution of £0.6 million towards these contracts will be provided from the Community Transport Budget. The procurement exercise will package these services together by area. The scope for including other suitable transport already commissioned or provided by the County Council will also be considered. These figures exclude vehicle replacement costs which are covered in a separate recommendation.
- 4.3. In order to award contracts for the above community transport services following the tendering process, it is proposed that the Executive Member for Environment and Transport gives authority to procure and spend up to a value of £6.24 million (six year cost), and to enter into two year contracts from 1 April 2019 with an option to extend for up to a further four years, subject where appropriate to the agreement of other funders where they also contribute towards these services and the availability of the County Council's own financial resources.
- 4.4. A separate recommendation seeks authorisation for use of funds from the vehicle replacement reserve up to the value of £1.88 million over the six year period. The balance of the fund over the life of the six year contract term will be sufficient to meet the contractual requirements for vehicle replacement. Payments would be subject to the submission of a satisfactory business case by the operator. This is in accordance with the current Community Transport Operating Model where operators take the responsibility for vehicle replacement arrangements with additional payments being made through contracts to cover the cost of this.
- 4.5. The services will be commissioned using the Dynamic Purchasing System for vehicles with 16 seats or fewer, and the County Council's contributions towards the community transport services will be met from the Community Transport Budget and existing vehicle reserves.
- 4.6. The contributions from other funding partners towards the proposed contracts will need to be covered by Deeds of Agreement with the County Council, which will ensure the maintenance of funding arrangements between the County Council and its partners. The Deeds of Agreement will confirm funding partners' financial contributions for the initial contract award period, as set out in 4.3 of this report, and also their vehicle replacement contributions. Contracts will have the option to run for an initial two year term, and further Deeds of Agreement may need to be put in place beyond this to allow contracts to run their full term. It is therefore proposed that the Executive Member gives approval for the County Council to enter into Deeds of Agreement with each of the respective funding partners for the initial contract terms and subsequently to cover any contract extensions as outlined in this report.

5. User Engagement Process

- 5.1. An engagement process with Dial-a-Ride and Call and Go service users has taken place in preparation for the proposed procurement exercise. The engagement process has sought service users' views on:
 - a) How they currently use the service.
 - b) How their service could be improved.
 - c) The proposal to remove the use of the Older Person's Pass on Dial-a-Ride and Call and Go services – this enables users to travel at half fare for most journeys on these services.
- 5.2. The questionnaire was separate from the public transport consultation which is open to all residents on proposals to change street lighting, supported passenger transport services, and the concessionary travel scheme.
- 5.3. The questionnaire was distributed to approximately 2,000 people who have used these services since the beginning of 2018. Some 876 responses have been received from users.
- 5.4. The responses from 5.1(a) and 5.1(b) above will contribute to the tender design and a summary of these will be included in the tender document for potential bidders to consider when making their tender submissions. The responses to 5.1(c) above will be included in the report on the results of the public consultation, which will be presented to a future decision day.

6. Tender Process

- 6.1. Prior to the tenders being issued for the services listed in Appendix ,1 a number of decisions need to be made. Approval is sought for the overall approach outlined below in order to allow officers to proceed with the process of preparing and issuing of tenders.
- 6.2. Services will be commissioned through the Dynamic Purchasing System. Conditions of contract and service specifications will set clear quality standards for the services being tendered to ensure that the quality of service to users remains high.
- 6.3. To manage tender prices, tenderers will be required to indicate the level of service they can provide for a declared budget for each service. Any bid in excess of the available budget will be rejected. The evaluation of tenders will be based on quality and price, but as price will be capped, service quality and pattern of service will be given a higher emphasis over price.
- 6.4. The services being tendered will be split into lots and a decision will need to be taken on where to set the upper limit in terms of what any one tenderer will be awarded. This could either be based on the number of lots or the maximum contract value awarded to a successful tenderer. There is a balance to be struck between preventing the creation of a dominant provider and ensuring that the County Council and its funding partners are able to benefit from any efficiencies which could arise from several schemes being operated together. This should build on the efficiency savings of £83,340, of which £63,923 accrued to the County Council, and which have already been identified as part

of the negotiations to extend the existing contracts for their final contract year (2018/19).

- 6.5. At the decision day on 23 March 2017, the Executive Member for Environment and Transport agreed the current Community Transport Operating Model, outlined in Appendix 2 of this report, which details how the County Council should commission and support community transport services in the future. The proposed tendering exercise will also be guided by this.
- 6.6. The tendering process will be designed to ensure quality of service to users whilst also encouraging tenderers to submit realistic bids within the available budget. It is proposed that the overall approach is agreed in principle and that the Director of Economy, Transport and Environment is given delegated authority to develop the detail in consultation with the Executive Member for Environment and Transport.
- 6.7. The County Council will also need to seek the agreement of the respective funding partners which jointly fund these contracts with regard to the arrangements for the tendering process.

7. Contributions from service users

- 7.1. The current Community Transport Operating Model proposes that contributions which service users and organisations make to community transport services commissioned by the County Council should be reviewed.
- 7.2. Fare levels for Dial-a-Ride and Call and Go services vary considerably across Hampshire with some fare structures being significantly more complicated than others. The revenue from fare income for individual services, as a percentage of their overall operating costs, is between 7% and 42%. In some instances these user contributions can be higher because of lower operating costs as a result of the use of volunteers. At some schemes, fares have not been increased for a number of years, partly as a result of the current contract arrangements.
- 7.3. The award of new contracts from April 2019 provides an opportunity to review the existing fare arrangements at services across Hampshire. It is proposed, therefore, that fares should be reviewed, guided by the following principles:
 - a) That users should be making a similar level of contribution towards the overall costs of Dial-a-Ride and Call and Go services across the county. This may be best achieved by moving towards more common fares for all services.
 - b) That users should be making a greater contribution towards the overall cost of services in the future.
- 7.4. It is proposed that the overall approach to reviewing fares is agreed in principle and that the Director of Economy, Transport and Environment is given delegated authority to develop future fares arrangements in consultation with the Executive Member for Environment and Transport. These arrangements will also need to be agreed with the funding partners for individual services.
- 7.5. Any new fares arrangements resulting from the review will need to take account of the outcome of any decision on the proposal to remove the use of

the Older Person's Pass on Dial-a-Ride and Call and Go services – this enables users to travel at half fare for most journeys on these services – which formed part of the recent public consultation.

8. Section 19 (Transport Act) Permit Issues

- 8.1. Community Transport services in Hampshire operate using Permits issued under Section 19 and 22 of the Transport Act 1985, which allow non-profit making operators to operate for 'hire and reward' without having to meet the full Public Service Licence (PSV) requirements. The Department for Transport recently issued a consultation document, which the County Council responded to, and which outlined proposed changes to the current licensing arrangements for vehicles operating under Section 19 Permits.
- 8.2. In summary this would require operators of these vehicles to obtain a PSV Operator's licence and subsequently only use PSV drivers who have received a Certificate of Professional Competence in driver training, or else who were able to meet one of three exemptions set out in the proposed changes to the current licensing arrangements.
- 8.3. The consultation document suggested that one of these exemptions could apply to organisations which "have a main occupation other than that of being a road transport provider", the suggestion being that these organisations could continue to operate under Section 19 (Transport Act) Permits. Most of the community transport services identified in this report are operated by Councils for Voluntary Service in Hampshire that would appear to meet the requirements of this exemption.
- 8.4. The final licensing approach that will be proposed by the Department for Transport is as yet unclear. However, the County Council will need to undertake the proposed procurement exercise in advance of knowing what this final approach might be. Given this, it is proposed that the procurement exercise should accept bids from Section 19 Permit Operators who can demonstrate that they have a main occupation other than that of being a road transport provider. Any contracts would then be issued to these operators on the basis that, should the final approach by the Department for Transport identify that an alternative method of operation was necessary, the operator of the contract would be required to convert to this within an agreed timescale.

9. Conclusion

- 9.1. This report seeks authority for a procurement exercise which will include the services listed in Appendix 1 of this report and sets out the outline arrangements for the procurement exercise, which is guided by the current Community Transport Operating Model. It also proposes a review of fare structures for Dial-a-Ride and Call and Go services, and the basis on which bids to the procurement process from Section 19 Permit Operators should be invited.

CORPORATE OR LEGAL INFORMATION:**Links to the Strategic Plan**

Hampshire maintains strong and sustainable economic growth and prosperity:	No
People in Hampshire live safe, healthy and independent lives:	Yes
People in Hampshire enjoy a rich and diverse environment:	No
People in Hampshire enjoy being part of strong, inclusive communities:	No

Other Significant Links

Links to previous Member decisions:	
<u>Title</u> Revised Community Transport Operating Model Reference 8131	<u>Date</u> 23 March 2017
Direct links to specific legislation or Government Directives	
<u>Title</u>	<u>Date</u>

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

DocumentLocation

None

IMPACT ASSESSMENTS:

1. Equality Duty

1.1. The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- a) The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
- b) Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;
- c) Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity which participation by such persons is disproportionately low.

1.2. Equalities Impact Assessment:

The proposals in this report have been developed with due regard to the requirements of the Equality Act 2010, including the Public Sector Equality Duty and the Council's equality objectives. As the proposal will not amend existing arrangements for service users there should be no impact upon those with protected characteristics.

This is because the proposed budget available for providing services will remain unchanged from the funding levels available to existing operators. A user engagement process has taken place with service users across Hampshire and this will inform the design of tenders for the proposed procurement exercise. The successful bid for each lot in the tender will also be subject to its own impact assessment following the procurement exercise.

2. Impact on Crime and Disorder:

2.1. It is not anticipated that there will be any impact upon crime and disorder arising from this decision.

3. Climate Change:

- a) How does what is being proposed impact on our carbon footprint / energy consumption?

The services will be able to provide group travel opportunities and so reduce the need for individual car journeys.

- b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

As sustainable travel modes of transport become more important in mitigating climate change, the proposals support travel options for groups and individuals which are in keeping with the need to reduce carbon emissions.