

HAMPSHIRE COUNTY COUNCIL

Decision Report

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| Decision Maker: | Executive Member for Environment and Transport |
| Date: | 23 March 2017 |
| Title: | Revised Community Transport Operating Model |
| Reference: | 8131 |
| Report From: | Director of Economy, Transport and Environment |

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1. Executive Summary

- 1.1. The purpose of this report is to seek confirmation for the revised operating model, outlined in Appendix 1 of this report, as the mechanism for how the County Council provides and supports community transport services in the future.
- 1.2. The report also seeks approval for a procurement process which will commission community transport and other transport services provided by the County Council, based on the approach set out in the revised operating model, across the Fareham and Gosport district council areas in Hampshire.
- 1.3. Both of these measures offer the opportunity to continue implementing a new approach to supporting community transport services which can respond to the current operating environment, work within current financial limits, and reflects the County Council's transformation agenda. These arrangements will help to ensure the continued reliability and financial sustainability of community transport services as this approach evolves and takes into account future requirements and demands.

2. Contextual information

- 2.1. 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 120,700 individual passenger trips per annum. These trips, which have to be pre-booked by registered users, are generally provided door to door.

- 2.2. The County Council also provides annual funding to the Minibus Group Hire Schemes in Hampshire. Four district councils in Hampshire (Eastleigh, East Hampshire, New Forest and Test Valley) also contribute to these schemes. These schemes provide a pool of wheelchair accessible minibuses which are available to provide transport for groups of people through voluntary and community groups. Some vehicles are also used in the delivery of Dial-a-Ride, Call and Go, Home to School and Social Care contracts. Funding from the County Council helps to support staff and office costs in overseeing the operation of these schemes. Schemes deliver over 250,000 passenger trips per annum.
- 2.3. The annual cost for 2017/18 of supporting these Community Transport services, which excludes annual contributions to the vehicle replacement reserve, is expected to be as set out in the table below.

| Cost of Community Transport Services | HCC £ | Other Funders £ | Total £ |
|---|------------------|----------------------------|--------------------|
| Dial-a-Ride/Call and Go | 440,338 | 475,106 | 915,444 |
| Minibus Group Hire Schemes | 282,793 | 43,403 | 326,196 |
| Total cost of supporting these Community Transport Services | 723,131 | 518,509 | 1,241,640 |

- 2.4. Whilst the overall approach has worked well there was a need to review the current arrangements and design an approach for the future, which could respond to the current operating environment, work within current financial limits and help develop a more sustainable model for the future. A proposed revised operating model for supporting these services was approved by the Executive Member at the decision day on 19 January 2016 for the purpose of engagement with existing providers, other funders and interested parties. This proposed that the Minibus Group Hire Schemes should be tendered alongside other County Council contracted services such as Dial-a-Ride and Call and Go. It also incorporates a suggested mechanism to replace end-of-life minibuses, introduce branding, review contributions from service users, and deliver services across wider areas.

- 2.5. The results of the engagement process with key stakeholders were reported to the Executive Member at the decision day on 12 October 2016. The report also outlined the next steps for further developing this approach prior to the proposed revised operating model being considered at a future decision day.

3. Revised Operating Model for Providing Community Transport Services

- 3.1. Following the engagement process with key stakeholders during the early part of 2016, and the broad level of support which existed in responses for the proposed revised operating model, particularly from other funders, work in a number of areas was agreed in order to finalise the format of the revised operating model. Many of these areas have been the subject of ongoing discussions between the council and key stakeholders. Progress to date on these areas is set out below. The areas included developing the following:

- a proposal for re-distributing the County Council's existing funding to the Minibus Group Hire Schemes. Good progress has been made in this area where a number of options have been developed in partnership with key stakeholders. Further work is needed to refine these options into a more detailed proposal for consideration at a future date. Any changes to existing funding levels are unlikely to be applied until the next round of contract changes in April 2018.
- a process, guidelines, purchasing advice and business case template against which future vehicle replacement decisions will be made and payments made to operators. Working with stakeholders, drafts of each of these have been produced. The new arrangements for vehicle replacement are being built into contracts, which are awarded from 1 April 2017. Variations to existing contracts will also be introduced so that these new arrangements can also apply to these contracts from the same date.
- a proposal to commission community transport services across a number of district council areas in one part of the county. This would look to package together community transport services and other suitable transport in the area already commissioned or provided by the County Council. A proposal for this area of work is covered in Section 4 of this report.
- a "Community Transport" brand, and a process and timetable for implementing this. Some preliminary work has been undertaken in this area but further detailed work on this will take place as part of the proposal to commission community transport and other transport services across a number of district council areas.

- 3.2. Given the progress which has been made on these areas of work, this report seeks confirmation of the revised operating model, as outlined in Appendix 1 of this report, as the mechanism for how the County Council provides and supports community transport services in the future. This will provide the

framework and reference point against which community transport services can be supported and developed as this approach evolves and takes into account future requirements and demands.

- 3.3. It is also proposed that the Director of Economy, Transport and Environment be given the delegated authority to develop and implement the arrangements for the revised community transport operating model in consultation with the Executive Member for Environment and Transport.
- 3.4. The engagement process has formed part of an ongoing discussion between the council and key stakeholders regarding community transport services. Given the excellent working relationship the County Council enjoys with the community transport sector, it is intended to continue work with all parties (funders and operators) on developing and implementing all aspects of the operating model as this is introduced.

4. Tendering Community Transport Services in Fareham and Gosport

- 4.1. The revised community transport operating model will see the Minibus Group Hire Schemes being commissioned alongside their respective Dial-a-Ride and Call and Go services and other appropriate transport provided by the County Council in the future. This approach was successfully piloted through a recent procurement process in the Basingstoke area. Procuring services across wider areas which go beyond the existing district council boundaries is also proposed in the new operating model. A procurement process, based on rolling out the application of these two combined approaches, is now planned for the Fareham and Gosport borough council areas. This would result in the award of new contracts from 1 January 2018. Contracts would be awarded for two years with the option to extend for up to a further four years.
- 4.2. The Dial-a-Ride services which the County Council and district councils fund, and the Minibus Group Hire Schemes which the County Council supports in the Fareham and Gosport area are listed in the table below.

| Service | Contract Cost 2017/18 | HCC Cost | District Councils |
|-----------------------------------|------------------------------|-----------------|--------------------------|
| Fareham Dial-a-Ride | 52,044 | 26,022 | 26,022 |
| Gosport Dial-a-Ride | 45,292 | 22,646 | 22,646 |
| Fareham Minibus Group Hire Scheme | 10,560 | 10,560 | |
| Gosport Minibus Group Hire Scheme | 11,500 | 11,500 | |
| Total Annual Cost | 119,396 | 70,728 | 48,668 |

- 4.3. This shows an annual value of £119,396 in 2017/18 for these services. The County Council's annual contribution of £70,728 towards these services will be provided from the Community Transport Budget. The procurement exercise would look to package these services together with other suitable transport already commissioned or provided by the County Council in the area. These figures exclude vehicle replacement costs which are covered in a separate recommendation.
- 4.4. An engagement process with service users would take place prior to the tendering exercise and the tender design, and the arrangements for the tender will be developed in partnership with other funders for these services. Following contract awards this commissioning approach would be evaluated and the results used to inform future decisions on how this approach can be applied elsewhere in the county.
- 4.5. In order to award contracts for the above community transport services following the tendering process in the Fareham and Gosport area, it is proposed that the Executive Member for Environment and Transport give authority to procure and spend up to a value of £716,376 (six year cost) to enable the award of two years contracts with an option to extend for up to a further four years, subject where appropriate to the agreement of the respective district councils where they also contribute towards these services.
- 4.6. A separate recommendation seeks authorisation for use of funds from the vehicle replacement reserve up to the value of £160,000 over the six year period. These would be subject to the submission of a satisfactory business case by the operator. This is in accordance with the revised operating model which will see operators taking the responsibility for vehicle replacement arrangements with additional payments being made through contracts to cover the cost of this.
- 4.7. 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.
- 4.8. The contributions from the district councils towards the proposed contracts for the Dial-a-Ride services will need to be covered by Deeds of Agreement with the County Council. This will ensure that the 50:50 joint funding arrangements which the County Council has with the district councils for these services is maintained. The Deeds of Agreement will confirm district council financial contributions for the initial contract award period as set out in 4.5 of this report. The contracts themselves will have the option to run for an initial term of two years and further Deeds of Agreement may need to be put in place beyond the initial contract award 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 term and subsequently to cover any contract extensions as outlined in this report.

5. Conclusion

- 5.1. Following the recent engagement process with key stakeholders this report seeks confirmation of the revised operating model, as outlined in Appendix 1, as the mechanism for how the County Council provides and supports community transport services in the future. These arrangements will help to ensure the continued availability and financial sustainability of community transport services as this approach evolves and takes into account future requirements and demands. The report also seeks authority for a procurement exercise which will see the Minibus Group Hire Schemes being commissioned alongside their respective Dial-a-Ride and Call and Go services, as well as other appropriate transport provided by the County Council across a number of district council areas as proposed in the revised operating model.

6. Recommendations

- 6.1. That the revised operating model outlined in Appendix 1 of this report be confirmed as the mechanism for how the County Council provides and supports community transport services in the future.
- 6.2. That authority is delegated to the Director of Economy, Transport and Environment to develop and implement the arrangements for the revised community transport operating model in consultation with the Executive Member for Environment and Transport.
- 6.3. That the Executive Member for Environment and Transport gives authority to procure and spend up to the value of £716,376, of which £424,368 will be funded from Hampshire County Council resources, to enable the award of two year contracts for the services identified in 4.2 of this report, with the option to extend for up to a further four years, subject where appropriate to the agreement of the respective district councils where they also contribute towards these services.
- 6.4. That authority is delegated to the Director of Economy, Transport and Environment to authorise use of funds from the vehicle replacement reserve up to the value of £160,000 for vehicle replacement in accordance with the revised operating model.
- 6.5. That approval be given for the County Council to enter into Deeds of Agreement for funding with each of the respective funding partners for the initial contract term, and subsequently to cover any contract extensions as outlined in this report.

CORPORATE OR LEGAL INFORMATION:**Links to the Corporate Strategy**

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| Hampshire safer and more secure for all: | no |
| Corporate Improvement plan link number (if appropriate): | |
| Maximising well-being: | yes |
| Corporate Improvement plan link number (if appropriate): | |
| Enhancing our quality of place: | no |
| Corporate Improvement plan link number (if appropriate): | |

Other Significant Links

| Links to previous Member decisions: | | |
|---|------------------|-----------------|
| <u>Title</u> | <u>Reference</u> | <u>Date</u> |
| Future Community Transport Operating Model | 7231 | 19 January 2016 |
| Proposed Community Transport Operating Model and Contractual Arrangements | 7529 | 12 October 2016 |
| 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.)

| <u>Document</u> | <u>Location</u> |
|-----------------|-----------------|
| 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 at this stage there should be no impact upon those with protected characteristics.

This is because the proposed revised operating model for community transport is primarily concerned with how the County Council commissions community transport services in the future and not about the level of service which will be provided to end users. A user engagement process will take place with service users in the Fareham and Gosport areas and this will inform the design of tenders for the proposed procurement exercise for this area and future contract awards. Each element of the operating model which is being proposed will also be subject to its own impact assessment as it is designed and implemented.

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:

- 3.1. 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.

- 3.2. 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.

Appendix 1

Proposed revised operating model for providing community transport services

The existing approach for supporting community transport services was previously agreed by the Executive Member in October 2007. Whilst the overall approach has worked well there is now a need to move to a revised model for the future which can respond to the current operating environment, work within the current financial limits, and make a meaningful contribution towards the council's transformation agenda.

The revised operating model should enable value for money services to be provided and deliver the maximum benefit to both the local community and users alike. In particular the revised model should take the opportunity to enable a more co-ordinated approach to all the Community Transport services, in which the council is involved.

Given the above, the framework for the proposed revised operating model is set out below:

- Award contracts after 1 April 2017 following a competitive process. Two year contracts with the option to extend for up to a further four years will generally be preferred in order to secure the best value for money, encourage service investment from the operator and support and promote the sustainability of schemes;
- Review how the existing funding from the County Council for the Minibus Group Hire Schemes is distributed so that this more closely reflects population, need, and use across Hampshire;
- Procure services across wider areas which go beyond the existing district council boundaries. This could build on the existing work of the Councils for Voluntary Service (CVSs) to work in clusters and potentially offer efficiencies to accommodate any reduction in the funding which might be available for these schemes in the future;
- Support the replacement of vehicles for all services, as resources allow, through additional payments under the terms of individual contracts. Payments would be based on a business case submitted by the scheme and guided by a rigorous analysis of existing vehicle utilisation. The level of payment would ensure the Council's first claim on the vehicle asset. Operators would be required to purchase second-hand and demonstrator vehicles where possible to achieve greater value for money for the council;
- Commission the Minibus Group Hire Schemes alongside their respective Dial-a-Ride and Call and Go services and other appropriate transport provided by the County Council in the future. Given that many of these services are interdependent and complement each other, this would achieve

better value for the Council, as recently demonstrated through a procurement exercise in the Basingstoke area;

- Develop a common branding for schemes and vehicles. Service names such as Dial-a-Ride, Call and Go, and Group Hire could be simplified and advertised through on-board destination displays and not through the vehicle livery itself, thus offering the appearance of a more joined up “community transport offer” in the local community. This would be possible where the Council is the major shareholder in the vehicles which the operator uses to deliver the service;
- Review the contributions which users and organisations make to those community transport services commissioned by the County Council in order to explore the opportunities for differing service levels. This would include looking at and consulting on the discount available to concessionary fares pass holders who currently use Dial-a-Ride and Call and Go services. An equalities impact assessment would need to be undertaken before any changes were agreed.