

Notice of KEY Executive Decision containing exempt information

This Executive Decision Report is part exempt and Appendix A is not available for public inspection as it contains or relates to exempt information within the meaning of paragraph 3 of Schedule 12A to the Local Government Act 1972. It is exempt because refers to information relating to the financial or business affairs of any particular person, including the authority holding that information, and the public interest in maintaining the exemption outweighs the public interest in disclosing the information

Subject Heading:	Provision of Passenger Transport Services to Thurrock Council
Cabinet Member:	Cllr Damian White, Leader of the Council
SLT Lead:	Daniel Fenwick
Report Author and contact details:	Mark Butler, 01708 432947 mark.butler@onesource.gov.uk
Policy context:	Supports outcomes within the broader Opportunities context of the Haverling Corporate Plan
Financial summary:	<p>Successful bids will result in additional staffing and vehicle costs which will be offset from contract income. Prices have been set to recover operational costs, to provide an appropriate contribution to overheads and include an element to offset the risk of increased costs,</p> <p>Winning bids are likely to result in the need to procure additional vehicles funded by the internal leasing reserve</p>

Key Executive Decision – Part Exempt Report

	which will be replenished over time via an annual charge to revenue
Reason decision is Key	Expenditure or saving (including anticipated income) of £500,000 or more
Date notice given of intended decision:	12 th February 2019
Relevant OSC:	Children & Learning Overview and Scrutiny Committee
Is it an urgent decision?	No
Is this decision exempt from being called-in?	Yes – the tender invitation issued on 1 st February requires submissions by 1 st March 2019

The subject matter of this report deals with the following Council Objectives

Communities making Havering	<input type="checkbox"/>
Places making Havering	<input type="checkbox"/>
Opportunities making Havering	<input checked="" type="checkbox"/>
Connections making Havering	<input type="checkbox"/>

Part A – Report seeking decision

DETAIL OF THE DECISION REQUESTED AND RECOMMENDED ACTION

To approve a tender submission for the provision of Passenger Transport Services to Thurrock Council for a 4 year period commencing September 2019.

AUTHORITY UNDER WHICH DECISION IS MADE

Cite here the authority in the Constitution, or the Cabinet decision, under which the executive decision or key decision is made. Individual Cabinet members' responsibilities for functions are set out in Part 3, section 2.2 of the Constitution.

STATEMENT OF THE REASONS FOR THE DECISION

The Passenger Transport Service's (PTS) principal role is to provide home to school transport on behalf of Children Services' clients and a number of additional routes on behalf of Adult Services. In recent years the PTS service has sought to minimise costs to internal clients by successfully tendering for external work and using this additional income to defray fixed costs e.g. depot overheads. As a result of this strategy, external income has increased over the last 5 years from £350k p.a. to approaching £1.m p.a.

Havering PTS have undertaken a varying number of Home to School routes on behalf of Thurrock Council over the past 5-6 years, contracts for which were won through a competitive tender process having successfully been accepted onto Thurrock's framework for transport services. These contracts are due to expire in July 2019.

In addition to contracted work on regular routes, the PTS service also markets to schools, academies and other organisations within Thurrock in order to secure additional 'ad-hoc' work to increase fleet utilisation and income.

Thurrock Council are in the process of refreshing their transport framework and are simultaneously re-procuring their transport arrangements for Home to School and SEND clients. Havering PTS were issued a formal invitation on 1st February 2019 (seeking tenders) for the 4 year period commencing September 2019 (providers are able to select which routes they wish to submit tenders for. The deadline for tender submissions is 1st March 2019.

Having reviewed the tender invitation, Havering PTS are proposing to bid for the routes as set out within the confidential appendix to this Notice.

OTHER OPTIONS CONSIDERED AND REJECTED

Havering PTS could decline to tender for this work, effectively withdrawing from operating the routes currently provided on behalf of Thurrock with the consequent loss of income and contribution to central overheads as described in the statement above.

Alternatively, Havering PTS could simply apply for qualification onto the Thurrock transport framework, but not bid for any contract routes, instead relying upon the opportunity to attract ad-hoc hire, via the framework. The likelihood of attracting ad-hoc work in this manner is likely to be severely impaired if the Havering PTS fleet is not undertaking contract work and visible within Thurrock.

Loss of current routes may result in the TUPE transfer of up to 6 existing drivers and passenger assistants to the new provider. If this is not the case most staff would be transferred to existing Havering routes which are currently being covered by either zero-hour contracted staff or agency staff. For excess staff affected that cannot be accommodated within existing (or other new routes) redundancy/redeployment may arise. Consideration would also need to be given to disposal of the vehicles.

PRE-DECISION CONSULTATION

None

NAME AND JOB TITLE OF STAFF MEMBER ADVISING THE DECISION-MAKER

Name: Mark Butler

Designation: Technical Director - OneSource

Signature:

Date:

Part B - Assessment of implications and risks

LEGAL IMPLICATIONS AND RISKS

The Havering Passenger Transport Service is a registered provider under Thurrock Council's existing framework arrangements and is periodically invited to tender for PTS routes on behalf of Thurrock Council and other external customers.

In this case, Havering PTS is being invited to bid for inclusion upon Thurrock Council's refreshed framework and for a variety of Home to School/SEND routes within Thurrock. The provision of work on behalf of other public sector clients is within the general business objectives of oneSource.

This work is covered under Havering Council's Operators Licence with VOSA and is within the general OneSource business objective to attract work from external customers.

The tender arrangements invite Havering PTS to bid for individual routes and consequently the precise extent and value of work will not be known under Thurrock Council confirms the outcome of its evaluation and subsequent award.

FINANCIAL IMPLICATIONS AND RISKS

Revenue Implications

The costs associated with submitting the tenders has largely been in relation to use of existing staff time, with the possibility of additional driver costs in order to assess the new routes. These costs can be contained within existing Passenger Travel Service revenue budgets.

Should the bids be successful there will be additional staffing and vehicle costs associated with each route. These will be offset from the contract income. The Thurrock routes being tendered for have been costed to cover all operational costs (staff, vehicle, fuel etc) and to provide a contribution to overheads.

The tender sum is fixed throughout the 4 year period with no provision for indexation - consequently account has been taken of pay increments and projected increases in other operating costs up to 2023 in order to ensure that inflation risks have been mitigated. The expectation is that the impact across the different financial years this will be managed by the creation of an earmarked reserve.

The Transport service has a corporate savings/income target of £50k from 2019/20 and any contribution to overheads generated through any Thurrock contracts will help meet offset this savings target..

Capital Implications

Changes in other routes mean that 7 existing vehicles will be available to service Thurrock work. In the unlikely event that Thurrock were to award Havering all routes set out in Appendix A, there would be a need to procure additional vehicles at an estimated capital cost of £1.17m. The purchase will be funded by the internal leasing reserve which will be replenished over time via an annual charge to revenue.

These revenue costs associated with fleet procurement are included within the calculation of operating costs referred to above and would be fully recovered over the contract period.

There are no other infrastructure costs relating to this tender proposal as any routes awarded by Thurrock to Havering PTS would be operated from existing depot facilities. Workshop capacity can absorb any increase to the fleet.

Risks

Whilst every effort has been made to estimate costs associated with potential routes, there is a risk that actual costs and therefore contributions to overheads will differ. This may arise for a number of reasons, wherever possible, this will be offset from additional income received as a result of ad hoc work and/or contained within overall Passenger Travel Service Budgets. Where costs cannot be contained, the issue will be raised through normal budget monitoring processes.

HUMAN RESOURCES IMPLICATIONS AND RISKS (AND ACCOMMODATION IMPLICATIONS WHERE RELEVANT)

TUPE protection (Transfer of Undertakings (Protection of Employment) Regulations 2006) would potentially apply as a result of changes to existing Thurrock transport arrangements where staff are dedicated to specific routes.

TUPE protection would potentially apply in both directions i.e.

- to Council drivers and passenger assistants dedicated to any current Thurrock route which is transferred from September 2019 to another provider
- to any external staff working for other providers on dedicated routes that are subsequently awarded by Thurrock Council to Havering from September 2019 onwards.

Previous transfers in provider have not resulted in TUPE protection being claimed but the possibility remains. The risk to the Council does not apply on routes lost, only routes won, whereby the existing staff working that route could claim TUPE protection to transfer to the Council on their current terms and conditions

EQUALITIES AND SOCIAL INCLUSION IMPLICATIONS AND RISKS

From a staff perspective, the proposals within this decision do not have any disproportionate impact upon any group with protected characteristics. The part-time nature of the work does tend to attract a higher proportion of older/retired employees albeit the service is seeking to attract a broader cross-section of staff of varying age.

From a customer perspective, a high proportion of the service users have disabilities although the continuance of this work, if the tender submissions are successful, will eliminate any impact upon service users.

BACKGROUND PAPERS

None

APPENDICIES

Appendix A

Details of proposed tender submission

Exempt

Part C – Record of decision

I have made this executive decision in accordance with authority delegated to me by the Leader of the Council and in compliance with the requirements of the Constitution.

Decision

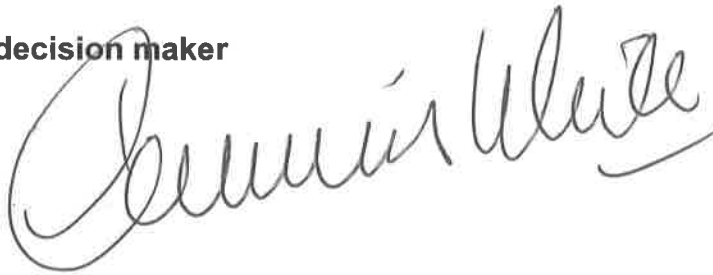
Proposal agreed

Delete as applicable

~~Proposal NOT agreed because~~

Details of decision maker

Signed



Name:

DAMIAN WHITE

Cabinet Portfolio held:

CMT Member title:

Head of Service title

Other manager title:

Date:

26/02/2019

Lodging this notice

The signed decision notice must be delivered to the proper officer, Debra Marlow, Principal Democratic Services Officer in Democratic Services, in the Town Hall.

For use by Committee Administration

This notice was lodged with me on

27/2/2019

Signed

