



MARKET TESTING PASSENGER TRANSPORT SERVICES

PROVIDERS UPDATE BULLETIN No.1

This is the first of what will be several bulletins updating organisations who attended our Provider's Event in February. Others will follow as we proceed with the competitive process and fulfil three important roles. They will:

- update you on progress and developments, and provide clarifications where these are needed.
- seek your views on key matters to help ensure we deliver the right outcomes.
- help us maintain a level playing field, making sure that any additional information given to one provider goes equally to all, whilst not disclosing the source and identity of the original enquiry.

The first part of the note (No.1) provides updated information on:

1. expanding the contract to include other councils and the local NHS;
2. workforce matters (including current rotas, TUPE and driver training);
3. vehicles, vehicle maintenance and depot facilities;
4. Self Directed Care for disabled adults;
5. the tendering timetable and next steps.

The second part of the note seeks your views on a number of important matters.

We appreciate many of you did not want to disclose your ideas in front of your competitors back in February, but trust that you will share them with us via a confidential e-mail channel to help us finalise our contract strategy and documents. Your views are important to us, and these should be sent to our Head of Passenger Transport Procurement: kevin.corrigan@lbhf.gov.uk.

As we stressed in our introductory brochure and at the event, we want to get our passenger transport contract right. Right for everyone who matters - services users, their families, the successful contractor, and ourselves as the local accountable body.

1. **EXPANDING THE CONTRACT TO INCLUDE OTHERS**

NHS: we will not be tendering a joint contract with our local National Health Services or Primary Care Trust. At our February event the Leader of the Council, Cllr. Stephen Greenhalgh, spoke about the linkages between health and social care, recognising the logic of joining these up where possible but also the commercial complexities this would involve.

The local NHS have advised that their own tendering for non-acute transport services is well advanced and nearing completion, with a contract due to be awarded this summer. A joint contract between Hammersmith & Fulham Council (LBHF) and local National Health Services is not therefore feasible at this time.

Other west London Councils

Westminster City Council attended our event and have expressed a firm interest in having a joint contract with LBH&F. The scope and level of participation is currently under review at Westminster, in line with a number of existing contractual arrangements for related services.

Discussions are currently taking place between the two Councils on the practicalities of a joint contract – aligning eligibility criteria, specifications, payment mechanisms, cost and benefits sharing etc. – prior to seeking a decision from both Councils' Leadership on whether to press ahead with a joint contract or, at a minimum, ensuring that there is the option of one joining at a later stage.

Kensington & Chelsea Council have indicated that if LBHF and Westminster do let a joint contract, they wish to have the option of also joining when their current contract expires in 2012/13.

The West London Alliance of Councils (ourselves, Brent, Ealing, Harrow, Hillingdon and Hounslow) is interested in a contract that will allow other west London councils to join at a later date if they wish, and, in aligning this contract with any future wider WLA joint procurement which could then have the potential to feed into the development of a regional transport hub.

(Please see the final section of this bulletin where your views on a joint contract are sought.)

2. **WORKFORCE MATTERS**

There will not be an in-house bid for the contract. Several providers have asked workforce-related questions, and we hope the following answers are helpful.

Will the existing LBHF workforce be included in the TUPE schedule?

Yes. It is the Council's view that the TUPE Regulations apply. The TUPE information provided at the time of issuing tenders will be accurate and complete.

Can you clarify the current staffing set-up?

At present there is a total of 74 staff employed in the service. This includes an interim service manager, administrators, 38 drivers and 31 escorts. Of these 4 are full time and the remainder are part-time. Of the 74 headcount, 57 are directly employed and 17 agency staff. It is important to note that this total includes temporary staff, cover for absences, and the like. It may reduce prior to us inviting tenders, and providers will be kept updated on actual staffing levels in future bulletins, and indeed when the TUPE information is produced.

What do the staff rotas currently look like, and what are the core hours of operation?

The four adult day centres are currently open seven days a week. The drivers and escorts for the adults start work between 7.00am and 8.00am depending on the round, and they finish

work between 4.30pm and 6.00pm, also depending on the round. There is also one luncheon club based in Farm Lane which is open Monday-Friday. Drivers and escorts currently employed on the 28 school routes, transport around 170 pupils to 14 different schools and work split shifts: 7.30am-10.00am and 2.30pm-5.00pm Monday to Friday, although working hours may be reviewed prior to tendering.

Does the existing passenger transport service operate under an "O" Licence or Section 19 arrangement?

Section 19.

What licences do the drivers hold and what are the TUPE implications of this?

Under legislation governing the use of mini-buses, the Council is not legally classified as operating passenger transport vehicles for "hire or reward". This means that at present our drivers are not required by law to hold a Vocational (D1 without "101" restriction or D) Licence when driving minibuses for the Council. When the market testing of our passenger transport is completed, however, this situation will change if the contract is awarded to a commercial company.

Aware of the implications this will have for organisations in deciding whether or not to bid, their bid price, and the TUPE transfer, we are arranging and paying for our drivers to undertake training and sit the test necessary for them to obtain the higher level of Licence required for working with a commercial organisation - well before the TUPE transfer next year. Tenders for the driver training have been invited, and we expect this contract to be awarded in May and training to commence in June.

Will the vehicle workshop staff at Bagley's Lane depot be eligible for TUPE transfer?

Probably not, as maintenance of the current fleet of passenger transport vehicles accounts for less than 51% of their current work time. The Council will however seek Legal advice to confirm this view and advise providers of it in a future bulletin.

3. VEHICLES AND VEHICLE MAINTENANCE

In our brochure and at our event we stressed that no decision has yet been made on whether we will be able to offer use of Bagley's Lane depot to the successful contractor. A number of questions have been put to us about future vehicle and maintenance arrangements.

When does the current lease for vehicle hire expire?

The Council's arrangement for vehicle hire will expire when the passenger transport contract starts, September 2011. The successful contractor will be required to source their own vehicles, and we recognise that this may require a lead-in time of around five months.

What sustainability criteria will the Council apply to fuel and environmental pollution?

The Council will require full compliance by all of the vehicles provided with Euro 5 emission standards, as a minimum standard. However, any additional features (such as, but not limited to, so-called "stop-start" technology) that improves environmental performance and/or results in more economic fuel consumption will be considered favourably during the tender appraisal process.

How many vehicles are maintained at Bagley's Lane depot?

The Council currently garages and maintains a fleet of 38 passenger transport mini-buses at Bagley's Lane, plus the fleets operated by a whole range of other council services such as housing, street lighting, meals-on-wheels etc. Vehicles used in connection with the refuse collection, recycling, and street cleansing contract belong to Serco and, although these are garaged and maintained on site, the maintenance is carried out by Serco's own maintenance

sub-contractor (Geesink-Norba who lease part of the workshop complex) and not by the Council's own maintenance facility.

Have you considered tendering all of your vehicle operations, including fleet maintenance and workshops, as part of the passenger transport contract?

This is an option we will be considering as part of our review of future requirements for vehicles, depot and maintenance facilities, but, until this review has been completed, there is no firm commitment either way.

Can we submit two bids – one using Bagley's Lane depot and one not?

Yes. This is likely to be the course of action the Council takes, when inviting tenders, to help reach an informed decision on which option provides the best overall value for money solution.

Can the Council include vehicle maintenance in the contract?

As with the depot, no decision has yet been made and the Council may well, when inviting tenders, ask bidders to submit two prices - one that includes vehicle maintenance being undertaken by the Council on the contractor's behalf at Bagley's Lane depot, and one for sourcing their own maintenance – in order to reach an informed decision on which provides the best value for money.

4. SELF DIRECTED CARE (also known as personalised budgets for adults)

If, under Self Directed Care, an adult client either mis-spends their direct payment, for instance on alcohol or are the victim of fraud, will the Council divert additional funds to this person, directly or indirectly?

It is unlikely that we will simply give very vulnerable service users a direct cash payment. Every service user will need a detailed support plan and the Council will need to satisfy itself that individual choices in relation to all services including transport are safe and will meet the service users assessed care need.

5. TENDERING TIMETABLE

The Council wants to have transferred the service and have the contract operational by September 2011, at the start of the 2011/12 school year.

No final decision has yet been made on whether the Council will be using the Competitive Dialogue or traditional Restricted procedure to procure the service. Whichever method is chosen, dialogue with bidders will be central to our approach.

Subject to hearing your advice on key matters, and agreement with Westminster on a joint approach, our indicative timetable – which for reasons of simplicity at this stage assumes dialogue at key stages of a Restricted process - is as follows:

Procurement stage	Deliverable	Delivery date
Review	Joint LBHF and Westminster (WCC) project team and governance arrangements established.	May-June 2010
Review	Standardisation of LBHF and WCC eligibility policies and contract specifications.	May-July
Review	Consultation with service users.	May-June
Review & dialogue	Draft specification & pricing options for pre-tender market dialogue.	June
West London Alliance partnership	Circulation of access agreement giving others option to join later.	May-June
Tendering	Placing of OJEU and commencement of formal procurement.	July
Tendering	Short-listing of bidders. Finalisation of contract docs & award criteria.	October
Tendering	Issuing of invitations to tender.	October
Tendering	Return of tenders.	December
Tendering	Tender evaluation and clarification.	Jan-Feb 2011
Contract award	LBHF and Westminster Cabinets award contract.	March-April
Mobilisation	Successful contractor mobilises resources & handles TUPE transfer	April-Sept
Implementation	Contract commences and integration of client-side organisations.	Sept 2011.

6. YOUR VIEWS NEEDED

If we're going to get the contract right, we need your feedback. We appreciate that this will require some time on your part, but believe if we are letting a contract for an important front-line service that will cost several million pounds of public money over 5-7 years, this will be time well spent – for all concerned. **Effective competition requires effective engagement.**

A joint Westminster and LBHF contract

(that would also allow others, eg Kensington & Chelsea, to join later)

Councils are going to face big funding reductions for the foreseeable future. Westminster and LBHF's assumption is that by working together, pooling our budgets, aggregating our demand, rationalising client-side arrangements, and possibly sharing assets, we will get some if not all of the following benefits:

- the continuation of important services to vulnerable residents in both boroughs at reduced cost, enhancing value for money and delivering savings that help protect front-line services;
- an opportunity to expand the contract sub-regionally over time should others decide to join later when their existing arrangements expire, for example RBKC in 2012/13, thereby making an even more cohesive economic bloc with opportunities for further cost discounts;
- lower numbers of aggregate journeys, resulting in lower fuel consumption and a reduction in other adverse environmental impacts.

Question 1: Are we correct in these assumptions?

Question 2: Will a joint LBHF-Westminster contract be commercially attractive to you? And will it give us better or poorer value for money?

Question 3: *Would a joint contract encourage or discourage you from bidding? Why?*

Question 4: *Do you have the capacity to bid for a joint contract? If not, would you consider bidding as part of a consortia with others?*

Question 5: *Should LBHF & Westminster tender a single contract or one divided into geographic lots?*

Route planning

Question 6: *Should responsibility for route planning stay with the Council or would it be better to transfer this to the new provider?*

Contract payments

Question 7: *Do you have any views on how the contract payments should be structured? For instance, should these be per route, per passenger, per passenger mile, or another way?*

Bagley's Lane depot

Question 8: *How important is Bagley's Lane depot to providers in respect of:*
a) *an operational base for garaging the vehicles overnight?*
b) *maintenance facilities?*

Question 9: *Are alternatives possible? If they are, what would be the ease and rough cost of sourcing them?*

Procurement process

Question 10: *Do you have any strong preference as to which procurement procedure we should use to tender this contract: competitive dialogue or restricted?*

Have we missed anything that you think is important? Please let us know.

Your views are important to us. Please e-mail them to our Head of Passenger Transport Procurement: kevin.corrigan@lbhf.gov.uk.
