

	Cabinet 8 th March 2021
	Report from the Strategic Director of Regeneration and Environment
Special Needs Transport Managed Service - Contract Renewal	

Wards Affected:	All
Key or Non-Key Decision:	Key
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
No. of Appendices:	None
Background Papers:	None
Contact Officer(s): <small>(Name, Title, Contact Details)</small>	Chris Whyte Operational Director, Environmental Services Regeneration and Environment 020 8937 5342 Chris.whyte@brent.gov.uk

Purpose of the Report

1.1 The purpose of this report is to present the outcome and cost options from a commissioning exercise undertaken on behalf of Brent by Harrow Council. These costs relate to a re-procurement of the managed personnel contract that provides drivers and assistants for the shared Special Needs Transport (SNT) service.

1.2 The report seeks a specific decision in relation to the payment of London Living Wage (LLW) to staff employed through the contract.

1.0 Recommendation:

That Cabinet agrees to:

2.1 An uplift in payment in line with LLW which draws from the Council's reserves in 2021/22, but which is included in the Council's Medium Term Financial Strategy from 2022/23 onwards.

2.0 Detail

2.1 Since August 2016, Brent and Harrow councils have operated a shared special needs transport service which is managed on a day to day basis by Harrow

Council from their Forward Drive depot. The service currently provides transport for 1144 children and 131 adults to schools, colleges and day centres. The budget for this service in 2020/21 was £10.9m.

- 2.2 The merger presented a business opportunity for both councils to gain the benefits of economies of scale, greater efficiencies in operational front line staffing (drivers and assistants), shared policies from cross working with seconded staff, route sharing and rationalisation, and systems and processes. It also provided the opportunity for better utilisation of Harrow's premises to reduce the operational costs of the combined service. The merged service also seeks to deliver cost reductions in relation to contractual arrangements.
- 2.3 One such contract is the Labour Supply Managed Contract which was set up when the shared service commenced in 2016. It is primarily used to provide drivers and assistants on buses that serve Brent Council. Harrow's requirement is less because they mainly use staff who are directly employed by them. The call on the contract by Brent and Harrow is approximately 85% and 15% respectively. It expires this year and has now been subject to a Harrow-led re-procurement exercise.
- 2.4 A key consideration that has emerged from this exercise is how the contracted staff are remunerated. The current contract has paid staff below LLW. This exercise now provides an opportunity to review that. The current rates vs LLW are shown below:

Category of Staff	Pay Rate per hour ('as is')	Pay Rate per hour (LLW)
Driver PCV	£10.00	£10.86
Driver D1	£9.50	£10.86
Passenger Assistant	£8.72	£10.86
Specialist/Medical	£10.00	£10.86

- 2.5 Another key consideration is the timing of the conclusion of this procurement exercise. It has not allowed time for a full appreciation of the costs so they could be accounted for as part of the settling of the council's revenue budget for 2021/22.
- 2.6 The new contract is for four years from August 2021, with an option to extend for a further three years.
- 2.7 The procurement process was carried out in accordance with the Public Contract Regulations 2015 and Harrow Council followed an OPEN Procedure. A market engagement event was held on the 9th November. The OJEU Notice and Tender documentation was published on Harrow Council's e-tendering portal on the 11th November 2020. The closing date for submissions was the 11th December at 12 noon.
- 3.8 Harrow received twenty-six expressions of interest and then received six bids on time. All six bidders passed the Selection Questionnaire Stage.
- 3.9 A further compliance check was carried out for Quality, Price and Social Value (SV). One of the bids was non-compliant. Another bid was deemed to be abnormally low, and was subsequently rejected. The remaining four bids were then evaluated and a preferred bidder was identified.

4.0 Financial Implications

- 4.1 The option of paying LLW would cost £0.5m - £0.6m per annum higher than paying the 'current rates. This is equivalent to a total of £4m across the seven years of the contract.
- 4.2 This would be funded by corporate reserves in the first year (circa £0.4m) and built into the Medium Term Financial Strategy from 2022/23 onwards.
- 4.3 The current (2020/21) BTS budget for agency staff is £3.4m per annum.
- 4.4 As part of the shared service agreement, any costs incurred on Brent's behalf are fully recovered by Harrow. This will include costs incurred for this new contract.
- 4.5 Harrow have indicated they will be guided by Brent's preference and will adopt a harmonised approach to payment across the whole contract.

5.0 Legal Implications

- 5.1 The original Cabinet decision, and the Inter-Authority Agreement, allows for Harrow to undertake and lead on procurement but does not refer to any possible formal delegation of other functions to Harrow so some key decisions affecting the service, including matters relating to cost and strategic direction remain subject to scrutiny by each council's Cabinet/Executive.
- 5.2 The proposed contract is merely between Harrow and the contractor and therefore Brent is not contractually liable under it so it is not necessary to seek Brent's Cabinet's authority to award the contract.

6.0 Equality Implications

- 6.1 Passengers are likely to have a learning or physical disability and be elderly or young. Any changes to the current service may have an impact on them. No changes are anticipated at this stage and once the new provider is installed, every effort will be made to ensure consistency in drivers and assistants and that routes remain similar to those that are operated now.

7.0 Consultation with Ward Members and Stakeholders

- 7.1 None

8.0 Human Resource/Property Implications

- 8.1 The preferred bidder is not the incumbent, which means staff will be subject to a TUPE process.

Report sign off:

Alan Lunt

Strategic Director of Regeneration
and Environment