

CHILDREN, YOUNG PEOPLE AND SCHOOLS SCRUTINY COMMISSION REPORT

Provision of Taxi Framework for Vulnerable people

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Education

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Useful information

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1. Purpose

- 1.1 To provide the Scrutiny Commission with an update on the provision of taxi journeys for Vulnerable people and the implementation/procurement of a new Framework.

2. Summary

- 2.1 This paper explains the background to the procurement exercise for taxi journeys and explains the difficult current position with operators refusing to accept the majority of journeys on the new pricing terms and conditions.
- 2.2 A new framework for commissioning taxis was tendered in 2019/2020 with resulting in awards to 11 operators. 9 of these operators were already working for the LA on an old framework, delivering around 80% of existing journeys.
- 2.3 Lengthy engagement was undertaken with the market to inform the framework, including clear information on the proposed prices for the work. No significant resistance to the pricing proposals was put forward (some small adjustments were made to take into account feedback) and these prices were advertised as the rates for work throughout the tender process, becoming contract terms on award.
- 2.4 Despite having knowledge of the pricing structure for over a year, all operators on the new framework have refused to continue with many of their journeys on the new pricing terms. This refusal came in December 2020 with journeys due to commence from 4th January 2021. With approximately 60% of the journeys unallocated in mid-December 2020, a decision was made to extend the old framework in order to ensure journeys took place.
- 2.5 The old framework has been extended to 24th April 2022 to allow time for a re-procurement exercise to be undertaken
- 2.6 Further engagement with the market has led to the recommendation to re-procure the provision and further consultation with the market is required in order to inform the new procurement exercise
- 2.7 This report sets out the present situation with regards to the strategy for the procurement of the taxi service.



3. Recommendations

- 3.1 The Children, Young People and Schools Scrutiny Commission is recommended to:
- a) Note the content of the report and to provide comment/feedback.

4. Report

- 4.1 Approximately £10 million is spent each year on taxi transport for vulnerable people and staff, commissioned by the City Council from the external taxi market.
- 4.2 The majority of these journeys, totalling £7.5 million are for children and young people, predominantly those travelling to and from school. Most children with commissioned transport packages have SEND and most require a passenger assistant.
- 4.3 The purpose of the intended new framework was to both improve quality by implementing a more robust quality assurance process and to seek to bring a level of management/consistency of journey costs as a review of rates charged per mile across a wide sample of journeys under the existing bidding framework found significant variation in the rates charged, which could not reasonably be explained.
- 4.4 The improvement in quality assurance would be delivered by two dedicated QA officers who would not only build strong working relationships with providers but they would also undertake a detailed annual Quality Assurance inspection alongside the implementation of a 'Penalty Points' dashboard to effectively manage service failure at both significant and a cumulative perspective.
- 4.5 Despite the new framework being terminated the old framework still allows for Quality Assurance to be undertaken and the 2 QA officers will begin to implement a more robust and programmed QA process.
- 4.6 As part of the procurement exercise and to deal with the above concern a fixed rate (per mile/per pick up rate) was agreed as it would avoid the taxi firms exploiting the opportunity to charge excess rates at off peak (in terms of retail work) times. These rates

were benchmarked with those paid by other comparable councils, to ensure that they were set at genuine market rates.

- 4.7 When the new 'fixed rates' were cross matched to journeys it was established that a saving of £900k could be made.
- 4.8 Lengthy engagement was undertaken with the market to inform the framework, which included three full engagement events where providers were made aware of all the changes including clear information on the proposed prices for the work.
- 4.9 No significant resistance to the pricing proposals was felt, some small adjustments were made to take into account feedback, and these prices were clearly advertised as the rates for work throughout the tender process, becoming contract terms on award
- 4.10 A new framework for commissioning taxis was tendered in 2019/2020 with resulting awards to 11 operators. 9 of these operators were already working for the LA on an old framework, delivering around 80% of existing journeys.
- 4.11 Despite having knowledge of the pricing structure for over a year, all operators on the new framework, at the last minute refused to continue with many of their journeys on the new pricing terms. This refusal came in December 2020 with journeys due to commence from 4th January 2021. With approximately 60% of the journeys unallocated in mid-December 2020, a decision was made to extend the old framework to ensure journeys took place.
- 4.12 During this period no vulnerable journey was unallocated, and no children missed school
- 4.13 The overall financial position is that the budget for SEN home to school transport for 2021/22 of £3.9m includes a £2.2m net growth to deal with historic growth pressures and ongoing increase in demand for taxi transport. The growth is net of the anticipated savings of £0.9m from using the new framework rates.
- 4.14 Not implementing the new framework means that there is an immediate £0.9m budget pressure for 2021/22.
- 4.15 Ongoing, the achievement of savings from the procurement will continue to be a challenge. It is clear that forcing a price reduction on the market will likely be met with a refusal to take on journeys. The approach to achieving cost reduction is therefore likely to be targeted on reducing the number of taxi journeys commissioned by reducing the need for this by securing other, more appropriate, means of safely getting children to school.

Current position

The 'old' Framework has now been extended to the end of April 2022 to allow another procurement exercise to be undertaken and there are a several options under consideration. Work is currently underway to agree a preferred model that will meet the need to deliver the journeys and provide value for money. Officers will engage with the market to ensure that there is support for the proposed model, learning lessons from this recent exercise

- 1.1 Relationships with taxi providers have been impacted by this exercise, but in addition to continued engagement the Quality Assurance team is proactively rebuilding those working relationships.
- 1.2 The anticipated challenge will clearly be founded on any change to the rates of pay for each journey. The providers did not raise any challenges with regard to the Quality Assurance process or any other part of the contract or specification so engagement in the area of rates will need to be a significant part of the re-procurement process.
- 1.3 It should be noted that a 25% lockdown payment has been made to operators whose journeys have been cancelled as a result of the latest lockdown and school closures. This is a payment that we are legally obliged to pay to cover the costs that continue e.g. business overheads, vehicle repayments etc. and legal advice is that these payments need to be made for all journeys suspended as a result of the latest lockdown
- 1.4 We have learnt from the 'failure' of the implementation of the new framework and will review and address all areas of challenge and will engage with all relevant partners, especially the taxi providers themselves, to deliver a further revised framework that will provide a taxi service that is safe for all users, managed to bring consistency to journey rates and ensure a robust quality assurance process.
- 1.5 The procurement exercise itself will clearly set out to operators that if a fixed rate is used again, there is no room for negotiation once the tender is advertised. Prices will be revisited to again seek a rate that provides a reasonable cost for the LA and a workable cost for the market. Options to enhance the rate for carrying people with more complex needs as part of the journey will be explored. Finally, increased work with members throughout the consultation and procurement exercises will take place.

5. Scrutiny Overview

The taxi procurement/new framework implementation has not been presented to Scrutiny before but was delivered to Lead Member Briefing on

7th October 2019 to detail the commissioning intentions and a further presentations on 20th May & 4th March and to City Mayors Briefing on 18th February 2021

6 Financial

The budget for SEN home to school transport for 2021/22 of £3.9m includes a £2.2m net growth to deal with historic growth pressures and ongoing increase in demand for taxi transport. The growth is net of assumed savings of £0.9m from using the new framework rates and a £0.5m saving from an increase in personal transport budget take up. Not implementing the new framework means that there is an immediate £0.9m budget pressure for 2021/22. This will need to be dealt with by the department.

The rationale for using the fixed rate per mile and pick up rate in the new framework was to avoid the taxi firms exploiting the opportunity to charge excess rates at off peak (in terms of retail work) times. A review of rates charged per mile across a wide sample of journeys under the existing bidding framework found significant variation in the rates charged, which could not reasonably be explained either by cost variations of the provider or demand pressure bidding up prices.

It is recommended that using a single fixed rate per mile, or more than one fixed rate dependent upon type of journey (for example one requiring a larger vehicle to accommodate a wheelchair) be maintained in the new contract, rather than offering a per journey bidding mechanism, in order to better control our costs.

Martin Judson, Head of Finance

7 Legal

Both Procurement and Legal Services are engaged in the re-procurement options identified within this report to ensure any such procurement is in compliance with Council's contract procedure rules and the Public Contract Regulations

Previous legal advice has been provided in respect of consultation, extension of the existing framework together with the 25% payments made under the framework due to the pandemic.

Ongoing legal advice and assistance should be sought throughout.

Mannah Begum, Principal Lawyer (Commercial) Ext: 1423

8 Equalities

When making decisions, the Council must comply with the Public Sector Equality Duty (PSED) (Equality Act 2010) by paying due regard, when carrying out their functions, including procurement, to the need to eliminate unlawful discrimination, harassment, victimisation and any other conduct prohibited by the Act, to advance equality of opportunity and foster good

relations between people who share a 'protected characteristic' and those who do not.

In doing so, the council must consider the possible impact on those who are likely to be affected by the recommendation and their protected characteristics.

Protected Characteristics under the Equality Act 2010 are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

The proposal is a re-procurement exercise for taxi journeys. The service provides transport for vulnerable people and staff and will have had positive equality impacts with the majority of these journeys for children and young people, predominantly those travelling to and from school. Most children with commissioned transport packages have SEND and most require a passenger assistant.

Although there are no direct equality implications arising from this report, it is important that regardless of the model that is taken forward, equalities considerations should influence the process and be built into the contract specification in order to ensure that the future provider/s take a robust approach to meeting their equalities obligations as a provider of a public service.

In moving forward and in order to demonstrate that the consideration of equalities impacts has been taken into account in the development of the proposals and as an integral part of the decision making process, it is recommended that an Equalities Impact Assessment that takes into account findings of any consultation is carried out.

Sukhi Biring, Equalities Officer, Ext 37 4175

9 Climate Change

Passenger transport by taxi is monitored as part of Leicester City Council's annual carbon footprint, and accounts for a significant proportion of emissions. In 2019/20 it is estimated to be responsible for around 1,000 tCO₂e (~5%) of the council's total emissions. Following the council's declaration of a climate emergency, and the ambition to reach carbon neutrality in the city and council by 2030, emissions from road transport are a key area that will need addressing.

As the new framework included an increase in the environmental standards of vehicles, returning to the existing framework will prevent the delivery of these improvements and the associated carbon emissions and air quality benefits in the meantime. It is recommended that the re-procurement exercise, in whatever form it takes, therefore again aims to secure improvements in vehicle standards including the Euro 5 and Euro 6 standards as appropriate and encourages better performance and the use of low emission vehicles where possible. The

recording of mileage, fuel use and carbon emissions for vehicles subject to Leicester licensing conditions should also be retained, as this will allow carbon emissions to be accurately monitored going forwards and improvements tracked.

Aidan Davis, Sustainability Officer, Ext 37 2284

10. Appendices

None

11. Background Papers

None