

## HAMPSHIRE COUNTY COUNCIL

### Decision Report

<b>Decision Maker:</b>	Executive Member - Environment
<b>Date:</b>	7 September 2010
<b>Title:</b>	New Contracts for Community Transport Group Hire Schemes: Consultation with Operators and District Councils
<b>Reference:</b>	2008
<b>Report From:</b>	Director of Environment

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### 1. Executive Summary

1.1. The purpose of this report is to advise the Executive Member of the results of the consultation recently undertaken with a number of community transport schemes. This consultation was focused on the so-called group hire community transport schemes; district-based schemes that operate a pool of accessible minibuses for hire to local community groups. The contracts that provide financial support to these schemes expire on 30 September 2010. Operators and district councils were consulted on a number of issues and approaches emerging from the Community Transport Review and the proposed content of the new contracts for these schemes from 1 October 2010.

1.2. This paper seeks to:

- outline the context of the consultation;
- summarise the matters included in the consultation and the responses received from consultees; and
- recommend changes in the proposed content of the new October 2010 single tender contracts for group hire community transport schemes.

1.3. The paper also seeks authorisation for the award of two year single tender contracts, to provide continued financial support to a number of the group hire community transport schemes.

## **2. Background and context**

2.1. The County Council's involvement in providing funding to community transport group hire schemes dates back over 20 years and, nationally, the Council is recognised as having a very positive and proactive attitude towards its community transport sector. A number of district councils and other funders have also provided funding contributions.

2.2. Generally, each scheme has the following role, to:

- (i) operate a number of mini-buses available for hire by local voluntary and community groups. Most or all of these mini-buses are 'accessible'; they can transport people with disabilities, including wheelchair users;
- (ii) provide training to volunteer mini-bus drivers, for the scheme itself and for other local groups and schools; and
- (iii) help to fill gaps in local transport provision by setting up shopping/health/social trips to rural or other communities with limited or no public transport.

2.3. The financial support provided under contract helps to:

- (i) pay a person to organise each scheme (undertake the booking and scheduling, ensure that the mini-buses are regularly checked and maintained, facilitate MiDAS training to volunteer drivers, etc); and
- (ii) ensure that hire charges remain affordable so as to deter individual local groups from acquiring their own mini-buses, many of which would be under-used.

2.4. Single tender contracts are currently awarded to most schemes. The single tender criteria were agreed in 2007 and it is now appropriate to review them, and to consider whether they could be revised to deal with situations, such as in East Hampshire or Basingstoke, where the local schemes do not meet the criteria. Currently, a procurement exercise is needed in East Hampshire (covered in a separate report) and a negotiated process is nearing conclusion in Basingstoke, with the 'Best and Final Offer' being the next stage before the award of a contract.

2.5. A review of the County Council's approach to the support and development of the community transport sector was commissioned from the TAS Partnership (the 'Community Transport Review'). This was to consider a number of issues raised by the County Council, including:

- (i) the need for a more cohesive branding for community transport, to counter the public perception of a fragmented community transport sector, with many different local schemes;
- (ii) the need for a more equitable distribution of funding between schemes, as funding allocations tend to have a historical basis; and

- (iii) the desire to see group hire schemes taking a more active role in providing cost-effective alternatives to poorly-used bus services.

### 3. The Consultation

3.1. Operators and district councils were consulted on the following matters:

- (i) key themes emerging from the Community Transport Review;
- (ii) the proposed content of the October 2010 contracts for group hire community transport, revised to reflect the options and approaches emerging from the Community Transport Review; and
- (iii) the proposed review of the single tender criteria that apply to awarding contracts for the majority of group hire mini-bus schemes.

### 4. Brief Summary of Responses Received and Proposed Actions

4.1. There was generally a good level of response from operators although the length of the responses varied considerably. Fewer district councils responded. Generally, these were fairly supportive of the proposals but there were some areas of concern. Table 1 below contains a brief summary of the responses, together with officer comments and proposed actions.

Table 1: Summary of results of consultation

<b>a) Key Themes from the Community Transport Review</b>		
<b>Key theme</b>	<b>Brief summary of responses</b>	<b>County Council officer comment / Proposed action</b>
Need for a more equitable distribution of County Council funding between schemes	Agreed, with some reservations as to how 'fair' a new funding model would be.	Set up working group including schemes to assess options suggested by consultants and develop a hybrid model including several factors. Any re-distribution of funding between schemes will not take place until the next generation of contracts in 2012.
Need for county-wide marketing and branding for community transport	Significant level of concern as to the need for this, whether it would conflict with schemes' local identities and how much re-branding could cost – but a willingness to work with the County Council and explore issues further.	Need for sensitive handling. Set up working group with operators and district council representatives. Implementation options will need careful consideration in view of budget constraints.

<b>a) Key Themes from the Community Transport Review <i>continued</i></b>		
Proposed benchmarking tool to measure performance of schemes – strengths, improvements needed, etc	General support – schemes see this as a useful tool for them too. Need for trialling of the tool – and careful calibration.	Develop proposed benchmarking tool further, trial with two schemes and consult all schemes on the measures to be used.
<b>b) New October 2010 single tender contracts - general</b>		
<b>Proposal</b>	<b>Brief summary of responses</b>	<b>County Council officer comment / Proposed action</b>
Duration: One year, extendable to two	Strong preference for the security of two year contracts, as existing.	Amend to two year contract but with three month break clause, in view of funding uncertainties within public sector.
Value: As existing contract/grant + inflation	Generally content except for those receiving low levels of funding at present.	The budget constraints facing the County Council have changed since the consultation process was launched. In view of this it is proposed that contracts be awarded at the current value with no inflation added. Most contract costs relate to salaries and this approach would be consistent with public sector approach to pay restraint.
<b>c) Items for specific inclusion in new October 2010 single tender contract specification</b>		
<b>Proposed new requirement</b>	<b>Brief Summary of responses</b>	<b>County Council officer comment / Proposed action</b>
1. Use of benchmarking tool	Generally supported.	Introduce widely in Year 2 after trialling etc.
2. Use of proposed new branding and marketing	Significant concerns – as noted earlier.	Plan for introduction in Year 2 after further work.

<b>c) Items for specific inclusion in new October 2010 single tender contract specification <i>continued</i></b>		
<p>3. Work with the County Council to replace lightly-used bus services</p>	<p>Uncertainty from operators as to exactly how much was wanted from the County Council – regular or occasional services? Significant level of concern – mainly as to whether this would divert capacity away from their prime purpose of hiring to local groups.</p>	<p>Include in new contracts – reducing isolation for local people is an important role for these schemes. Where capacity is already fully utilised there may be a case for providing additional capacity, perhaps through leased minibuses, subject to a good business case and available funding.</p>
<p>4. Work with the County Council to maximise volunteering</p>	<p>Mixed views – but strong message that there is a need to work in partnership with local volunteer centres.</p>	<p>Include in new contracts. Volunteer recruitment campaigns to be in partnership with volunteer centres, initially in parts of county with greatest need.</p>
<p>5. Register for VAT, or justify why not (extra costs or losses to other parts of their business)</p>	<p>Willingness to register from several, with others (around half) already VAT-registered. Strong views from two small organisations who felt that VAT registration should not be imposed.</p>	<p>Do not include as a contract requirement but where there is a willingness to register, include this as a specific performance target. Future vehicle grants could be made exclusive of VAT so that the Council does not bear additional costs where schemes are not registered.</p>
<p>6. Work collaboratively with other schemes to identify opportunities for joint working, efficiencies, etc</p>	<p>General support but questions as to whether this needs to be a contract requirement.</p>	<p>Include in new contracts as there will be an on-going need to seek efficiencies given the likelihood of future budget constraints.</p>

<b>c) Items for specific inclusion in new October 2010 single tender contract specification <i>continued</i></b>		
<p>7. Bid for contract work, including home to school and social care contracts</p>	<p>Smaller schemes, as charities, felt that their trustees would be uncomfortable with a more commercial focus. Perceived 'step change' to a trading arm – operator's licence, PCV-licensed drivers, higher costs. Higher risks, too – potential loss of contracts, making staff redundant, etc. Some larger schemes already operate contracts, some others are willing to move into this area of work.</p>	<p>A potentially difficult area – 'one size fits all' not appropriate. Contract work could generate useful income for schemes – and help to meet the Council's business needs.</p> <p>Proposed: range of initiatives including seminars, to build knowledge and experience within the sector. May also be a role for focused business support for a few schemes, if funding available.</p> <p>Individual targets will be set for each scheme and these will include a requirement for all schemes to support the above initiatives and attend seminars.</p>
<p>8. Aim to meet a productivity target each year</p>	<p>Reasonable acceptance – but differing views on what form it should take. Suggestion of individual targets, based on areas for improvement for each scheme.</p>	<p>Include in new contracts, with individual targets, based on areas for improvement. From Year 2 these can be identified using the benchmarking tool.</p>
<p>9. Continue discussions with the County Council over issues that need solutions in the longer term: Equitable funding, affordable hire charges and funding for vehicle replacement</p>	<p>Supported.</p>	<p>Include as contract requirement so that all schemes participate in discussions.</p>

<b>d) Review of criteria for single tender contracts</b>		
<b>The proposal</b>	<b>Brief summary of responses</b>	<b>County Council comment / action</b>
Review original criteria (as set out in Appendix 1) to make it more flexible to deal with situations (eg East Hampshire) which would otherwise need tendering	Cautious support provided that any change did not undermine the status of Councils of Voluntary Service (CVSs) as preferred providers.	On investigation, single tender criteria cannot be changed without affecting CVSs as preferred providers. Need to adopt a simplified procurement process to deal with situations where the single tender criteria do not apply, such as in East Hampshire.

4.2. The purpose of the consultation was to seek stakeholders' views on the options and approaches emerging from the Community Transport Review in respect of group hire mini-bus schemes, and how these would be reflected in the October 2010 single tender contracts for these schemes. An analysis of the submissions shows a broad measure of agreement to many of the proposals but that some are more contentious, in particular contract work, VAT registration, providing cost-effective replacements for bus services, and marketing and branding. Some changes have therefore been proposed to the content of the new single tender contracts from October 2010, as set out in the table above.

## **5. Financial: Award of New Contracts from October 2010**

- 5.1. It is proposed to award two year single tender contracts with effect from 1 October 2010 for eight group hire community transport schemes. The contracts are listed in Confidential Appendix 2 to this report.
- 5.2. The proposed contracts all meet the single tender criteria previously agreed by the Executive Member for Environment on 9 October 2007, with the exception of the Rushmoor and Hart scheme. Rushmoor Voluntary Services meets the criteria for the service it provides in its own district, but also provides the service in Hart where it is not the local Council of Voluntary Service (CVS). However, as a joint scheme with shared overheads it provides a cost-effective arrangement and therefore, given the overall value of this contract, it is proposed that a single tender contract be awarded to Rushmoor Voluntary Services for the joint operation of the Rushmoor and Hart scheme.
- 5.3. A number of other funding partners, principally district councils, make contributions to these contracts and these will need to be confirmed before contracts are awarded. Discussions are currently progressing with these funding partners regarding the above contributions and the final tender value will be determined dependent upon the results of these.

- 5.4. Performance targets will be included in each contract, set annually by the County Council, so that all schemes have a clear incentive to improve their performance and, for example, make progress towards bidding for contract work or registering for VAT. The benchmarking tool should be fully operational in year 2 of the contracts and will be useful in identifying areas for improvement, in the setting of targets for the following year.

## **6. Options Considered**

- 6.1. Maintaining and developing the services provided by these group hire schemes in Hampshire contributes towards maximising well-being. The award of these single tender contracts at their current value will enable the work of these schemes to be maintained and developed and contribute towards the well-being agenda.
- 6.2. One option would be not to provide any financial support to these schemes. However, not providing any financial support would leave these schemes with a shortfall in their finances and this would almost certainly affect their longer term viability. It could also reduce their ability to provide affordable transport to community groups and therefore reduce their contribution to community cohesion and the older persons' well-being agenda.
- 6.3. A further option would be to provide a lower level of support than currently offered leaving schemes with the task of recovering the remaining sum required by raising the charges to user groups. The level of increased charges which may be necessary in this situation may make this form of transport unaffordable for many voluntary and community groups and in turn would go against one of the original objectives of these schemes – to provide cost-effective transport to the local community. Increased charges could also be counter-productive if they resulted in lower vehicle utilisation.

## **7. Recommendations**

- 7.1. That the results of the consultation with operators and district councils on the arrangements for new contracts be noted.
- 7.2. That single tender contracts be awarded to the Councils of Voluntary Service identified in Confidential Appendix 2 to the report, for the support of the area-wide group hire community transport schemes for a two year period commencing 1 October 2010.
- 7.3. That the items for specific inclusion in the new contracts, as set out in Table 1 (part c) of the report, be agreed.
- 7.4. That contracts be awarded at the proposed funding levels, subject to confirmation where necessary of contributions from other funding partners.

Rpt/2008/KI

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

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

**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.)

DocumentLocation

None

## **IMPACT ASSESSMENTS:**

### **1. Equalities Impact Assessment:**

- 1.1. The proposals in this report seek to improve accessibility and community involvement for hard to reach and disadvantaged members of the community.

### **2. Impact on Crime and Disorder:**

- 2.1. Most schemes offer transport for youth groups and support wider community involvement.

### **3. Climate Change:**

- a) How does what is being proposed impact on our carbon footprint / energy consumption?

Use of demand responsive and group transport reflects users needs and reduces needs for individual car journeys.

- b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

Introduction of newer vehicles allows the latest emission standards to be met.

## Single Tender Criteria for Group Hire Scheme

Organisations which host these area-wide community transport schemes need to fulfil the following criteria:

- (i) a not for profit organisation able to legally operate mini-buses under Section 19 permits;
- (ii) experience of operating accessible transport;
- (iii) access to a pool of mini-buses (standard and accessible);
- (iv) ability to select, recruit, train and support volunteer drivers;
- (v) ability to deliver MiDAS mini-bus driver training;
- (vi) able to operate from a local base in the area served by the scheme so that minibuses can be easily collected and returned by hire organisations at minimum costs;
- (vii) ability to deliver support and advise in areas of legislation and good practice to other local voluntary organisations providing transport, eg voluntary care groups, etc;
- (viii) evidence of working in partnership with statutory bodies in delivering services;
- (ix) have a district-wide remit to support, advise and foster the development of voluntary and community activity and well-being;
- (x) evidence of good working relationships with voluntary and community groups in the scheme's area of operation; and
- (xi) experience of reaching and working with 'hard to reach' groups.

Only one type of organisation fulfils all the above criteria – the Councils of Voluntary Service (CVS). These organisations have additional strengths:

- (i) Transport is closely linked to their community development role. If they are working with an organisation to develop voluntary day care provision, they can also provide transport to enable it to happen.
- (ii) Their ability to recruit volunteer drivers is greatly enhanced by the fact that most CVS also run a Volunteer Bureau specifically to recruit and place volunteers.

The CVSs are therefore regarded as specialist suppliers, each being the only organisation able to meet the single tender criteria within the district in which they operate.