

**Executive**

**11 February 2021**

Report of the Corporate Director, People  
Portfolio of the Executive Member for Children, Young People and  
Education

## **Request to Extend Home to School Transport Contracts**

### **Summary**

1. This report is requesting an extension of the existing contracts for home to school transport. These contracts currently expire on 31 August 2021, and the request is to extend them for a further one year to 31 August 2022. This will allow for the existing contracts to be delivered whilst a full consultation for re-procuring the service has taken place to inform a review of home to school transport policy.

### **Recommendations**

2. Executive are asked to consider:
  - 1) Option 2 - Extending the existing home to school transport contracts for the period of one year, from September 2021 – August 2022.

Reason: To ensure that there is provision in place to meet both the Local Authority's statutory duties in relation to home to school transport, and provision for vulnerable young people.

### **Background**

3. Home to school transport across York is split into two areas. The contracts for Home to School dedicated bus services (current value approximately £970,000 per year) serve Fulford, Huntington and Tadcaster Grammar, and four primary schools - Poppleton Ousebank, St Mary's CE, Bishopthorpe Infants and Archbishop of York CE Juniors. This provision enables the Local Authority to meet its' statutory duty to provide transport for pupils living more than 2

miles (primary) and 3 miles (secondary) from their catchment school, or where there is an unsafe walking route. These contracts are currently held by York Pullman and expire at the end of August 2021. The contracts currently require all vehicles to be fitted with seatbelts and there are clear targets to be met around reducing vehicle emissions.

4. The other two contracts are for minibus (8 seater and less) and taxis (current value approximately £2 million per year). These contracts provide transport for young people with Education and Health Care plans (EHCP's), and Children and Young People in Care (CYPIC). One contract covers transport to our two special schools, Applefields and Hob Moor Oaks, whilst the other contract is for any other home to school transport work to any school. Both these contracts are currently held by Streamline Taxis and both expire at the end of August 2021. These contracts also require the provider to provide passenger transport assistants when the needs of the pupil/student require one.

### **Consultation**

5. City of York Council Finance and Legal teams have been consulted on these proposals. Comments are included in the Implications section of this report.

### **Options**

6. **Option 1** would be to procure new contracts for all required home to school transport work for September 2021. This process would need to commence early in 2021 to enable any new providers to be ready to mobilise to deliver the new contract by 1 September 2021. Clarification would be required to potential lengths of any new contracts bearing in mind the uncertainty in the current market.
7. **Option 2** would be to extend current contracts until the 31 August 2022. This would enable some form of normality to return to the transport industry, which would widen the number of providers able to bid for the work and at the same time would allow time for costs to stabilise.

## **Analysis**

8. Transport providers at both national and local level have been significantly impacted by the covid-19 pandemic with major reductions in their workloads and a subsequent drop in income. The Council therefore needs to consider the timing of a full procurement process for any new contracts to ensure they are achieving value for money in uncertain times.
9. All the current contracts have a significant focus on quality, health and safety, and safeguarding. The previous procurement processes assessed applications on 60% cost 40% quality.
10. The contracts also require the transport provider to deliver a considerable part of the administration involved in delivering home to school transport services. This includes for example route planning, issuing of bus passes, customer enquiries and handling stage 1 complaints.
11. All staff working on the contracts are required to have enhanced DBS checks done through the City of York Council and attend safeguarding training on a 3 yearly cycle. The contracts are managed via a strict Contract Management process and there are no concerns as to the performance of the current contractors.
12. Due to the uncertainty around covid and the industry's timescales to recover our understanding is that one of our neighbouring authorities, North Yorkshire County Council, have chosen to extend any home to school transport contracts that were due to expire at the end of this current school year by an additional 12 months. Other Local Authorities are also considering this option.

## **Bus Contract**

13. Some soft market testing has taken place recently and the findings are that there is a potential reduction in the number of operators now available to do home to school transport work. From the previous procurement exercise which was done in 2013 only two of the operators who bid for those contracts are still in operation. The other 3 operators are no longer in business.
14. Our current provider York Pullman would prefer a one year contract extension. They indicate that the competitive price they have been

able to provide previously is based on the fact they can link home to school transport work to other private hire work. This work included day trips and importantly other work for schools (trips and visits). Prior to covid-19 York Pullman had seen an increase in the amount of work they were getting from City of York schools since they have held the contract.

- 15.** The other provider who bid for the work eight years ago is mainly a public transport provider who also deliver some home to school transport in other local authority areas. They currently do not have a base in York but the indications are that that they would submit a bid in any future procurement.
- 16.** Other than these two providers it is unlikely that any other local coach provider has sufficient vehicles to provide all our current requirements. The public transport provider that does have a base in York have not submitted any bids in the previous two procurement processes and are unlikely to bid again preferring to focus on public transport rather than home to school transport.
- 17.** York Pullman would be happy to extend existing contracts for an additional year and would bid for any contracts under a new procurement process.
- 18.** If contracts were extended, this would be under the current terms of the contract and service specification. Any price increases would be under the contract terms based on Consumer Price Index (CPI) as of 1 August 2021. The current contract terms relating to environmental standards will be required to be met in terms of Euro standards and age of vehicles (Euro 4 and no older than 16 years).
- 19.** It is recommended that the bus contract be extended by one year until the 31 August 2022. Firstly the volume, numbers of eligible pupils and types of vehicles required is not expected to change. There is some risk of increased costs to the Council involved in procuring a new contract for September 2021, when the number of providers has reduced and the current uncertainty in the bus/coach industry. By delaying the procurement of this contract for one year allows for the return of some normality into the industry which subsequently allows some time for potential providers to re-evaluate their financial position and tender prices should therefore be more realistic and in the long term more beneficial to the Council.

## **Minibus and Taxi Contract**

- 20.** The two home to school contracts currently being delivered by Streamline Taxis have seen the biggest increase in terms of numbers and value. With a review of home to school transport policy due to take place over the next 12 months it is not unreasonable to expect that different types and sizes of contracts may be required in the future.
- 21.** Soft market testing has also taken place with providers who have bid for this work in the past. During the last procurement process five companies bid for/expressed an interest in this work. Alongside Streamline Taxis bids/expressions of interest were also received from a transport provider in Italy, two York based taxi companies and a social enterprise based in Leeds. The two York based providers indicated they were in a position to bid for contracts should we procure them from September 2021 but they both indicated the wish that we should look at splitting the work into smaller contracts (maximum 50 vehicles). Both providers also highlighted the need for a sensible lead in time to ensure they would have time to access sufficient specialist vehicles (wheelchair accessible) and enough Passenger Transport Assistants, so would need time to invest in vehicles and employ staff.
- 22.** Streamline Taxis would be happy to extend existing contracts for an additional year and would bid for any contracts under a new procurement process.
- 23.** The taxi market across York has seen a significant reduction in business and all three providers acknowledge this, although all predict phased increases in passenger numbers over the next few months. It is unlikely that we would see other taxi providers come forward because of the need for specialist vehicles and passenger transport assistants which many do not have.
- 24.** A contract extension would enable us to take into account in future contracts the findings of the Taxi Licensing consultation which is currently taking place. This considers changes relating to vehicle emissions, vehicle age and the number of wheelchair accessible vehicles available. It would also enable us to take into account the updated Air Quality Strategy for York which is due to be updated this year.

25. If contracts were extended, this would be under the current terms of the contracts and service specifications. The contract requirement is for minimum Euro 5 vehicles, although in practice a large percentage of vehicles used on the contract are Euro 6. Annual review of pricing would be by considering relevant inflationary indexes. There has only been one annual price increase in the 5 year term of the contract.

### **Council Plan**

*A better start for children and young people.*

26. Getting children and young people to and from school each day via the council's home to school transport arrangements is a key part of the Local Authority's education responsibilities. It is important therefore that the service is reliable, safe and cost effective.

*Getting around sustainably*

27. The options available for getting children and young people to school each day need to be considered in terms of the environmental impact of those options. It is essential therefore that the council encourages use of public transport, shared transport, and sets targets around the types of vehicles used to transport children and young people around the city where it is able to. It also enables the council to work with transport providers in partnership to cut congestion, pollution and carbon emissions

*Well-paid jobs and an inclusive economy*

28. As these services are delivered by local transport contractors this provides a significant number of jobs within the local area and therefore benefits the local economy.

### **26. Implications**

- **Financial**

The current budget for Home to School Transport is £2.83m. The annual cost of the contracts described above is approximately £2.97m. The difference is due to an as yet unachieved saving, which has been difficult to deliver due to growth in numbers of SEND young people requiring transport.

However, it is difficult to envisage that a procurement under the current circumstances in a small marketplace would deliver this saving compared to the current contract value.

- **Human Resources (HR)**

There are no HR implications

- **Equalities**

There are no Equalities implications

- **Legal**

The Council has a statutory obligation to make travel arrangements to facilitate attendance at school, contained within the Education Act 1996. Further obligations are placed on the Council by the Children & Families Act 2014 as well as the Equalities Act 2010.

The values of each of the Home to School Transport contracts considered in this report exceed the thresholds contained within the Public Contracts Regulations 2015 (the “Regulations”). The Regulations will therefore be relevant when considering both Options presented in this report.

### **Option 1**

Given the value of each contract, a fully compliant procurement exercise will be required in accordance with the Regulations. The Council’s Procurement and Legal teams will need to be consulted in relation to this in order to identify the best route to procure together with the best contract option to be used.

### **Option 2**

As the existing contracts contain no extension provisions which are able to be used, variations to the contracts will be required in order to extend their durations.

Regulation 72(1)(c) permits modifications to be made to contracts where: the need for such modification has been brought about by circumstances which the reasonable authority could not have diligently foreseen, the modification does not alter the overall nature of the contract, and any increase in price will not exceed 50% of the original contract value. The latter two

requirements of this Regulation are easily met – the proposed modification will only extend the duration of the contracts by a year, with no modification to the nature of the services being delivered, and the value of a single year for each contract represents less than 50% of the original contract values.

Since early 2020 almost every sector has been impacted by COVID-19 and the transport industry has not escaped this. Although it might have been possible in 2013 to foresee that one or two potential service providers might encounter financial difficulties and cease trading by the time the contracts were reaching their expiry dates, the particular circumstances that we currently find ourselves in as a result of COVID-19 would not have been contemplated. The requirements of this provision would therefore appear to be met.

Alternatively, Regulation 72(1)(e) permits modifications to be made where these are not considered “substantial”. These are defined as modifications which do not:

- render the contract materially different from the one originally concluded – as mentioned above, extending contracts by a single year with no further alterations to the nature of the services to be provided is not a material difference;
- introduce conditions which would have allowed for the admission of candidates other than those originally selected, allowed for the acceptance of a tender other than that originally accepted, or attracted additional participants in the procurement procedure – there is no indication that increasing the contract duration by a single year would have had any impact on the original procurement exercise;
- change the economic balance of the contract in favour of the contractor – the value of the proposed extensions are in line with the expenditure for previous years;
- extend the scope of the contract considerably – as above, the only modification being proposed is an additional year of service, which when taken against



the eight year term already served is not “considerable”.

It follows that the requirements of 72(1)(e) also appear to be met.

If Option 2 is selected, Rule 19.2 of the Council’s Contract Procedure Rules (governing variations to contracts) will also need to be taken into consideration with guidance from Procurement and Legal colleagues.

- **Crime and Disorder**

There are no Crime and Disorder implications

- **Information Technology (IT)**

There are no IT implications

- **Property**

- There are no Property implications

## **Risk Management**

**27.** The risks associated with the two options are detailed in the report.

## Contact Details

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**Report  
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**Date** 12.01.21

## Specialist Implications Officer(s)

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**Wards Affected:** *List wards or tick box to indicate all*

**All**

**For further information please contact the author of the report**

**Background Papers: None**

***All relevant background papers must be listed here. A 'background paper' is any document which, in the Chief Officer's opinion, discloses any facts on which the report is based and which has been relied on to a material extent in preparing the report (see page 5:3:2 of the Constitution).***

**Annexes - None**