



Report of the Commissioning & Market Management Team

Report to: Chief Officer, Partnerships and Health, Children and Families

Date: 29th October 2019

Subject: Extension and the Variation of Independent Travel Training (Travel Buddy) contract for a period of 12 months

Are specific electoral wards affected? If yes, name(s) of ward(s):	No
Has consultation been carried out?	No
Are there implications for equality and diversity and cohesion and integration?	No
Will the decision be open for call-in?	No
Does the report contain confidential or exempt information? If relevant, access to information procedure rule number: 10.4.3 Appendix numbers: 1	Yes

Summary

1. Main issues

1. There are 3 aims of this report. The first is to seek permission from the Chief Officer, Partnership & Health, Children & Families, to extend the contract for the Independent Travel Training (Travel Buddy) with Keyfort Group Ltd (Neuro Partners Ltd) for an initial 12 month period.
2. The second aim is to seek permission to vary the contract to insert a 4-month break clause allowing a break of the contract at a period of four months' notice.
3. The third aim is to seek agreement to a variation in the pricing schedule to reflect a significant rise in staffing costs to the contractor since the contract was initially let.
4. Failure to agree to the contract variations would lead to Keyfort Group Ltd (Neuro Partners Ltd) failing to agree to a contract extension. This would result in the loss of the independent travel training programme and thus increase pressure on the already overstretched budget of the Council's passenger transport service.

2. Best Council Plan Implications

Approval for the decision requested will support a number of priorities in our Best Council Plan including;

- Our Child Friendly City

- Improving educational attainment and closing achievement gaps for children and young people vulnerable to poor learning outcomes
- Helping young people into adulthood, to develop life skills and be ready for work
- Our Inclusive Growth strategy
 - Supporting growth and investment, helping everyone benefit from the economy to their full potential
- This decision will help to achieve the outcome of children and young people being enabled to do well at all levels of learning and have the skills they need for life resilience.

3. Resource Implications

- The current cost of the contract is up to £250k per year, and the total cost of this 12 month extension will also be up to a maximum of £250,000.

Recommendations

It is recommended that:

The Chief Officer, Partnership & Health agrees to extend the contract for the Independent Travel Training (Travel Buddy) scheme for an initial 12 month period, from 1st January 2020 in line with the Council's Procedure Rules (CPR) 21.1 and 21.2.

The Chief Officer, Partnership & Health agrees to vary the contract to include a 4 month break clause and an amendment of the pricing structure by just under 15%, in line with CPR's 21.5 to 21.8.

1. Purpose of this report

When the contract was agreed there was an option to extend the agreement for 2 x 12 month periods. The purpose of this report is to request permission to take up the first of these extension periods. The extension of this contract is due to commence on 1st January 2020 and conclude on 31st December 2020.

Following recent discussions with Keyfort it has become apparent that a combination of a reduction of referrals into the scheme as well as the increase of staffing costs, has made the profitability of this contract significantly reduced from the original agreement signed in 2016. In order for an extension to become sustainable then a variation to the agreed payment terms is needed. This report proposes that a 4 month break clause requested by Keyfort and an alteration of the pricing structure be agreed in order to ensure this contract be in place from January 2020.

Background information

- 1.1. The Independent Travel Training (ITT) scheme has been in place since around 2010, and has proved very successful. The current contract with Keyfort Group Ltd (Neuro Partners Ltd) has been in place since 1st January 2017.

- 1.2. The purpose of the contract is to provide Independent Travel Training via 'Travel Buddies' to young people who have Special Educational Needs or Disabilities (SEND) who are eligible to free school transport. This assistance is generally provided through private hire contracts or in-house fleet transport. In addition to the high cost of these services, they lead to a young person being reliant upon others to get around rather than promoting independence. Travel buddies therefore support young people who have SEND with journeys on public transport until they gain the skills, experience and confidence to travel independently.
- 1.3. Further innovation since the scheme commenced has seen a number of adults eligible for transport assistance, as part of an adult learning or care package, benefit from this programme. Colleagues in Children & Families and Adults & Health directorates have worked closely to achieve this.
- 1.4. Keyfort has provided Independent travel training to a high standard throughout the duration of the current contract. By continuing to work with this partner, the council would reasonably expect this quality of provision to continue.
- 1.5. Based on the total amount spent on this contract in the financial year 2018-19, the estimated cost of the proposed uplift would be £21,000.
- 1.6. From a business perspective, each young person who successfully completes the scheme at level 2 as set out in the contract is likely to save the Council around £5,200. This cost can be worked out from the reduction of young people requiring Council provided school transport and the removal of individual taxis. Failure to make the suggested changes will lead to Keyfort refusing to accept the extension request.

2. Main issues

- 2.1. The current contract is due to come to an end on 31st December 2019. In order to meet the demand of the service a new agreement needs to be put in place from January 1st 2020.
- 2.2. As the provision provided by Keyfort Group Ltd (Neuro Partners Ltd) is considered to be of a high standard there is no reason not to take up the option of a 12 month contract extension from this date.
- 2.3. The contract was valued at £250k per annum when it was initially tendered in 2016. However, the number of referrals into the scheme and payment arising has plateaued at a level lower than expected.
- 2.4. In addition there has been a significant rise in overhead costs over the past two years for Keyfort.
- 2.5. Taken together, these two factors have resulted in the contractor reporting that the contract is no longer a sustainable proposition. We have been advised by Keyfort Group Ltd (Neuro Partners Ltd) that it would not be in a position to accept a contract extension when the contract ends on 31st December 2019 unless we increased the costs payable for each referral and insert a 4-month break clause enabling them to reduce the risk to them associated with accepting a contract extension.
- 2.6. Agreeing to a 4 month break clause and an increase in the schedule of payment rates would allow both parties to continue to work together to provide independence

for young people, whilst simultaneously reducing the Council spend on alternative transport costs.

- 2.7. If Keyfort Group Ltd (Neuro Partners Ltd) were to refuse a contract extension, Children's Transport would need to commit to a new tender.

3. Corporate considerations

3.1. Consultation and engagement

- 3.1.1. No consultation is necessary as this contract has been established for 3 years and the option to extend for 2 x 12 month periods was included in the original tender documents.

3.2. Equality and diversity / cohesion and integration

- 3.2.1. This contract aims to support the independence of young people, and older individuals with special needs, and subsequently enhances equality, diversity and integration. An Equality, Diversity, Cohesion and Integration (EDCI) screening exercise has been completed which gave no grounds for a full equality impact assessment.

3.3. Council policies and the Best Council Plan

- 3.3.1. The Independent Travel Training (Travel Buddy) contract meets the areas of the Council plan as outlined in 'Section 2 - Best Council Plan Implications' section of this report.

Climate Emergency

- 3.3.2. By encouraging young people to use public transport, the Independent Travel Training scheme will ensure a reduction in private car and taxi journeys which would otherwise be used to transport young people around Leeds. This will subsequently lead to a reduction in carbon emissions as encouraged following the climate emergency declared in the city.

3.4. Resources, procurement and value for money

- 3.4.1. The contract value will be up to £250,000 per annum. Every penny spent represents an investment to save because the service reduces the number of young people reliant on transport provision by providing them with a bus pass, which is considerably more cost effective, in addition to improving their outcomes.

When the contract was let it cost an average of approximately £5,500 per child per year to fund the home to school transport for young people in Leeds.

- 3.4.2. Recent financial analysis showed that the average cost of transporting a child to school in the city has risen to approximately £7,200 per annum. A significant rise in the average cost of transporting children is attributed to rises in staff pay over the last two years, an issue confronting Keyfort with this labour-intensive contract.

- 3.4.3. This would still represent excellent value for money in a market where it is costing an average of £7,200 per annum to transport each child to school in Leeds; whilst the average transport cost per child has risen by approximately £1,700 the increased cost per child for ITT would be approximately £380.
- 3.4.4. Provision has been made from within the current resources as this proposed extension was included as part of the current contract agreement.
- 3.4.5. The results and outcomes of the service that Keyfort provide are of a high quality, and it is generally felt that they do an excellent job. To make the requested variations is likely to continue providing good value for money.
- 3.4.6. Whilst the individual cost per child trained would increase under the proposed pricing schedule, the overall spend would remain within the originally planned budget envelope. In addition, the savings achieved in each case would be a higher percentage of the cost of actual transport when the contract was first let due to the rising transport costs over recent years noted above.

3.5. Legal implications, access to information, and call-in

- 3.5.1. Advice has been taken from Procurement colleagues, who have indicated that there are no legal issues that may affect the proposed way forward.
- 3.5.2. Given the value of this proposed contract this extension request will be classed as a Significant Operational Decision (SOD) and will be published for transparency. However this decision will not be subject to call in.
- 3.5.3. Appendix 1 is exempt from publication under access to information rule 10.4(3) (information relating to the business affairs of any person). The appendix includes detailed pricing information which, if disclosed, would prejudice the commercial arrangements of the supplier. There is a public interest in disclosing details of how the council's contracts are priced but in this case it is considered that there is greater public interest in the council being able to enter into confidential pricing discussions with suppliers. Disclosure of this information would seriously impact on the Council's ability to achieve value for money on this and future contracts.

3.6. Risk management

- 3.6.1. It is important that the number and type of referrals into the scheme are sufficient to ensure that the contract is sustainable for the provider. Colleagues in Children & Families and Civic Enterprise Leeds (CEL) work closely together to ensure that sufficient numbers of children and young people are referred into the scheme. This contract is monitored regularly to ensure that as much is done as possible to meet these targets. A 4 month break clause added to an increased schedule of rates will make the contract more sustainable and will ensure the continuation of the contract for another year, from January 2020.
- 3.6.2. Given the current performance of Keyfort Group Ltd (Neuro Partners Ltd) and the working relationship between them and Council, the risks perceived to this contract are well within acceptable limits.

4. Conclusions

- 4.1. The current ITT contract has proven to be both a valuable service in aiding the development of independence in young people, and good value for money with the savings made to transport costs. The current provider has provided a good service with every justification for an extension.

5. Recommendation

It is recommended that:

- 5.1 the Chief Officer, Partnership & Health agrees to extend the contract for the Independent Travel Training (Travel Buddy) scheme for an initial 12 month period, from 1st January 2020 in line with the Council's Procedure Rules (CPR) 21.1 and 21.2.
- 5.2 the Chief Officer Partnership & Health agrees to vary the contract to include a 4 month break clause and an amendment of the pricing structure by just under 15%, in line with CPR's 21.5 to 21.8.

6. Background documents¹

- 6.1. None

¹ The background documents listed in this section are available to download from the council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.