

DIAL A RIDE PROCUREMENT & CONTRIBUTIONS

1. INTRODUCTION

- # 1.1 The purpose of this report is to seek Portfolio Holder approval to new arrangements with Hampshire County Council (HCC), for the joint funding of Dial a Ride (also referred to as Call and Go) and within the District. These are set out in the memorandum of Agreement attached as Appendix A. The need for these new arrangements arises from the need to comply with stricter rules on the procurement of services.

2. BACKGROUND

- 2.1 Cabinet has accepted the vital role Community Transport (CT) plays in the District (link to report considered in December 2006 committeedocs/cab/CDR02174.pdf).
- 2.2 Government regulations mean that HCC and the other CT funders including New Forest District Council (NFDC) have to change the way they provide financial support. Funding can no longer be given direct to one operator, such as Community First New Forest. Instead tenders will have to be invited from a number of different operators for CT services including Wheels to Work. HCC have, however, concluded that a “single tender” process is appropriate for procuring the services of a community transport worker.
- 2.3 The new arrangements are being progressed on the basis that NFDC will still be putting the same amount of money into funding CT. It is hoped that this and the tendering process will result in at least the current level of service provision being maintained. This will depend on the tender prices received.
- 2.4 The Dial a Ride and Wheels to Work services will continue to operate. Regulations will help to protect the jobs of the drivers and booking staff who currently deliver these services. If a new operator does take over, in most cases their jobs will transfer to the new operator and their wages will be protected. If there is a change of operator, the service will remain the same in many ways.
- 2.5 Community First New Forest (CFNF), who currently deliver the Dial a Ride and Wheels to Work services in the District, are expected to submit tenders and so these services may continue to be provide by them. If the new contracts are not awarded to them then the expectation is that a new operator will run the service. In one part of Hampshire there has already been a change of operator this year. The change went very smoothly.
- 2.6 The County Council have sent out tenders for Dial a Ride to interested companies, including CFNF. The tenders have been put together very carefully to guarantee, subject to financial considerations (see below), that the service provided to passengers remains of the highest quality, and that each individual continues to receive the care and assistance that they need.

- 2.7 Tenders will be assessed both on price and quality.
- 2.8 To avoid increased costs, the levels of service may need to be reduced to keep within existing budgets unless HCC and NFDC jointly agree to provide additional funding (see below). The tender process has been designed so as to reduce risks to tenderers and therefore encourage realistic pricing.
- 2.9 District Councils will be represented on the panels assessing the quality of tenders.
- 2.10 There will also be District representation at routine meetings (at least 4 a year) with the contractor and HCC that will deal with performance and operational issues. These will take the place of meetings that HCC have with NFDC and the current service provider, Community First New Forest. HCC's intention is that County and District Councils will continue to work together in partnership, with decisions about the contract being made jointly.
- 2.11 Tenders are due to be returned in early October and during November it should be known who will be running the Dial a Ride service in the future. If there is a change, it is expected to take place in February 2009.
- 2.12 Community First New Forest will continue to provide minibuses for hire to local groups as the support for their Community Transport Worker is being awarded under a single tender contract and is not dependant on the outcome of tendering.

3. PROPOSALS

- 3.1 To allow a smooth transition to the new arrangements (which may or may not include a change of operator) HCC need to know that NFDC funding is secure for the contract period. Given the requirement for seeking tenders Service Level Agreements will no longer be used so a Memorandum of Agreement is now proposed to cover the agreement between the HCC and NFDC over the funding of Dial a Ride for a four year period.
- # 3.2 The suggested Memorandum of Agreement takes account of the proposed 4 year contract period and sets out the basis of the arrangements for joint funding. The version attached as Appendix A covers Dial a Ride. A separate report will be prepared for the shared moped scheme (also known as Wheels to Work) in due course.
- 3.3 Some minor changes to the Memorandum of Agreement have been suggested to HCC. It is hoped that HCC will accept these changes, although they are seeking a standard form of agreement for funding arrangements with all district councils.
- 3.4 To ensure Dial a Ride services continue it is essential that NFDC sign the Memorandum of Agreement. The funding details in respect of NFDC's payments contained therein shall be based on the latest budgets taking into account any approved business plan expenditure bid.

4. ENVIRONMENTAL IMPLICATIONS

- 4.1 None arising out of the recommendations. If recommendations not approved the CT services will be either cut completely or severely reduced. This would result in a small increase in car journeys.

- 4.2 It should be noted that even if the recommendations are agreed putting the services out to tender could result in higher costs than at present for the same level of service. If so, the levels of service may need to be reduced to keep within existing budgets. This would not result in significant environmental issues.

5. FINANCIAL IMPLICATIONS

- 5.1 The Memorandum of Agreement provides for NFDC funding Dial a Ride for a four year period at the same level as it does now (£24,000 a year) but adjusted for inflation as set out in the tender documents. NFDC will not incur additional expenditure to cover vehicle replacement.

- 5.2 If the recommendations are approved then only additional costs NFDC is obliged to meet are those arising from the inflation for the service being greater than the corporate allowance for inflation. In practice this is the current situation as both HCC and NFDC has sought to avoid a reduced level of service for CT.

- 5.3 For 2008/9 the NFDC allocation for CT is:

	£
Dial a Ride	24,100
Wheels to Work	5,400
Transport Worker	18,000

- 5.4 If recommendations are not approved the Dial a Ride service will be either cut completely or severely reduced resulting in cost savings to NFDC.
- 5.5 Putting the services out to tender could result in higher costs for the same level of service. Whilst it is hoped that will not be the case it is possible. HCC have undertaken not to award a contract for more than the budget allocation that has been agreed with NFDC, or for a higher level of service, without reaching agreement with NFDC beforehand. Also HCC/NFDC may agree jointly to meet extra costs due to say increased diesel costs. This report is not seeking any increase to the base budget. If that appears necessary a separate business plan expenditure bid will be progressed.

6. CRIME AND DISORDER IMPLICATIONS

- 6.1 None.

7. EQUALITY AND DIVERSITY IMPLICATIONS

- 7.1 None provided recommendations accepted. Given that CT benefits people with disabilities and those who suffer the effects of deprivation any reduction in CT services will have negative implications.

8. CONSULTATIONS

- 8.1 HCC has undertaken extensive consultations. There is generally a reluctant acceptance amongst most existing service providers and Districts as to the need for new arrangements.

8.2 CT providers and users would be most concerned if any NFDC decision relating to either the new arrangements or Memorandum of Agreement resulting in reduced CT due to joint funding arrangements breaking down.

9. ANY ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

9.1 Not to complete the Memorandum of Agreement – CT services would be either out completely or severely reduced.

10. PORTFOLIO HOLDER COMMENTS

10.1 I agree with the recommendations of this report.

11. RECOMMENDATIONS

11.1 It is recommended that NFDC complete the Memorandum of Agreement in respect of the Dial a Ride (Call & Go) service attached as Appendix A based on the latest financial allocation and making provision for inflation increases as set out in the tender documents taking into account any approved business plan bids.

For Further Information Please Contact:

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Background Papers:

Published Papers
Emails between HCC & NFDC
in Nick Hunt's email files

MEMORANDUM OF AGREEMENT FOR JOINT FUNDING OF insert name DIAL A RIDE SERVICE CONTRACTED THROUGH HAMPSHIRE COUNTY COUNCIL (see attached)

FUNDING PARTNERS

Hampshire County Council of The Castle, Winchester, SO23 8UD

Insert here names and addresses of all funding partners for the project.

DETAILS OF PROJECT

The purpose of this Agreement is to affirm the following:

1. partnership principles behind the funding
2. roles and responsibilities of the funding partners
3. arbitration and
4. termination

.... In respect of the insert name Dial a Ride (the "Contract").

1. PERIOD OF AGREEMENT AND FUNDING

1.2 The period commencing on 1 October 2008 for a period of four years and thereafter subject to extension(s) of further periods upon agreement of all funding partners.

1.2 The funding partners will pay a percentage of the total Contract price (insert contract price) plus a percentage of monies for vehicle replacement (insert vehicle replacement costs) as follows:

	%
Hampshire County Council	insert percentage
Insert name of Funder 1	insert percentage
Insert name of Funder 2	insert percentage

1.3 On the anniversary of the commencement date of the Contract and subsequent anniversaries, the funding partners shall apply an adjustment to the Contract price in line with inflation as specified in Clause ___ in the Special Conditions of Contract for Dial a Ride, Version 1 April 2007.

2. FUNDING DETAILS

FINANCIAL YEAR	SUM PAYABLE PER ANNUM	TERMS OF PAYMENT	DATE DUE
2008/09	£	Monthly	15 th of each calendar month (6 months only)
2009/10	£	Monthly	15 th of each calendar month
2010/2011	£	Monthly	15 th of each calendar month
2011/12	£	Monthly	15 th of each calendar month
2012/13	£	Monthly	15 th of each calendar month (6 months only)

Invoices shall be addressed to:

Insert names of persons within funding partner organisation to whom invoices should be sent

3. VEHICLE REPLACEMENT MONIES

3.1 The funding partners agree that they will each contribute in the agreed percentages monies for the replacement of vehicles required to maintain the service. Such contributions will be paid to Hampshire County Council as Lead Partner as agreed above. Hampshire County Council shall ensure that such monies are identified separately within its accounts by placing them in a reserve account where the monies will accumulate interest. Hampshire County Council acknowledge that they hold the monies on behalf of the funding partners for the sole purpose of purchasing replacement vehicles and that monies and interest will not be used for any other purpose without the prior consent of the funding partners. In the event that the monies are not used for vehicle replacement purposes or any other purpose authorised by the funding partners then upon the unanimous request of the funding partners, Hampshire County Council shall return such monies and interest as remain in the reserve account to the funding partners in the same proportions as they contributed to the reserve account.

4. ROLES AND RESPONSIBILITIES

4.1 The funding partners will have representative membership at the routine meetings with the Contractor as specified in Clause 5.2.2 in the General Conditions of Contract for the Provision of Passenger Transport Services, Version 1 July 2006.

5. DISPUTE RESOLUTION

- 5.1 The funding partners shall use reasonable endeavours to resolve by agreement any dispute between them with respect to any matter relating to this Agreement. In the event of there being a dispute over any part of this Agreement the matter shall firstly be referred to the Community Transport Manager and the District Council's Authorised Officer ("the representatives"). In the event that the representatives are unable to resolve any dispute the matter shall be referred to the Council's Director of Environment or his/her representative and a principal officer of the District Council.
- 5.2 In the event that a dispute cannot be resolved by agreement the funding partners may agree to refer the dispute to an independent person to be agreed between the funding partners. Any charge made and expenses reasonably incurred by an independent person so appointed shall be paid for by the funding partners in equal shares unless the independent person determines that a greater share should be borne by one of the funding partners. Such independent person shall be given all information and assistance by the funding partners in carrying out his duties and the funding partners may agree that such independent person shall have the duty to recommend or approve terms of the settlement of the dispute.
- 5.3 Any dispute which cannot be resolved by such means including failure to agree on an independent person shall, unless the funding partners agree otherwise, be referred to arbitration under the provisions of the Arbitration Act 1996 by a single arbitrator to be appointed by the Chairman for the time being of the Chartered Institute of Arbitrators. The costs of any arbitration will be borne by the unsuccessful funding partner, unless otherwise determined by the funding partners or the arbitrator, irrespective of which funding partner referred the dispute to the expert or to arbitration.
NFDC prefers that the above paragraph be omitted.
- 5.4 This section is severable from the rest of the Agreement and shall remain valid and binding on both funding partners notwithstanding any termination of the Agreement.

6. TERMINATION

- 6.1 Subject to paragraph 6, this Agreement may be terminated by either party in writing at a date mutually agreed or by not less than six calendar months written notice to the other such notice to expire on 31 March in any year.

7. FUNDING PARTNERS AGREEMENT

7.1 On behalf of the funding partner(s) identified above I confirm the funding partner's agreement to fund the Contract and make payments as set out above. I understand that if either funding partner withdraws from this arrangement before the expiry of the term agreed, without giving six month's notice in writing or fails to pay the contributions, this may give rise to a compensation payment in respect of additional costs incurred by the Contractor and/or the other funding partner, and agree that such costs as may be reasonably incurred as a result of its actions can be recovered from the defaulting funding partner.

Signed on behalf of Hampshire County Council

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Date:.....

Signed on behalf of (insert name of Funder 1)

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Date:.....

Signed on behalf of (insert name of Funder 2)

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Date:.....