



## CABINET – 13<sup>TH</sup> APRIL 2022

**SUBJECT: HOME TO SCHOOL / COLLEGE CONTRACTS – CONTRACT VARIATION**

**REPORT BY: CORPORATE DIRECTOR FOR ECONOMY AND ENVIRONMENT**

### 1. PURPOSE OF REPORT

- 1.1 The purpose of the report is to seek approval from Cabinet for additional funds to support the variations of the Council's home to school transport service contracts. These contracts will be varied in accordance with UK Public Contract Regulations and the Council's Standing Orders for Contracts.

### 2. SUMMARY

- 2.1 Transport industry costs are currently increasing at a fast pace, with the price of fuel seeing the biggest percentage increase. Costs of fuel have increased by approximately 25% since the beginning of the new academic year in September 2021.
- 2.2 The Council's Integrated Transport Unit (ITU) is currently receiving representation from home to school transport operators for an increase in their contract rates due to the increasing costs that they are having to bear, with one operator stating that the fuel bill associated with their home to school contracts has increased by approximately £5,000 per month.
- 2.3 Global fuel issues are currently impacting all Public sector bodies within the UK. There are currently discussions with WG and WLGA on global supply chain issues and how they impact commodity areas such as home to school transport. In relation to Caerphilly contracts it is vital to ensure that we maintain a robust supply chain that we work with local operators to meet the challenges that the fuel crisis presents and to ensure continuation of service provision

### 3. RECOMMENDATIONS

- 3.1 Cabinet is asked to agree additional funds to support the necessary contract variations in relation to home to school transport.
- 3.2 Cabinet are asked to approve a one-off in-year virement of £172k from the RCCO

budget in Miscellaneous Finance for 2022-23.

#### **4. REASONS FOR THE RECOMMENDATIONS**

- 4.1 To safeguard the Council's home to school/college transport services for the remainder of the 2021/22 academic year during a difficult financial period.

#### **5. THE REPORT**

- 5.1 To ensure there is no disruption to the service for the remainder of the 2021/22 academic year, agreement is being sought to vary the existing rates for home to school contracts to reflect the increased costs being experienced by the transport industry.
- 5.2 In January 2021 the Council applied an inflationary increase of 6.13% to all the mainstream bus contracts that were extended beyond their contract term of the 31 December 2020. Twelve (12) contracts were not subject to this increase as they were either new (re-tendered as not extended) or not due to expire. The methodology for this inflationary increase was based on indexation rates supplied by the Confederation of Passenger Transport (CPT) and the Office of National Statistics for the previous two financial years (2018/19 was 3.59% and 2019/20 was 2.54%).
- 5.3 If the Council were to adopt the same methodology for an inflationary increase for contracts that are over one year old in recognition of the increase in operating costs since January 2021, a 9.46% figure would apply (note that all of the Council's mainstream bus contracts expire in July 2022, therefore this payment will cease at that point). However, there is a possibility of contract prices increasing more significantly (possibly by 20% or more) following the re-tender for September 2022. It is recommended that the Council apply a 10% increase rather than 9.46% as it will safeguard against future small variations in contract and would be backdated to commence from 1<sup>st</sup> March 2022.
- 5.4 There remains an issue for contracts that have been awarded since January 2021, especially for the large number of taxi contracts that were tendered and awarded from September 2021, as the prices submitted would be more up to date (excluding the 25% increase in fuel costs since September 2021).
- 5.5 According to the CPT weightings, 12.9% of transport contract costs are attributable to fuel costs. In this case if fuel costs have increased by 25%, the Council could apply this percentage to the 12.9%, resulting in a proposed increase of 3.23% contract increase. It is recommended that the Council applies a 5% increase rather than 3.23% as it will safeguard against future small variations in contract. This should be backdated to commence from 1<sup>st</sup> March 2022 and be reviewed at the end of this academic year.
- #### **5.6. Procurement Implications and EU Legislation**
- 5.6.1 The contract variations will be completed in accordance with UK Public Contract Regulations and the Council's Standing Orders for Contracts.

## **5.7 Conclusion**

- 5.7.1 The additional funding requested to support the proposed contract variations is deemed necessary to ensure there is no disruption to the home to school / college transport service for the remainder of the 2021/22 academic year.

## **6. ASSUMPTIONS**

- 6.1 The report has assumed that no further Covid restrictions that will impact the service will be reintroduced for the foreseeable future and that there will be no further significant increases in fuel prices before the end of the 2021/22 academic year.

## **7. SUMMARY OF INTEGRATED IMPACT ASSESMENT**

- 7.1 An EqIA screening was completed during the establishment of the DPS (Dynamic Purchasing System) in accordance with the Council's Strategic Equality Plan and supplementary guidance, and no potential for unlawful discrimination and/or low level or minor negative impacts were identified. Therefore, a full EqIA/IIA has not been carried out.

## **8. FINANCIAL IMPLICATIONS**

- 8.1 Based on the proposal of the percentage increase as outlined in paragraphs 5.3 and 5.5 of this report, the overall increase in home to school transport contract costs from 1<sup>st</sup> March 2022 for the remainder of the 2021/22 academic year is as follows:

**Buses: 88 days @ £1,462.59 = £128,707.92**

**Taxis: 88 days @ £1,185.88 = £104,357.44**

**Total: £233,065.36**

**The £233k equates to £61k in financial year 2021/22 and £172k for financial year 2022/23.**

- 8.2 The Council has supported the mainstream bus contractors during the Covid pandemic with an additional £8.50 per bus per day to help with the associated PPE and vehicle cleaning costs. With Welsh Government guidelines eased from Monday 28<sup>th</sup> March 2022, this payment can now cease.
- 8.3 The additional £61k for the financial year 2021/22 would be affordable within the latest Education outturn forecast.
- 8.4 The £172k for £2022/23 can be funded by a one-off in year virement from the RCCO budget in Miscellaneous Finance.

## **9. PERSONNEL IMPLICATIONS**

- 9.1 There are no personnel implications associated with this report.

## **10. CONSULTATIONS**

10.1 The report reflects the views of the listed consultees.

## **11. STATUTORY POWER**

11.1 The following enabling statutory powers apply to the ITU service:

- Transport Act 1985
- Transport Act 2000
- Transport (Wales) Act 2006
- Learner Travel (Wales) Measure 2008

Author: Clive Campbell, Transportation Engineering Manager

Consultees: Christina Harrhy, Chief Executive  
Mark. S. Williams, Corporate Director for Economy and Environment  
Cllr James Pritchard, Deputy Leader and Cabinet Member for Infrastructure & Property  
Marcus Lloyd, Head of Infrastructure  
Liz Lucas, Head of Customer & Digital Services  
Robert Tranter, Head of Legal Services and Monitoring Officer  
Stephen Harris, Head of Financial Services & S151 Officer  
Sue Richards, Head of Transformation  
Keri Cole, Chief Education Officer  
Jane Southcombe, Finance Manager, Education, Lifelong Learning & Schools.  
Dave Roberts, Interim Finance Manager, Communities & Corporate Services.  
Derek Morris, Contracts Manager  
Helen Sellwood, Principal Procurement Officer  
Geraint Roberts, Team Leader Integrated Transport Unit

Appendices:  
None

Background Papers:

CCBC/PS1698/18/HS  
CCBC/PS1275/14/HS  
CCBC/PS1340/15/HS  
Standing Orders for Contracts  
Public Contract Regulations 2015