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## **Executive**

7<sup>th</sup> October 2008

### **Report of the Director of Housing and Adult Social Services**

## **Transformation of Community Transport Services**

### **Purpose of Report**

1. The purpose of this report is to update the Executive on progress to date on the transformation partnership to improve City of York Council community transport provision, improve service quality and make significant efficiency savings.
2. The report confirms that the project has so far proven very successful achieving combined costs reductions for Learning, Culture and Children's Services (LCCS) and Housing and Adult Social Services (HASS) transport budgets of £216,654 in the first year. Projected savings and planned costs reductions indicates that the Partnership is well on course and expected to produce in excess of the £1,200,000 in gross cumulative savings which were targeted over the life of the partnership.
3. It is worth noting that in establishing the financial baseline position it has become evident that transport budgets have been overspending by c£281,000 and due to a lack of investment in the service to address customer growth and realistic inflation positions this situation would have continued to deteriorate year on year. The actions taken by the partnership will effectively turn an overspending inefficient service into an integrated transport provision that has control over expenditure and which will produce cashable efficiencies which can be diverted elsewhere within the authority.

### **Background**

4. The partnership between City of York Council (CYC) and Northgate Kendric Ash (NKA) spans a 30 month period running from April 2007 – October 2009. The project has been running for 16 months at the time of this report. An initial report was made to the Executive on 4<sup>th</sup> December 2007 which outlined the progress of the review and the key areas being addressed as part it.

### **Area covered by the partnership**

5. The partnership covers the delivery of both contracted and internally provided transport in the following areas:

- a. Mainstream Home to school transport (primary and secondary)
- b. Special Educational Needs Transport
- c. Transport for 'looked after' children, 'share and care' and children in respite care.
- d. Transport for adults with learning and physical disabilities

## **Operational Arrangements**

6. The Northgate Kendric Ash (NKA) model is one based on providing additional capacity whilst managing change. In this instance this has included NKA providing a core change management team, of up to 6 staff members, working on site working alongside CYC employees. This additional capacity has centred on:
  - providing additional management capacity and support
  - the provision of specialist procurement capacity with particular focus on taxi and bus contractual arrangements,
  - reviewing the internal fleet capacity and optimising utilisation,
  - the creation of an integrated transport function with a clear identity and strong working relationships across Council departments, with external partners as well as developing a robust performance culture within the transport team.
7. On a day-to-day basis an NKA service manager continues to work within the council structure and is acting as the manager of the new integrated HASS/LCCS transport team – York Transport Provision. Managers from both HASS and LCCS support him in management terms on a daily and operational basis and a team approach ensures that other NKA personnel are on site, as and when required. From a project perspective he meets regularly (on a fortnightly) basis with the Director of Housing and Adult Social Services to discuss any pressing corporate issues, which might need support and action.
8. The medium-term aim now is to recruit a permanent member of staff to the position of service manager. This is discussed in more detail later in this report.

## **Key Work streams**

9. **Passenger Transport Framework Agreement.** This was the key piece of work as it sets out the standards required by suppliers and gets them to give their best price. The Official Journal of the European Union (OJEU) procurement process was conducted May – September 2007 with the Framework agreement in place by 01/09/07. 33 preferred suppliers were selected to be part of the framework partnership - a reduction of suppliers from 60. A 'price per mile' approach has been adopted which has, to date, secured 20% savings on new routes. As reported in December 2007, the majority of savings will materialize in 2008 with the re-issuing of Special Educational Needs transport for Applefields/Hobmoor Oaks Schools. New routing arrangements and utilisation of the TRAPEZE scheduling system will significantly reduce the number of vehicles required to transport children to and from school. The initial routing/scheduling exercise

indicates that there will be a reduction of 8 vehicles required. Based on the current average costs of £90 per vehicle per day (over a 190 day annual term requirement) this represents a cost reduction of £136,800 per annum. Operationally we also have tighter control over performance and quality issues through the agreed quality standards. There have been regular reviews with providers and regular customer surveys and feedback, which have fed into annual reviews with providers, which took place in June. The customer satisfaction rate in November 2007 was 95%.

10. **Home to School transport.** A fresh approach was adopted to procuring school routes. Rather than individually tendering single school routes we are aligning all contracts on a school-by-school basis and then re-tendering all routes on a whole school basis. The first school to go through the process was Tadcaster Grammar School in July 2007. The initial results of the process have been extremely promising. Financially the process has resulted in a £15,000 a year saving on a like for like provision. The successful company is K&J Travel.
11. From a qualitative perspective, re-routing has reduced the number of vehicles being used and accessing the school car park. The control and management of the contract is much improved as we are now dealing with one point of contact rather than four. During the process bidding companies were asked to provide costed options to include seatbelts, CCTV and more environmentally friendly vehicles. However, given the additional costs for CCTV and the fully seat-belted provision (c£30,000) to provide these facilities it was decided to award the contract based on a like for like option.
12. Feedback from the School is that the new arrangements are very successful. Management arrangements between the Council, the supplier and school are much easier to control and there is a regular dialogue between all three partners to deal with any issues arising. Two customer satisfaction surveys have been completed and the results have shown an average of a 65% positive response rate.
13. Procurement activity this year has included the re-tendering of home to school bus for Fulford and Manor Secondary Schools as well as Primary School routes to Archbishop of York's Primary, Bishopthorpe Infants, Poppleton Ousebank Primary School, St Mary's and St Wilfrid's RC Primary Schools. The results of the procurement exercise have produced a projected annual saving of £64,000.
14. Members will recall that as part of the Scrutiny report on Home to School Transport (considered by the Executive on 25/4/08) a recommendation was made concerning the installation of seatbelts, CCTV and the use of environmentally friendly engines. The Executive instructed officers to address this issue as part of this review and accepted that it may be necessary to phase in new contract requirements over a period of time to allow for any necessary conversions to be undertaken and for funding sources to be found.

Experience from the initial tendering exercises is that these improvements will be delivered as part of the new contractual framework and that some will become standardized rather than being 'add ons' that have to be paid for separately.

15. The Scrutiny Committee were particularly concerned about transport to primary schools and made a recommendation that all school transport to primary schools should be fitted with seatbelts as a stipulated requirement. This has been included as part of the procurement exercise.
16. **Applefields School.** A collaborative project between Applefields Special Educational Needs (SEN) School and the Council to utilize existing school transport to carry pupils to and from school started in September 2007. This has involved the recruitment of 2 drivers and escorts employed on a term time only basis who use two of the existing school minibuses to transport 11 pupils. The school identified the pupils as those children who were most able to accept a change of this nature and who live near each other. The results have been very positive. It has meant that contracts that had previously been awarded to private taxi operators are now being delivered jointly by the School and Council. Prior to the new arrangements commencing all parents/children met and were introduced to the new drivers and escorts. The effort and time to meet with parents/children was very well received and ensured a smooth transition from previous arrangements. Feedback from both parents/carers and the Head Teacher has been very positive and it is intended to continue the project for the next school year.
17. **Internal Fleet Utilisation.** A project to utilize the use of internal fleet vehicles and staff to transport workstep clients to Brunswick Organic Nurseries, Greenworks, Community Base, Pine Trees, Pastimes has been a key focus in the first 12 months . This project has resulted in contracts that had previously been awarded to private taxi operators are now being delivered by the internal HASS fleet. The net cost reduction of this project has been c£43,000.
18. As a result of registering the ten fleet vehicles with the Department for Transport Bus Service Operators Grant Section (BSOG), the internal fleet vehicles are eligible for an annual fuel duty rebate for all fuel used to transport the current client base. The annual rebate is c£15,000. In addition, the authority has been able to retrospectively claim for the fuel duty rebate for the period 2002 –2007. The total income received as a result of registering the vehicles with BSOG has been £95,181.
19. More recently, the transport team has worked closely with HASS staff members to provide new transport arrangements for clients as a result of the closure of the Huntington Road Day Centre. The move to a more individualized, tailored care package for clients will have a fundamental effect on the way in which the internal fleet is organized and deployed in the future. The requirement for large fleet buses carrying groups of clients to single 'drop off' destinations no longer

exists. There is a need to move the provision to a smaller, more flexible resource, which is capable of working across clients groups (including; mainstream school children and SEN children). Indeed as a result of these recent changes it has been possible to reduce the number of fleet vehicles. The future organisational structure, resource requirement and establishment is a key piece of work for the next phase of the project.

20. **Pool cars.** The project has sourced replacement of 25 pool cars for HASS and LCCS services. By sourcing the replacement vehicles via the Sector Leasing Framework a cost saving of c £21,000 has been achieved. However, whilst this is a cost saving against the budgets there is no actual cashable saving for 2007/8 due to the original budgets not being adequately resourced.. In addition by introducing new management and servicing arrangements for the pool cars a further reduction of £20,000 of servicing costs can be achieved in 2008/9.
21. **Carbon Management.** The project is a core component of the Corporate Carbon Management Program. Initial baseline information collated throughout September has indicated that both the internal fleet and contracted transport contribute to a total SEN/HASS annual mileage of c900,000 miles. The partnership, through improved utilization of the internal fleet, the reduction of taxi usage, use of the 'walking escort scheme', the stipulation for more environmentally friendly engines and/or reduced Co2 emissions in all procurement exercises, has targeted an overall reduction in Co2 emissions of 20% for the life of the project. From the projects outlined above a total of 25 taxi contracts (32,475 miles per annum) have been terminated – resulting in a reduction of 8.5 tonnes of Co2.

### **Outstanding issues**

22. **Dial & Ride.** We are currently working in partnership with the Dial & Ride service to make more use of the vehicles and become part of an integrated community transport service. A consultation exercise was conducted in January/February/March 2008 with service users to determine current views of the service and what improvements can be made. A new timetable has now been finalized which will enable the utilization of Dial and Ride vehicles for home to school transport from September 2008.
23. **Eligibility Criteria.** A proposed eligibility 'test'/decision tree has been drawn up in consultation with managers/staff which, once agreed, can be used by staff to determine the most appropriate mode of transport for clients based both on need and capability. (A copy of the eligibility test is attached at Appendix A). The important point to note is that this is not designed to prohibit clients from accessing transport, it is a methodology to ascertain the client requirement and then to guide staff to provide the most effective and appropriate mode of transport. It is specifically designed to move away from the default position of

allocating taxis and looks to maximise alternative modes of transport where appropriate.

24. Agreeing a transport related eligibility criteria for HASS and LCCS clients is a key task and if the proposed eligibility test is adopted it is hoped that the level of spend incurred as a result of discretionary transport approvals will be reduced. It is anticipated that £25,000 (gross) could be saved annually if the criteria is adopted and monitored effectively.
25. **Regional aspects.** It is worth noting that this project was initially grant funded by Local Government Yorkshire and the Humber (LGYH) and whilst the main focus has been looking at improving CYC passenger transport, co-operation between regional partners (i.e. East Riding of Yorkshire Council (ERYC) and Yorkshire Ambulance Service (YAS)) is an important component of the overall project. A collaborative transport group with regional Community Transport representatives from CYC, ERYC, YAS, York Wheels and Goole Community Transport meet on a 3 monthly basis to consider ways in which community transport can be utilized and how organisations can work together in partnership. Key areas of activity to date have been; identifying better ways of working with the potential Criminal Records Bureau portability requirements for drivers and escorts between neighboring authorities, establishing agreed regional common training requirements/standards for community transport drivers and escorts and sharing other areas of best practice including the ability to claim BSOG as previously mentioned in the paper.
26. More recently the partnership has commissioned two reviews. The first of these was to benchmark vehicle servicing/maintenance arrangements between CYC, ERYC and YAS. This review has identified potential joint procurement initiatives which will deliver savings for each partner organization. The second review focused on the potential of establishing a shared call / operations centre for all community transport and this has again identified an number of potential, sizeable efficiencies which might be shared across the partner organizations. It is hoped that the findings of both these reviews will be shared with the three Chief Executives shortly.
27. **Future organisational home for the transport team.** Ensuring that the transport team/operation is sustainable post the end of the project is a key success measure for both Northgate Kendric Ash and CYC. It is important that transport is housed/located in the most appropriate directorate, which will accurately reflect and support the Council's transport requirements and activities. The initial view of the Strategic Steering group is that the integrated transport team should be located within LCCS as it represents the largest budget and area of spend. A initial organizational structure and job description for the transport manager have been drafted and are currently being reviewed both by the Strategic Steering Group and LCCS.

## Consultation

28. Contact with unions, staff, service providers, customers and families remain a core element of the project. Consultations have been undertaken with staff, unions, service providers, customers and families prior to any proposed changes and feedback is continually sought.
29. Visits have been made to the homes of all children and families, where requested, affected by the SEN changes in 2008.
30. As explained customer satisfaction surveys have been sent to all parents with children transported to/from Applefields and Tadcaster Schools. We will continue to conduct satisfaction survey and include all schools which have new arrangements in place for 2008. Copies of the survey results are attached at Appendix B.

## Quality

31. As well as looking at the most efficient methods of procuring and managing the services, the provision of a safe and quality service for our clients is an overriding priority. Throughout the year there have been regular review meetings with taxi operators and frequent visits to schools to ensure that contractors and suppliers are carrying out their duties in accordance with the contractual arrangements and the quality standards required of our partners. There have been two occasions where quality standards have been breached. The end result has been the termination of the agreement between one supplier and the Council.

## Financial Position

32. The outturn position for 2006/7 indicated that the combined transport budgets covered by this review were overspent by c£281,000. This is the baseline position against which performance from the partnership was measured. The key areas of overspend were;
- a. Discretionary Transport - c£60,000
  - b. Looked After Children - c£15,000
  - c. SEN Transport - c£95,000
  - d. HASS Taxis - c£111,000

## NKA performance from 1<sup>st</sup> April 2007

33. Detailed below are the key activity areas addressed and actual savings achieved by the project since April 2007 combined with projections for 2008/9 and 2009/10.

Activity Area	2007/08 Savings	2008/09 Projected Savings	2009/10 Projected Savings
Taxi Procurement	£36,278	£249,633	£287,763
Home to School Transport	£15,031	£66,890	£101,355
SEN School Transport Applefields School	£5,097	£7,281	£7,281
BON/Greenworks	£37,116	£74,012	£74,012

Pastimes/Pinetrees	£3,594	£30,912	£30,912
New Horizons Transport	£2,697	£3,176	£3,176
Eligibility Reviews			£25,000
Independent Travel Project			£40,000
Fleet review		£6,000	£6,000
Section 19 Fuel rebates	£95,181	£15,000	£15,000
Early Years Children			£5,000
Pool cars	£21,000	£20,000	£20,000
Walking escort	£660		
Cost of Transport Manager			(£44,600)
<b>Annual Base Savings</b>	<b>£216,654</b>	<b>£472,904</b>	<b>£570,899</b>
<b>NKA Contractual Targets</b>	<b>£130,000</b>	<b>£451,000</b>	<b>£521,000</b>

## Financial Summary

34. Projected annualised savings and costs against baseline for the project are shown in the table below. The start point is the combined overspend of all the transport budgets covered by this review and then for each year the cashable savings achieved or estimated are shown as are the project costs. Cost pressures, such as fuel inflation, have been added where these are expected to be higher than budget. Each year shows an improvement in the financial position resulting in the service being in surplus by 2009/10.

	Baseline Position	Savings	Project Costs	Non Budgeted Cost pressures	Net Saving /deficit
2007/08	(£281,000)	£216,654	(£235,000)	(£28,788)	(£328,134)
2008/09	(£328,134)	£472,904	(£244,000)	(£37,612)	(£136,842)
2009/10	(£136,842)	£570,899	(£122,000)	(£29,412)	£282,645
<b>2010/11 onwards</b>		<b>£570,899</b>	-		

35. The savings profile indicates that in Year 1 of the project base savings before costs of £216,654 have been achieved. In Year 2 base savings before costs will be £472,904 and in Year 3 the total savings will be increased to £570,899. Cumulatively, over the life of the partnership this represents in excess of £1.2m of gross cost savings before project costs.

36. It is worth noting that a transformation project of this nature creates fairly lengthy lead times for the improvements to impact and embed themselves across the services. This is reflected in the savings profile with the majority of savings being generated in Years 2/3.

## Corporate Priorities

37. The project reflects many of the council objectives and priorities, and many of the actions related to council objectives and initiatives. Specific links can be made to the following:

### Outward facing

- Improve the life chances of the most disadvantaged and disaffected children, young people and families in the city



- ❑ Improve the health and lifestyles of the people who live in York, in particular among groups whose levels of health are the poorest.
- ❑ Improve the use of public and other environmentally friendly modes of transport

**Improving our organisational effectiveness**

- ❑ Improve efficiency and reduce waste to free up more resources
- ❑ Improve our focus on the needs of customers and residents in designing and providing services
- ❑ Improve the way the Council and its partners work together to deliver better services for the people who live in York

**38. Other Implications**

**Human Resources (HR)**

None arising specifically from this report.

**Equalities**

None arising specifically from this report.

**Legal**

There are no immediate implications to report.

**Crime and Disorder**

There are no immediate implications to report.

**Information Technology (IT)**

None arising specifically from this report.

**Property**

None arising specifically from this report.

**Other**

None

**Risk Management**

39. This is embedded within the project framework and is reported to the Strategic and Operational boards as necessary.

**Recommendations**

40. That the Executive notes the latest update on this project as was requested by the Executive when the project first commenced.

41. That the Executive endorses and formally adopts the restated eligibility criteria referred to at paragraph 23 above and set out at Appendix A. This is to ensure that the policy is adhered to when deciding requests for transport.

42. That the Executive requests a further report be brought back to the Executive in July 2009 to update progress and report on the outcomes prior to the termination of the project in September 2009.

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**Report Approved**  **Date**

**Specialist Implications Officer(s)**

None

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

**All**

**For further information please contact the author of the report  
List of Annex's**

**Annex A – Restated eligibility criteria**

**Annex B – Customer satisfaction survey results**

**Background Papers: None**