
**Decision Session
– Cabinet Member for City Strategy**

3rd November 2011

Report of the Director of City Strategy

Review of Council-supported community transport services

Summary

1. This report considers the way the Council supports York Wheels Limited, a voluntary sector transport operator, which provides transport for York residents who cannot use conventional transport due to disability or cost.
2. The report outlines the current support given to York Wheels and the arrangement currently in place to deliver York's Dial & Ride service, which the charity manages and delivers on a day-to-day basis for the Council.
3. The report recommends the Council's response to a proposal from York Wheels to take a greater role in planning and delivering community transport services.

Recommendations

4. The Cabinet Member for City Strategy is recommended to:
 - i) Note the contents of the report
 - ii) Agree to York Wheels taking responsibility and control for the planning and delivery of Dial & Ride, within the context of a revised service level agreement
 - iii) Ask officers to negotiate the details of a service level agreement with York Wheels to support the range of services that it currently delivers and its Dial & Ride service
 - iv) Agree to the requested grant settlement for the period January to December 2012 and delegate responsibility to officers for the grant agreement for subsequent years within agreed budgetary limitations.

Reason: This course of action will allow the Council to continue to support York Wheels in its delivery of services to York residents at a sustainable cost. It will also allow York Wheels the flexibility to adapt its services to the changing needs of York's residents and communities.

Background

5. York Wheels is a registered charity and company limited by guarantee, whose aim is to provide transport for people who cannot use conventional transport due to disability or cost. As such, its services ensure that many York residents are not excluded from the services that they need and supports them to maintain their independence.
6. The Council's current involvement with York Wheels is through a mixture of individual contracts and agreements and a grant, which the Council gives to York Wheels to support the operation of its successful volunteer car scheme. The mix of grants, contracts and agreements has resulted at times in a lack of clarity between both parties and a lack of flexibility for York Wheels to best develop services for the benefit of the local communities in York.
7. York Wheels has approached the Council with a proposal to formalise existing grant funding and investigate taking more direct control over the planning and operation of Dial & Ride services.
8. This report proposes the creation of a single service level agreement outlining how the Council will work with York Wheels for the benefit of York residents. The agreement will still provide York Wheels with the opportunity to bid for individual Council-procured journeys, for example home-to-school transport for students with special educational needs.

Current structure

9. York Wheels is the largest community transport provider in York, delivering 21,632 passenger journeys in 2010/11. British Red Cross also delivers a large volunteer car scheme and minibus-based services but tends to do so over a larger geographic area and tends to avoid directly competing with York Wheels. It does, however, provide other services to those provided by York Wheels, such as a community car service with passenger escorts. The Council is also aware of other small-scale community transport schemes in the city, often provided as secondary services to enable people to undertake other activities.

10. The Council, through the Directorate of City Strategy, provides financial support to York Wheels through grant funding (£19,750 per annum in 2011/12). York Wheels uses this grant to support its core operation, notably the volunteer car scheme. The Council does not restrict what York Wheels can spend this grant on and no targets have been set linked to this grant.
11. The Council, again through the Directorate of City Strategy, also has a service level agreement with York Wheels for the provision of the Council's Dial & Ride service. Although the agreement is set out in a 'service level agreement', the arrangement is in effect a formal contract with the Council agreeing to buy staff resource from York Wheels at agreed rates. The service level agreement gives York Wheels no incentive to develop the service as the Council retains all income from fares and does not set any performance targets.
12. The Council's financial regulations dictate that it is unable to continue to buy staff time from York Wheels in this way to operate its Dial & Ride service as the arrangement has not been market tested and the value exceeds that at which it should be advertised in the Official Journal of the European Union. The current Dial & Ride Service Level Agreement with York Wheels continues by virtue of a financial waiver. Finance officers have stated that the Council should not continue on this basis.
13. With regard to concessionary travel, York Wheels is not part of the wider Concessionary Fares (bus pass) Scheme. The Council does, however, offer bus pass holders half price travel on its Dial & Ride service. Further, disabled residents benefiting from the 'Taxicard' concession may use this on York Wheels' volunteer car scheme and on Dial & Ride.
14. York Wheels also has individual contracts with the Council through the Directorate of Adult and Community Services.
15. Details of the current Dial & Ride service provided by the Council are shown in Annex A.

Consultation

16. York Wheels has presented a proposal to the Council to formalise the current arrangement and to take over responsibility for the planning and delivery of Dial & Ride services in York. Council officers have subsequently held discussions with York Wheels to identify the details of the service level agreement and to share information about historic service costs. Through these discussions,

York Wheels has proposed a level of grant (£75,000 for the calendar year 2012) that it will require to deliver the network of Dial & Ride services as currently exist.

17. The following comments were made by York Wheels with regard to the proposal and the operation of Dial & Ride services in general:

York Wheels Trustees are clear that they would not take on the service if the level of current funding is reduced. However, for the same level of funding they are convinced that the service can be further developed with new runs being added and longer distance trips provided so that a greater number of customers receive a service. At our last meeting with CYC we agreed that targets in the Service Level Agreement should cover patronage growth for existing trips, growth in passengers booking for special trips, reliability and punctuality of advertised core timetable journeys, fuel efficiency and extended use of vehicles outside of the core timetable on evening and weekends.

York Wheels would increase the number of vehicles available, adding our 2 vehicles to the fleet and also making better use of the existing Dial & Ride vehicles which are under utilised at certain times of the week.

The Council have not had the capacity to properly market the service for a number of years and York Wheels believe that this has led to a situation where the majority of elderly people in the City are unaware of the service on offer. In this financial year we have started to run new trips in response to requests from service users. These have been very popular and we now have a programme of trips running on Mondays and Tuesdays to a variety of places which provide social links for older people. We believe that the service is vital for helping older people remain independent in their own homes, helps to prevent social exclusion and contributes to reductions in Council budgets in other directorates by preventing older people requiring more intensive and expensive services from the Council.

York Wheels are absorbing the increases in fuel prices (and additional fuel costs for the provision of the extra journeys), wage increases, staff training and development so will be delivering a net budget reduction for the Council straight away.

In addition, York Wheels would be able to undertake fund raising to replace the existing vehicles through applying for grants. As a charity we are able to access pots of money not available to the

Council and have been successful in replacing our own vehicles in this way.

Options

18. The following options are presented for the Cabinet Member's consideration:
 - A. Continue to award the annual grant, at the same level, to York Wheels for its other operations and conduct a tendering exercise to procure a Dial & Ride service from the open market
 - B. Implement a framework service level agreement with York Wheels, with a fixed grant payment each year and with York Wheels taking responsibility for the planning and delivery of Dial & Ride.

Analysis

19. Under both options A and B, the Council would pass over the following responsibilities to the service operator:
 - a. Marketing
 - b. Responsibility for procuring and paying for vehicle fuel. The Council could continue to allow access to fuel supplies at the Ecodepot site, to allow the operator to take advantage of the Council's bulk fuel purchasing arrangements. The Council would then recharge the costs to the operator in arrears at an appropriate frequency. As such, the operator would take over responsibility for claiming Bus Service Operators Grant or any future fuel-based rebate for the vehicles.
 - c. Retention of fare revenue, including any concessionary fare reimbursement.
 - d. Responsibility for ensuring that vehicles are at all times roadworthy and co-ordinating and making available vehicles for regular maintenance.
20. Under both options A and B, the Council would retain:
 - a. Ownership of the Dial & Ride minibuses.
 - b. Operational costs relating to office accommodation, IT and telephone for one member of staff.

- c. Responsibility for carrying out and paying for maintenance through its workshops or agents.
 - d. Overnight parking for the four vehicles.
21. **Option A** – Continue to award the annual grant, at the same level, to York Wheels for its other operations and conduct a tendering exercise to procure a Dial & Ride service from the open market.
22. The Council would devise a tendering process which was equitable in its requirements for all potential bidders. To this end, the Dial & Ride specification would need to be devised in such a way that all operators, including York Wheels, would have access to the same facilities. This would mean allowing them access to office facilities and providing telecommunications on Council premises. The Council would need to reach a decision as to whether it continued to offer maintenance of the vehicles (currently costing the Council c.£15k per annum).
23. If the facilities listed above were not offered, smaller operators, notably from the voluntary sector, may be discouraged from bidding due to the high risks associated with maintaining a small fleet of older vehicles.
24. This option would see the Council retain control for the planning of Dial & Ride services in York or a tightly defined service specification. The Council may also need to limit the type of uses that the vehicles were put to, to prevent them from being used for commercial gain in ways which were not beneficial for York residents.
25. This option could bring reduced direct costs to the Council but any savings could be offset by higher costs in performance monitoring and a less flexible service.
26. This option would not allow the Council to realise the opportunities presented by closer integration between Dial & Ride and other community transport services if York Wheels was not the successful bidder. It would also leave York Wheels with a smaller level of funding and hence fewer opportunities to deliver services for York residents. The value of the Dial & Ride service is a large element of York Wheels' current work – in terms of its financial turnover and the number of paid staff – and therefore the loss of the service represents a significant risk. This risk may make it difficult for York Wheels to invest and develop its services to the benefit of York residents.

27. This option has been explored previously through the Collaborative Transport Project and the Transport and Fleet Review board. This option could potentially deliver Dial & Ride for the Council at a lower cost. It would, however, open the service to the market and the Council would have to consider any submissions from private sector operators alongside any submissions from York Wheels (or other charitable organisations).
28. **Option B** – Implement a framework service level agreement with York Wheels, with a fixed grant payment each year and with York Wheels taking responsibility for the planning and delivery of Dial & Ride.
29. A new service level agreement would bring together all of the services currently supported through the Directorate of City Strategy. In order to give York Wheels the flexibility to adapt the Dial & Ride service, there are other elements that are currently undertaken by the Council that York Wheels would take responsibility for, as outlined in paragraph 19.
30. As part of the new agreement, York Wheels will develop their range of additional journeys, which will create additional wear and tear on the vehicles. However, this would not be significantly higher than the current Dial & Ride operation. With two vehicles at seven years old, it is likely that maintenance costs could be high and more variable in future years and this risk would be too great for a relatively small operator such as York Wheels to stand. The age would also prevent the operator from securing an annualised maintenance cost for these vehicles.
31. As outlined at paragraph 17, the net cost of the fuel and drivers wages would be born by York Wheels for any additional journeys delivered.
32. The benefits to the Council from the proposed agreement would be:
 - a. A single grant payment to York Wheels with a clear set of targets to be agreed bilaterally before the start of each year. Targets will be a combination of service metrics, and development targets. This will replace the core grant and most of the Dial & Ride operating costs.
 - b. Grant funding commitment agreed and reducing over an agreed period to account for increased revenues.
 - c. Secure provision of community car-based services.
 - d. Improved accessibility for local residents through a more responsive transport service.

- e. Wider acceptance of the recently introduced Taxicard scheme for local residents.
- f. A strong voluntary sector able to deliver more services to York residents and to adapt quickly to change.
- g. Additional community transport services offered by York Wheels utilising six rather than the current fleet of four vehicles
- h. A higher quality of service to York residents from an organisation with a strong commitment to training and an understanding of the needs of older and disabled people.
- i. As outlined at paragraph 17 above, York Wheels would be able to attract additional funding to support the purchase of replacement vehicles and in support of expansions to the operation.

33. The benefits to York Wheels from the proposed agreement would be:

- a. Additional fixed funding with the freedom to decide how best to use it (based on the existing staff, fuel and marketing budgets for Dial & Ride, minus fare and concessionary fare reimbursement income). This will not be separated out but incorporated into a single grant payment.
- b. Additional (variable) income from fare revenue, compared to the current arrangement.
- c. Additional (variable) income from concessionary fare reimbursement¹
- d. Access to the Dial & Ride vehicles (which will remain in Council ownership) to utilise for non-Dial & Ride services.
- e. Ability to set fares (within certain parameters) and special offers.
- f. Zero cost for overnight parking for minibuses and office accommodation for one member of booking staff.
- g. Continuing and enhanced ability to take advantage of bulk purchase items, such as vehicle fuel, and Council vehicle maintenance facilities.
- h. York Wheels has a strong record of fundraising to cover the rolling replacement of its vehicle fleet. This includes a combination of active fund raising by its members and through legacies and donations. However, it may not be able to fully cover the replacement cost of a larger fleet. With this in mind, the level of Council grant will be set on the basis that the Council will retain ownership of the vehicles

¹ York Wheels will still be able to allow half-price travel for York concessionary pass holders on Dial & Ride. The Council will reimburse the difference at 100%, i.e. it will not apply a generation factor.

and will actively search for funding for capital replacement costs of the vehicles.

34. As highlighted in the final paragraph of 17 above, the Council will work with York Wheels to work towards the transfer of vehicle ownership and maintenance from the Council to York Wheels. Under such an arrangement, the Council could look to assist York Wheels in the replacement of vehicles, but such an initiative would be led by York Wheels.

Corporate Objectives

35. Support for bus services in York contributes to the following Corporate priorities:

- **Sustainable City** - There is considerable scope for reducing vehicle congestion delay on the overall network through greater bus use, thereby reducing the associated adverse affects, such as air pollution.
- **Inclusive City** – The retention of sustainable bus routes across York increases access to opportunities and facilities by a wider (and potentially cheaper) range of travel choices.

36. Local Transport Plan 2006-2011 (LTP2): Support for the services outlined above would contribute to several of the aims of the second Local Transport Plan, namely:

- To tackle congestion
- To improve economic performance in a sustainable manner;
- To enhance opportunities for all community members, including disadvantaged groups, to play an active part in society;
- To reduce the impact of traffic and travel on the environment, including air quality, noise and the use of non-renewable resources.

37. Implications

- **Financial**

For option A, the cost to the Council is less certain as it has never tendered for this type of work before. The quality and value of bids are likely to be dependent on the level of interest from local private and voluntary sector operators, which is difficult to judge. Option A will also incur additional staff costs associated with

undertaking the procurement exercise and a higher level of performance monitoring.

For option B a grant of £75,000 as proposed by York Wheels, in discussion with Council officers, would represent a zero net cost increase for the Council in 2012. The value of the grant is set to reflect the cost that the Council would have incurred to continue with the present arrangement. A summary of previous years' outturn figures and projected budget for 2012 is shown in Annex B.

In future years, income from fares and charges for services using the Dial & Ride minibuses will increase as the service develops. As this occurs, the Council will agree appropriate grant reductions with York Wheels in advance of setting the subsequent year's grant.

The transfer of more areas of responsibility from the Council to York Wheels will also, to a lesser extent, reduce the level of variability and hence risk to the Council. At this stage, the highest cost risk item – vehicle maintenance and fleet renewal – will remain with the Council. Subject to the successful implementation of the Grant funding arrangements, however, the Council will work with York Wheels to determine how these responsibilities might be transferred.

- **Human Resources (HR)**

There are no HR implications for Options A and B, as all staff are already employed by York Wheels, including those specifically employed for Dial & Ride. For Option B, there are no direct HR implications for the Council but Dial & Ride staff could be subject to the Transfer of Undertakings (Protection of Employment) Regulations (TUPE).

- **Equalities**

An Equalities Impact Assessment to support the Council's support of community transport services is currently being revised.

- **Legal**

There are no Legal implications

- **Crime and Disorder**

There are no Crime and Disorder implications

- **Information Technology (IT)**

York Wheels will continue to use Council IT equipment, with all passenger contact details only stored on a single database on the Council's server. The service level agreement will contain appropriate clauses to ensure that data is not removed from the Council's IT network and that it is used only for the purposes of delivering the services set out in the agreement.

- **Property**

The Council will continue to provide office accommodation at no charge to York Wheels for one member of staff.

- **Other**

There are no other implications

Risk Management

38. The Council has a number of grant based agreements with third party organisations for the delivery of services. The day to day delivery of the service will remain unchanged for members of the Over the next 12-24 months, the Council will need to agree arrangements with York Wheels for the replacement of Dial & Ride vehicles as they reach life expiry.
39. Measured in terms of impact and likelihood, the risk score for all risks has been assessed at less than 16. This means that at this point the risks need only to be monitored as they do not provide a real threat to the achievement of the objectives of this report.

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**Report
Approved**



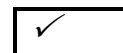
Date 19.10.11

Specialist Implications Officer(s)

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Wards Affected:

All



For further information please contact the author of the report

Annexes

Annex A: Summary of Dial & Ride service

Annex B: Financial information relating to the setting of grant level

Annex A – Summary of current Dial & Ride service

1. This Council service operates five days per week, Monday to Friday. The Council entered into the current arrangement with York Wheels operating Dial & Ride on its behalf in 2003 in order to support the development of the voluntary sector. Before this date, it was operated by the Tees East and North Yorkshire Ambulance Service on the Council's behalf.
2. The service uses the following resources:
 - i. 3 mini bus vehicles²
 - ii. 6 drivers³
 - iii. 0 passenger escorts
 - iv. 1 back up/spare vehicle
3. The buses are all equipped for people who have difficulty walking and for wheelchair users. Passenger capacity for the 2 older buses (Iveco 04 plate) is 12 seated and up to 2 wheelchairs. Passenger capacity for the 2 newer buses (Mercedes 60 plate) is 14 seated or 12 seated and up to 2 wheelchairs.
4. The Dial & Ride service operates between 9am and 5pm and provides a door-to-door service for qualifying residents⁴ taking them from home to the city centre or to edge of town shopping locations. The service also provides transport to the Swimability disabled swimming sessions at Energise pool on Sundays. The list of current destinations is:
 - i. City Centre
 - ii. Askham Bar / Clifton Moor (dependent on passengers' ward)
 - iii. Energise (formerly Oaklands Sports Centre)
 - iv. Monks Cross
 - v. Sainsbury's (Foss Bank) and Morrisons (Foss Islands)
5. Bookings are made in advance by telephone between 8:00am and 12:00pm, Monday to Friday. There are limited seats available on

² The buses are owned and maintained by the council.

³ The council purchases 120 hours per week of 'driver-time' from York Wheels (3 FTE). York Wheels currently employs 6 dedicated drivers to fulfil the requirements of the Service Level Agreement (working one week on, one week off).

⁴ Qualification for Dial and Ride is classed as people who cannot use other public transport services'

each bus, therefore bookings cannot be taken once a bus is full. Bookings for journeys can be made up to four weeks in advance.

6. The administration function for Dial & Ride is undertaken by an employee working for York Wheels but based at 9 St Leonards Place, utilising Council IT and telephones. The employee's responsibilities include arranging bookings, route planning, dealing with vehicle maintenance and breakdowns and responsibility for ensuring that the revenue is correctly accounted for and transferred to CYC.
7. The charges for journeys are currently:
 - i. Single fare £1.75
 - ii. Return fare £3.50
 - iii. Single for bus pass holder £1.00
 - iv. Return for bus pass holder £1.75
 - v. Blind person's bus pass holders travel free
8. In the calendar year 2010, 15,655 journeys were undertaken by the Dial & Ride service carrying 365 passengers in total. The breakdown of journey destinations for this period is as follows:
 - i. City Centre (with Sainsbury's Foss Bank and Morrisons Foss Islands) – 33%
 - ii. City centre only – 16%
 - iii. Tesco (Askham Bar) – 6%
 - iv. Tesco (Clifton Moor) – 7%
 - v. Sainsbury/Asda (Monks Cross) – 35%
 - vi. Edmund Wilson/Energise – 3%

Annex B – Financial information relating to setting of grant level

			Outturn for 2009/10 (£)	Outturn for 2010/11 (£)	Grant value for 2012 (£)
Dial & Ride costs					
Code	Description	Items included			
21160	Fuel		12,052	12,051	12,100
32100	Clothing and uniforms ⁵				150
33140	Advertising and publicity ⁶				1,000
35110	Mobile communications		174	226	200
39600	Bus services	Staff costs	75,223	75,478	75,500
61100	Other grants	BSOG ⁷	-8,817	-5,149	-5,200
61200	Recharge to other committees	Home-to-school	-7,025	-5,440	-5,500
63100	Fees and charges				
		Fares	-12,091	-11,149	-11,200
		Concessionary fares	-12,824	-11,792	-11,800
					55,250
Core grant to support York Wheels' volunteer car scheme					
			19,750	19,750	19,750
TOTAL GRANT PER ANNUM					75,000
Ongoing Council costs (not to be passed to York Wheels)					
	Vehicle maintenance		29,393	19,336	Est.20,000

⁵ Outturn figures have not been included as they vary considerably from year to year

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