

OVERVIEW & SCRUTINY COMMISSION
20 JULY 2006

**IMPLEMENTING THE BEST VALUE REVIEW OF TRANSPORT
PROVIDED BY THE COUNCIL
(Borough Treasurer)**

1. INTRODUCTION

- 1.1 In January 2005 the Executive approved in principle the recommendations arising from the Best Value Review of Transport Provided by the Council, subject to a more detailed feasibility study on the work necessary to establish a centralised transport unit. This report updates the Overview and Scrutiny Commission on the progress that has been made to date.

2. SUGGESTED ACTION

- 2.1 That the Overview & Scrutiny Commission comment on the action that has been taken and that which is planned over the next 12 months.**

3. SUPPORTING INFORMATION

Findings and Recommendations

- 3.1 The Review identified the following main findings;
- a) The delivery and management of transport across the Council is fragmented
 - b) Generally, users of the service have high levels of satisfaction with the service provided
 - c) The service is being delivered in a very inefficient way with a significant amount of duplication and waste in the journeys being funded by the Council
 - d) There is potential for delivering the service in partnership with other organisations
 - e) The service is not commissioned or delivered in a cost effective way, and
 - f) The Council's transport fleet could be procured and maintained more cost effectively.
- 3.2 As a result of these findings, five recommendations were put forward by the review team:
1. Set up an integrated, centralised transport unit for the whole Council
 2. Develop a policy for transport provided by the Council
 3. Review all contracting and procurement arrangements related to transport provided by the Council
 4. Set up a forum/partnership of all transport stakeholders, and
 5. Develop, measure and regularly monitor performance indicators related to transport provided by the Council.
- 3.3 The review concluded that implementation of these recommendations in full would not only result in an improved, less fragmented and more effective service but would also result in substantial revenue savings. In order to start the process of implementing the recommendations of the review a Transport Manager was recruited

in September 2005 to carry out a feasibility study outlining the work necessary to establish a centralised transport unit and to begin work on recommendations 2, 3 and 4 of the best value review.

- 3.4 Following the appointment of the Transport Manager the implementation plan fell into three further phases:

September 2005 – August 2006

Carry out a feasibility study outlining the work necessary to put in place an integrated transport unit, rationalising transport routes, reviewing the delivery or procurement of new routes and developing joint working arrangements with other organisations and partners.

September 2006 – September 2007

Set up an integrated transport unit, if the study confirms the best value review recommendation. Deliver remaining actions identified in the implementation plan and maximise savings.

September 2007

Post implementation review of effectiveness of the role of the Transport Manager and unit and report back to the Executive. Final structure of unit and service put in place.

Progress To Date

- 3.5 Damian James was appointed to the position of Head of Transport Provision in September 2005. During the first nine months the main focus of activity has been to engage with transport stakeholders to obtain a comprehensive understanding of the way in which services are currently provided and to begin to assess the potential benefits of establishing an integrated transport unit. This has resulted in:

- a) The establishment of a Transport User Group, involving all major transport users across the Council. The group is being used to collect data/information about existing transport arrangements and report progress back to their respective departments. It is also capable of being extended to include partner organisations in the future.
- b) The production of work flow patterns for transport processes within each department.
- c) Initial assessment of routing and scheduling software packages available to maximise potential financial savings. This software is desirable given the volume and complexity of travel within the Council.
- d) Benchmarking visits to those authorities that have established integrated transport units. These have included Norfolk County Council, Southampton City Council and Gloucestershire County Council.
- e) Discussions with other Berkshire authorities via the inter authority education transport group and the Royal Berkshire Ambulance Trust to establish the scope for collaborative working.
- f) Ongoing negotiations with contractors to improve the utilisation of depot facilities resulting in some potential increased income.

- 3.6 In addition to the above the Council's Strategic Procurement Group has conducted a detailed analysis of the Council's expenditure to identify the larger spend areas not currently addressed by corporate or departmental contracts. This together with departmental suggestions has identified a number of topics which were further considered in terms of volume of spend, number of suppliers and invoices, business impact and savings potential. This analysis identified expenditure of £2.1m on taxi,

minibus and coach services, including home to school transport, delivered by 18 different suppliers and generating nearly 2,000 invoices per annum. In addition to this expenditure on vehicle purchase and leasing identified further expenditure of £1.4m. Based on this analysis and building on the work already undertaken by the Head of Transport Provision, Corporate Management Team agreed, on 8 February 2006, that these two areas should form a major component of the Council's corporate contract programme in 2006/07. These have now been included in Department's Service Plan for 2006/07 as Key Actions and will, therefore, be monitored and reported at three monthly intervals through the Quarterly Operations Reports.

Financial Implications

- 3.7 The report to the Executive in January 2005 anticipated the following costs and savings on an incremental basis:

	2005/06 £000	2006/07 £000	2007/08 £000
Total Savings	-100	-150	-100
Total Costs	50	20	20
Net Savings	-50	-130	-80

- 3.8 A review of home to school transport contracts has identified efficiency savings of £100,000 in 2005/06 and £130,000 in 2006/07. These have been included in the Education, Children's Services and Libraries budget proposals for these two years.
- 3.9 The costs in 2005/06 provided for the appointment of the Head of Transport Provision part way through the financial year (£25,000), together with set up costs which were predominantly the purchase or routing and scheduling software (£25,000). The software is being evaluated by the TUG and has yet to be purchased so the one off cost has been deferred until 2006/07. In addition to this the current Fleet Manager is due to retire in June 2006. He will not be replaced and his duties will be subsumed by the Head of Transport Provision. This will reduce the additional cost of this latter post from £50,000 per annum to £10,000 per annum. Whilst this will inevitably impact upon the capacity of the Head of Transport Provision to deliver the full range of recommendations arising from the Best Value Review of Transport Provided by the Council within the original timescales it not expected to affect the achievement of future savings delivered via the corporate contracts programme. These latest developments result in the following changes to the savings profile:

	2005/06 £000	2006/07 £000	2007/08 £000
Original Net Savings Target	-50	-130	-80
Defer Purchase of Routing and Scheduling Software	-25	+25	-

Retirement of Fleet Manager	-	-30	-10
Revised Net Savings Target	-75	-135	-90

- 3.10 The savings for 2005/06 and 2006/07 have been incorporated within the Council's revenue budget, whilst those for 2007/08 are still to be realised. Given the total spend on taxi, minibus and coach services, together with vehicle purchase and leasing a savings target of £80,000 (or 2.3% of total spend) is considered to be achievable. The provisional programme included in the Department's Service Plan is for corporate contracts for vehicle purchase and leasing to be in place by December 2006, with taxi, minibus and coach services, including home to school transport, being implemented from September 2007 to coincide with the expiry of existing contracts and the start of a new school year. The latter is, however, highly dependent upon existing contractual arrangements and an incremental approach may, therefore, be the most desirable approach in order to achieve some savings in the shorter term.

Next Steps

- 3.11 The Head of Transport Provision has been in post for approximately nine months and much of the initial work has now been completed in order to finalise the feasibility study into the establishment of an integrated transport unit by the end of August 2006. If approved, the unit would become the transport service provider for the Council enabling non-transport professionals to concentrate on their primary role of delivering services to clients and eliminate many of the inefficiencies identified in the Best Value Review.
- 3.12 At the same time a number of organisational changes have been put into place which result in the Head of Transport now reporting to the Borough Treasurer, via the Head of Finance, in accordance with proposals approved by the Executive in January 2006 for the recruitment of a Director of Corporate and an enhanced role for the Borough Treasurer focusing on the "resources" elements of the department including finance, information technology, property and transport. This will ensure that the clear synergies and scope for closer integration, with the corporate procurement team in particular, are realised and that the savings anticipated in the Best Value Review of Transport are delivered.
- 3.13 Progress against these key objectives will be reported regularly through the Quarterly Operations Reports.

Contact for further information

Alan Nash – 01344 352180

Alan.nash@bracknell-forest.gov.uk

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