

The Highland Council
Community Services Committee

5 February 2015

Agenda Item	13
Report No	COM 10/15

Transport Programme

Report by Director of Community Services

Summary

This report informs Members of the three principal focal areas for accomplishing savings within the transport programme, early savings progress and key 2015 activities.

1. Background

1.1 Highland Council's transport programme has emerged from the process of identifying ways to reduce expenditure over 2015-19. Led by Highland Council, under the sponsorship of the Director of Community Services, the programme has participation from NHS Highland, Scottish Ambulance Service, Highland Third Sector Interface, Community Transport Association, Voluntary Action Lochaber and Highlands and Islands Transport Partnership.

2. Focus of Transport Programme

2.1 The primary focus for 2015-19 savings activity is reducing the cost of contracts for school and public bus services provision. The aggregated 2014-15 budget for these services is £15.003m. The target is to save £2.246m through the transport programme (as agreed by Council in December 2014). The main activities and associated savings targets are noted in **appendix 1**.

2.2 Particular activity will include:

- 1) seeking contract variation opportunities within higher cost contracts throughout Highland (for short term savings);
- 2) home-to-school transport efficiencies (a mixture of short and medium-term savings) which will include:
 - a) examining the provision in Lochaber (to tie-in with the existing Lochaber pilot transport project);
 - b) assessing the new process for arranging Additional Support Needs transport and potentially examining some existing provision arrangements based on this new process review; and
 - c) considering the potential for in-house provision of home-to-school transport.
- 3) Future services provision re-tendering on an area-by-area basis to determine what must be provided, what ought to be provided, and how and by whom this should be provided to deliver appropriate, cost-effective services (for medium term savings). Sutherland will be the initial area for future services re-tendering, seeking to fulfil a commitment adopted by

Council on 19th December 2013, and incorporated into a revised version of '2012-2017 Working Together for the Highlands'. The commitment states: *"Working with Scottish Government and other agencies the Council will undertake a review of service delivery to remote and rural communities and identify a sustainable level of support necessary for the provision of services. We will develop new approaches to service delivery and community resilience in our most remote and rural communities, and pilot these in North and West Sutherland."*

2.3 Consultation to understand community requirements and priorities, and supplier development events with commercial and community transport organisations, will provide critical form to the proposals which Highland Council will take to market.

2.4 Factors which may impact on deliverability are:

- 1) The Council having previously sought and accomplished passenger transport services efficiencies, thus the starting point is further advanced.
- 2) The Council's school modernisation programme.
- 3) The impact of asymmetric hours being considered by schools.
- 4) The high proportion of statutory provision (80% of total budget), although the nature of how and by whom this is provided provides scope for targeting savings.
- 5) The response of transport providers to contract variation approaches.
- 6) The scope for savings identified via the Lochaber home-to-school transport efficiency review.
- 7) Market response to proposals developed for future area services provision.
- 8) Staff resource constraints within Transport Co-ordination Unit and Programme Partners.

3. Community Transport

3.1 Community transport providers may very well have a key role to play in all of this going forward and are already represented on the Project Board (Highland Third Sector Interface and Community Transport Association). The Council currently spends £416,961 supporting 23 community transport groups across Highland, and to date have not received any security on their funding for next financial year. The level of 2014-15 award and groups supported can be viewed at **appendix 4**.

3.2 The wider programme of work and review of service delivery as part of the new Transport Programme Board means that the Council is unable to guarantee funding for more than one year in advance. To that end, it is recommended that current funding be rolled forward for one more year from April 2015 at current levels of grant. Going forward, the Council will be working closely with each of our community transport providers to ensure best value and value for money and how each may be involved in future years.

4. Progress to Date and Key Activity in 2015

4.1 Contract Variations – Round 1.
Savings target of £92,527 for 2015/16. This activity is focused on ensuring the correct prices are being paid for the work which is being undertaken. Meetings

were held during November 2014, with suppliers operating 21 contracts on routes within Caithness and Sutherland, Wester Ross and Skye, Inverness and Easter Ross. Negotiations on 2 contracts, initially intended for Round 1, are being deferred until Round 2. Initial Round 2 contractor meetings will be completed by the end of April 2015. It is likely that, as per Round 1, there could be a mix of instant savings and other opportunities requiring further work over a period of some weeks to deliver.

- 4.2 Thus far £30,847 of savings has been secured through Contract Variations Round 1 activity. An interim Round 1 financial summary can be viewed in **appendix 2**.
- 4.3 There are further potential savings to be derived from Contract Variations Round 1, a provisional estimate is an additional £20,000, and the Transport Co-ordination Unit is undertaking work to scope these. Delivering these potential savings will increase the return from Round 1 to circa £50k. The provisional balance of circa £40k will be sought through the 21 Round 2 contract targets (to be finalised).
- 4.4 Home-to-school Transport Efficiencies Review in Lochaber.
There are two specific elements to the review undertaken by the TAS Partnership: a strategic clean sheet review to determine whether, given a clean sheet of paper to plan the network, a more efficient and therefore cheaper network could be delivered; and a review of the 79 existing contracts to determine if they are as efficient as they could be.
- 4.5 Projected expenditure for Lochaber statutory home-to-school contracts during 2014-15, excluding Additional Support Needs contracts, is just over £1,074,000. The 15% savings percentage set for the transport programme applied here produces a £159,166 savings target. Whilst the review found that the network set-up was very efficient, and that the contracts were substantially efficient, a set of possible savings has been identified, and if all are realised £80,000 could be saved. A summary of these potential savings, categorised into low, medium and high risk to define the likelihood of securing them has been placed at **appendix 3**.
- 4.6 Planning for the Sutherland area services re-tendering has commenced. The savings target for this activity is £252,236 from 2014-15's expenditure of £1,677,000. Savings from the contracts defining school and public transport services are the focus. It is intended to run the consultation from mid-February and to have contracts in place by mid-October 2015.

5. Implications

5.1 Resource

Staff input from various sources will contribute including Policy Unit, Transport Co-ordination Unit, Procurement Team, and Sutherland Ward Management. Additionally, The TAS Partnership has been commissioned to undertake supportive activities aligned with Section 2.2.2 above at a cost of £21,840; the recouping of this cost has been factored into the savings targets for the transport programme.

5.2 Legal

There is a potential legal challenge from transport providers as a result of early contract terminations arising out of area service re-tendering activity.

5.3 Equalities and Rural

The Policy Unit, and Equal Opportunities Officer, are being involved to ensure that transport programme works, most particularly the area services retendering planning, are cognisant of equalities and rural impact considerations.

5.4 Climate Change/Carbon Clever

Determining routes with suppliers will incorporate consideration of efficient routing.

5.5 Risk

- 1) Broader programme of Council and Programme Partner savings activities demanding staff time. Management: liaison with those required and scheduling/prioritising appropriately.
- 2) Inherent characteristics of partnership working causing delay to the pursuit of services revision and savings accomplishment. Management: Programme Board stewardship and encouragement of Programme Partners to share information.
- 3) Potential legal challenge from transport providers as a result of early contract terminations arising out of area service re-tendering activity. Management: Appropriate forewarning of area services retendering activity.
- 4) Not accounting for all implications of changes suggested for transport services. Management: Careful assessment of proposed changes and potential ripple effects.

5.6 Gaelic

There are no specific Gaelic implications.

Recommendation

Members are invited to:

1. note the focus of the transport programme and early-stage progress;
2. note and support the principal activities intended for 2015; and
3. agree that funding to community transport groups for 2015-16 is rolled forward for one year only on the basis of the 2014-15 awards.

Designation: Director of Community Services

Date: 5 February 2015

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APPENDIX 1: Transport Programme Main Activities and Savings Targets

Table 1: Initiatives & Targets Based on School/ Public Transport Spend						
Initiative	Period of Activity	Savings Targets 2015-19	Savings Targets 2015-16	Savings Targets 2016-17	Savings Targets 2017-18	Savings Targets 2018-19
Contract variation opportunities	Mid-October 2014 to end April 2015	92,527	92,527	0	0	0
Lochaber mainstream home-to-school efficiencies assessment	Mid-October 2014 to end March 2015	159,166	106,110	53,056	0	0
Future services re-tendering - Sutherland	November 2014 to October 2015	252,236	105,098	147,138	0	0
Future services re-tendering – rest of Highland	June 2015 to December 2016	1,642,353	0	410,588	1,231,765	0
Total for school and public transport		2,146,282				
Joint logistics operations with NHS Highland	Business case: January-March 2015	100,000	0	100,000	0	0
Totals		2,246,282	303,735	710,782	1,231,765	0

APPENDIX 2: Contract Variations – Round 1 - Interim Financial Summary

Contract Variations Savings Target against 23 contracts	£92,527	Savings target is 15% of Contract Value
Current annual expenditure on those 23 contracts	£624,344	
No. of Contracts negotiations in Round 1	21	
Current annual expenditure on those 21 contracts	£584,166	
Initial savings secured from Round 1 activity (from 7 of the contracts)	£30,847	Initial savings secured are 5.3% of 21 Contracts' Value
Current annual expenditure on the 7 contracts	£199,870	Initial savings secured are 15.4% of 7 Contracts' Value
Initial Round 1 savings to be taken in 2014-15	£7,587	
Initial Round 1 savings to be taken in 2015-16	£23,260	

APPENDIX 3: Lochaber Mainstream Home-to-School Savings Possibilities

No. of Contracts	Assessment	Current Expenditure	Estimated Saving 2015/16	Estimated Saving 2016/17	Total Estimated Savings
3	No/Low Risk - Will Happen	£73,879	£8,300	£23,772	£32,072
1	Medium Risk - Likely to happen	£116,827	£38,000	-	£38,000
2	High Risk - Could Happen	£13,097	£10,321	-	£10,321
Totals		£203,803	£56,621	£23,772	£80,393

APPENDIX 4: Community Transport Grant Awards 2014-15

Community Transport Group	2014/15 Award
Arainn Shuaineirt	£27,000
Ardersier, Petty, Croy and Culloden Moor Transport Association	£4,415
Badenoch & Strathspey Community Transport Company	£40,000
Black Isle Community Car Scheme	£29,279
Bradbury Centre	£380
Caithness Voluntary Group	£37,100
Care Lochaber / Lochaber Community Car Scheme	£57,750
Gairloch Community Car Scheme	£28,768
Helmsdale & District Community Bus Association	£3,685
Inverness & Nairn Transport Forum	£7,350
Lochaber Action on Disability	£2,748
Lochleven Community Minibus Association	£8,000
Mallaig & District Community Transport Association	£5,750
Morvern Community Transport Association	£11,000
Nairn Community Transport	£6,250
North West Community Bus Association	£23,065
Skye & Lochalsh Council for Voluntary Organisations	£10,902
Sleat Community Trust	£15,000
South Loch Ness, Fort Augustus and Glenmoriston CC	£5,000
South West Ross Community Car Scheme	£27,555
Strathnairn Community Access and Transport Association	£8,022
Transport for Tongue	£22,014
Wick and East Caithness Church	£4,415
Training and repairs	£31,513
TOTALS	£416,961