

Agenda Item	8
Report No	RDB/05/23

## HIGHLAND COUNCIL

**Committee:** Redesign Board

**Date:** 30 March 2023

**Report Title:** In-House Bus Operation Project – Update

**Report By:** Executive Chief Officer Infrastructure & Environment

### 1 Purpose/Executive Summary

1.1 This report provides Members with an update on the progress of the two Bus Projects following approval by the Redesign Board on 18 February 2022. The two Bus projects are part of the Council's Business Change programme.

1.2 The purpose of the two projects are:-

- i) to pilot an In-House Bus Operation to deliver passenger and school transport services at a lower cost than that offered by commercial contractors; and
- ii) to develop the recommendations made by the TAS Partnership in a review of school transport arrangements, including the procurement of a specialist transport management software.

#### 1.3 ***In-House Bus Operation***

The In-House Bus Operation project will mitigate some of the significant cost increases from the recent re-tendering of Passenger and School Transport contracts. An in-house service model will also provide the potential for an improved and more inclusive service to be provided to support other Council objectives.

#### 1.4 ***TAS Recommendations***

Implementation of a transport management solution will support the development of the In-house Bus Operations. The scheduling and costing functions of the software will streamline the expansion of the In-House Bus Operations Project and will ensure that every possible efficiency saving is made.

The software will facilitate the optimisation of the transport network and more effective cost monitoring and analysis. This will allow for improved rationalisation of transport needs and will work to inform transport strategy.

The procurement of the software will result in significant efficiency savings, allowing resource to be reallocated to other core functions of the service such as contract compliance monitoring.

Increased performance monitoring, coupled with a dedicated module for recording compliance checks, penalties and default points will increase transparency and will allow us to identify services or contractors who are underperforming from the Conditions of Contract. This will ensure we are achieving a high standard and good value for money on both internal and external contracts.

### 1.5 **Project Resource**

- **In-House Operation** - a Project Team has been established with three Project Officers and two Bus Operations Supervisor appointed to support the Project Manager. Eleven PCV Bus Drivers are now in post with a further two appointed and due to start in the coming weeks.
- **TAS Recommendations** - A further Project Officer is in post to develop the recommendations made in the TAS Review.

## 2 **Recommendations**

- 2.1 Members are asked to **note** the progress of the Bus Company Projects and consider next steps.

## 3 **Implications**

### 3.1 **Resource**

- **In House Bus Operation** - The Project will require initial outlay for its set up however, the In-house Bus Operations will deliver School and Passenger Transport Services at a lower cost than commercial contractors and will therefore contribute to cost avoidance of around £1.4M annually for the initial batch of contracts taken in-house.
- **TAS Recommendations** - There will be a one-off cost for the procurement of a transport management solution. Funding has been secured from the Change Fund to contribute towards this cost with the remaining coming from the Passenger and School Transport Budget.
- Dedicated staffing resources have been appointed for the development of the two projects.

- 3.2 **Legal** - Provision of home to school transport meets a requirement of the Education (Scotland) Act 1980. The Project also fulfils the Council's duty under the Transport Act 1985 "to secure the provision of such public passenger transport services as the council consider it appropriate to secure to meet any public transport requirements within their area which would not in their view be met apart from any action taken by them for that purpose".

- 3.3 **Community (Equality, Poverty and Rural)** - An in-house service model would provide the potential for a more inclusive service. The Project will make use of the concessionary schemes offered by the Scottish Government making free public transport available to under 22's and over 60's.  
Since school transport is predominantly provided in smaller communities and rural areas, the development of the TAS recommendations will support provision of an equitable service of appropriate standard.
- 3.4 **Climate Change/Carbon Clever** - Provision of public transport services enables alternatives to car use, thus contributing to carbon reduction goals.
- 3.5 **Risk** - If these mitigation projects do not progress, the Council may be unable to address increasing contract costs. There is, therefore, a risk of the Council being unable to fulfil the statutory duty to provide school transport.
- 3.6 **Gaelic** - There are no known Gaelic implications identified.

## 4. Project Update – In House Bus Operation

### 4.1 Operational Centre

Premises on Cromwell Road, Inverness have now been secured and groundworks completed. This is now in use as an operating centre for the In House Bus operation.

Sundry storage and welfare facilities for employees have been put in place and the team are now able to permanently operate from the Cromwell Road operating centre.

### 4.2 Recruitment

A Project Team has been established with three Project Officers and two Bus Operations Supervisors now in post to support the Project Manager.

Eleven PCV Bus Drivers are now in post with a further two recruited and due to start in the coming weeks.

### 4.4 Vehicles

Six double decker and seven single decker buses are now in place at the operational centre on Cromwell Road. Ten buses are in daily operation for the pilot routes with three available to pick up additional work streams and to facilitate ongoing periodic inspections and maintenance as required by the Office of the Traffic Commissioner.

### 4.5 Routes

Eight pilot routes have been identified, with a mix of school only and public services. All routes are operated under Section 22 Community Bus Permits which have been authorised by the Traffic Commissioner. The Pilot Routes are:-

<b>Route Description</b>	<b>Service</b>	<b>Vehicles in Service</b>
Foyers - Inverness	School and Public	1
Whitebridge – Inverness	School and Public	2
Fort Augustus – Glen Urquhart High School	School and Public	1
Tomich – Strathglass – Dingwall – Inverness	Public	1
Cawdor – Nairn Academy – Cawdor Primary School	School and Public	1
Nairn Town Service	Public	1
Culbokie – Dingwall Academy	School and Public	1
Milton of Leys – Millburn Academy	School Only	4

#### 4.6 **Communication**

A dedicated webpage has been set up with details of the services operated alongside relevant timetables.

A Facebook Page (Highland Council Buses) has been established to provide instant updates on any operational issues. This page has already attracted more than 900 followers within the first six weeks of operation.

Ticketer Messaging/WhatsApp Group have been set up for assistance with driver communication.

#### 4.7 **Operations**

Maintenance of the buses is carried out externally by Volvo Inverness and Scania Inverness in accordance with legislation and as set out by the Traffic Commissioner.

All the necessary documentation surrounding the operating procedures of the In-house Bus Operations Project have been finalised and compliance procedures (daily vehicle checks, working time directives and rotas) are in place.

Real time vehicle tracking, and driver behaviour monitoring is provided by the Council's fleet management software, Masternaut.

#### 4.8 **Finance**

The In-House Operation of the pilot services is expected to achieve an annual cost avoidance of approximately £1.4m compared with the lowest tender prices reviewed following the most recent round of tendering.

Income is being generated by means of fare revenue by both cash and contactless card payments, alongside reimbursement from the Scottish Government for concessionary cards for Over 60's and Under 22's.

Network Support Grant Payments, which is a fuel duty rebate, are being claimed at 14.4 pence per kilometre for live mileage on registered services.

Options for additional sources of income are currently being explored by the Project Team.

## **5 Progress Update – TAS Recommendations**

### **5.1 Background**

As part of the transformation programme, a review of the Council's school transport policies and practices was undertaken by the TAS Partnership, who are a specialist passenger transport consultancy. The review was wide-ranging, covering legal compliance, eligibility, cost pressures and options for making savings including alternative means of provision, operational practices, and safety.

One of the main recommendations from the report is the procurement of a specialist transport management software that will provide functionality beyond the capability of the existing Excel system.

### **5.2 Transport Management Solution**

TAS have been commissioned as technical consultants to support in the procurement process and ensure the transport management system has all the required functionalities.

At the start of December, a Request for Information was published on Public Contracts Scotland, and there has been a good number of responses from interested suppliers. In the weeks since, a stakeholder group has been established and the Project Officer has been working closely with the ICT Transformation and Procurement teams to develop the Specification of Requirements and other procurement documents.

The Passenger Transport Unit have engaged with several suppliers and have met with other local authorities to share learnings and experiences of similar systems.

## **6. Next Steps**

### **6.1 Members Workshop**

- A Members Workshop was conducted with the Project Team and Appointed Members on 03 March 2023. Project progress, challenges and next steps were discussed.
- Elected Members appointed to support the Bus Company Projects are to attend monthly Project Board Meetings. At the time of writing, the next Project Board is scheduled for 19 April 2023.

### **6.2 In-House Operations**

- **ScotZEB Funding** - A Scottish Government Grant application in being considered for the second round of Zero Emission Bus Funding. If successful, there is potential to replace the existing fleet with fully electric buses and associated infrastructure.

- **Further ScotZEB Funding** – Initial discussions have taken place with Hi-Trans and the Cairngorm National Park Authority (CNPA) to submit an additional application for ScotZEB Funding for electric buses to operate along the Aviemore – Glenmore corridor. There is potential for further funding (both capital and staff resource) to support this project from the CNPA’s Heritage Horizons Fund.
- **Future of the In-House Bus Company** – The In-House Operations Project Team are currently exploring additional sources of income in between School Service runs or during school holidays when timetables are reduced, alongside potential opportunities to upscale the project.

### 6.3 **TAS Recommendations**

- **Transport Management System** – The Project Team are aiming to publish the Invitation to Tender by the end of March, with a view of awarding the contract by 1 June. There will be an implementation phase of data transfer, interfacing with current council systems and training but we will be working closely with ICT and the chosen supplier who will support with the transition to the new software. We hope to have the transport management system fully functional by the start of next year.
- **Other Recommendations** - The Project Team will continue to develop the other recommendations outlined in the TAS Review and will update members on progress in due course.

Designation: Executive Chief Officer Infrastructure & Environment

Date: 15 March 2023

Authors: Lucy Burnside, Project Officer

## Appendix 1 – Risk Register

Risk	Impact (High/Medium/Low)	Mitigation & Management Action
Revenue allocation and impact on the winter maintenance delivery and cyclical maintenance	High	Review revenue allocations and identify efficiencies in operations. Short term and seasonal workers. Communication strategy. Develop and implement a risk-based approach.
Staffing levels, including impact of HGV driver availability and impact of Covid	High	Determine adequate resourcing levels – and consider recruitment including seasonal workers.
Compliance with driving legislation and impact on resourcing levels and service	High	Establish legislative requirements and develop clear guidance and monitoring, review resourcing requirements.
Capital allocation and impact on road condition and road structures	High	Review capital allocation on an ongoing basis, as agreed at Council in December 2021 prioritisation of funding based on asset management principals.
Bus Fleet availability and reliability	High	Consider levels of service and associated revenue and capital allocations.
Increase in customer contacts, complaints and claims	Medium	Provide a better and more durable road condition. Develop the communication strategy and customer contact system.
Decrease in staff wellbeing and trade union relations	Medium	Develop engagement and communication. Consider workload allocations, overtime provision and standby. Publicise support available to staff.
Staff recruitment and retention	Medium	Work with HR to publicise and market recruitment opportunities. Provide training and clear career pathway opportunities. Utilisation of graduate and modern apprentices.

## Appendix 2 – Working Group Membership

**Purpose:** provide direct input to the project work areas, including researching, developing, and accessing options, and shaping the approach being taken to deliver the stated objectives of the overall project

**Membership:**

<b>Role</b>	
<b>Sponsor</b>	ECO, Infrastructure & Environment
<b>Lead</b>	Head of Service, Roads & Infrastructure
<b>Project Manager</b>	Project Manager: Transformation
<b>Project Assurance</b>	Team Manager: Transformation
<b>Redesign Board Representative</b>	Councillor
<b>Redesign Board Representative</b>	Councillor
<b>Redesign Board Representative</b>	Councillor
<b>Redesign Board Representative</b>	Trade Union
<b>Subject Matter Expert</b>	Road Operations Manager Representative
<b>Subject Matter Expert</b>	Roads Strategy Representative
<b>Subject Matter Expert</b>	Project Design Unit Representative
<b>Subject Matter Expert</b>	Finance Representative
<b>Subject Matter Expert</b>	HR Representative