

CLYDE VALLEY REVIEW

Outline Business Case Executive Summary - SOCIAL TRANSPORT & FLEET MANAGEMENT

1. Scale of the Current Service or Operation

Description Of Current Service	<p>Social Transport, in the context of this report, consists of local authority transport services for children with special educational needs, older people, and adults with learning and physical disabilities attending a range of social work or educational services.</p> <p>In the main, social transport in each council is managed and delivered by approximately three council departments or functions typically consisting of: a Fleet Management service, in an environmental and economic or commercial services directorate or similar; an Education service which often holds budgets for and commissions home to school bus contracts and special educational needs taxi transport; and a Social Work service, which also commissions taxis and/or uses council fleet and drivers or self drive fleet, often assigned to specific facilities.</p> <p>The service is provided by a mixture of scheduled and on-demand services and in addition to the vehicle fleet identified below some services are contracted out.</p>
Total Expenditure	£60.3m
Staff (FTE)	700 ¹
Key Assets	546 vehicles on a leased or owned basis; full or partial use of 8 depots, 3 workshops, 2 garages and 21 parking areas

¹ Excludes SPT scheduling staff

2. Shared Service Proposals

Options	Savings	Delivered By	Other Headline Benefits	Key Risks & Challenges
<p>OPTION 1</p> <p>Joint Programme of Efficiency and Service Improvement</p> <p>Measure A - Shared Policy for Special Educational Needs and Social Work Services Transport</p> <p>This is considered to be a pre-requisite for any form of shared services, as a shared policy forms a consistent baseline on which to take forward all other measures.</p> <p>The authorities should develop, through a joint committee arrangement a consistent policy for the Clyde Valley authorities, setting the basis on which transport is provided.</p> <p>Savings can be generated through re-assessment of individual travel needs. GCC has conducted this assessment exercise and has subsequently realised a reduction of between 20%-25% in scheduled taxi usage.</p> <p>Adjustments to SEN school and Social Work Day Care centres opening hours have further potential to generate savings in the reduction in the number of vehicles required to service these establishments.</p> <p>Further unquantifiable financial benefits associated with this measure are considered to be achievable, in respect of reduction in service need, better utilisation of resources and reduction in overall resource requirements.</p>	<p>£2.0m - £2.6m (one-off – Excl Glasgow) (20%-25% of scheduled taxi spend)</p> <p>£3m-4m (Glasgow – reduction of 49 vehicles, based on SPT scheduling exercise)</p>	<p>2012-2013</p> <p>2012-2013</p>	<p>Consistent policy across all Clyde Valley authorities will make any programme of shared service measures easier to implement</p> <p>Independent Travel Training aims to support children of secondary school age who want to become more independent. This requires a staff resource commitment but can bring good long term benefits for the clients and reduce the dependency on local authority transport services.</p>	<p>Potential implications of the personalisation agenda/ self-directed support</p> <p>Lack of local authority buy-in</p> <p>Recommendations may already be implemented by individual authorities</p> <p>Implications of changes to SEN/Day care centres operating hours</p>

AGENDA ITEM 3 (d)

Options	Savings	Delivered By	Other Headline Benefits	Key Risks & Challenges
<p>Measure B - Shared Planning and Scheduling Technology – Collaborative use of ICT based route scheduling and booking system</p> <p>Currently, scheduling is mainly undertaken by manual means throughout the CV authorities. There is evidence to suggest that efficiencies could be realised by introducing an ICT based scheduling and resource planning system.</p> <p>Scheduling and ad hoc booking arrangements for all the CV authorities could be transferred to one of the participant authorities or to a third party provider. Day-to-day operation and maintenance would remain with the respective local authorities.</p> <p>Additional scheduling work with multiple authorities is required to further establish benefits.</p>	<p>£730,000-£1m</p> <p>(5%-7% on taxi use, based on SPT scheduling exercise)</p>	<p>2012-2013</p>	<p>Utilisation of fleet down time</p> <p>Opportunity to reduce ad-hoc taxi spend</p> <p>Rationalisation of existing resources</p>	<p>Potential staff TUPE Issues</p> <p>Issues with data migration from legacy systems</p> <p>Set up costs</p> <p>Compliance with procurement regulations</p>
<p>Measure C - Rationalisation and Sharing of Vehicle Fleet</p> <p>This measure extends the model described in measure B to create a ‘virtual fleet’ and resources across the CV authority boundaries. The system would schedule vehicles and resources based on a total pool across all the authorities, with resources being shared.</p>	<p>Further scheduling work with multiple authorities required to establish benefits</p>	<p>Further scheduling work with multiple authorities required to establish benefits</p>	<p>Further rationalisation of resources or potential to sell spare capacity to other organisations</p> <p>Improved co-ordination of resources</p> <p>Reduced number of duplicated journeys</p>	<p>Potential staff rationalisation issues</p> <p>Difficulty in developing costing model for each local authority</p> <p>May require joint service arrangement to deliver</p> <p>Potential Public Liability issues when transporting clients from another authority</p> <p>Dependant on Measures A&B being implemented</p>

Options	Savings	Delivered By	Other Headline Benefits	Key Risks & Challenges
<p>Measure D - Shared Service Utilising Electric Vehicles and Renewable Energy Charging Points</p> <p>Fuel Savings by charging vehicles from renewable energy sources.</p> <p>Infrastructure and vehicles savings from 'Feed – In' tariffs from the generation of renewable energy.</p> <p>Alternative vehicle provision applicable to all options.</p>	<p>Potential £5m per annum (based on annual fuel and vehicle lease costs)</p>	<p>Q4 2011-2012 (funding approval)</p>	<p>Carbon Savings</p> <p>Air Quality Improvement</p> <p>Capital loans repaid from feed-in tariff</p> <p>Potential vehicle-to-grid smoothing of energy peaks</p>	<p>As this is based on emerging technology this would be considered as a high risk proposal for adoption at this stage.</p> <p>Feed – in tariff to be reviewed in 2012</p> <p>Identifying suitably reliable vehicles within timescale</p> <p>Location of suitable renewable energy charging stations</p> <p>Significant development work required to confirm feasibility.</p>

Options	Savings	Delivered By	Other Headline Benefits	Key Risks & Challenges
<p>OPTION 2</p> <p>Single Shared Service Model - Joint Committee</p> <p>Delivery of all elements of Social Transport and Fleet Management through a local authority joint service organisation.</p> <p>There is evidence of local authorities delivering shared services through the formation of a joint committee arrangement with one of the participating authorities providing staff and other resources on behalf of the joint organisation. Alternatively, separate elements of the service could be provided by different local authorities, depending on who was best placed to deliver that particular element. The organisation formed would not have any independent legal status.</p> <p>This option stops short of setting up a special purpose vehicle and utilises existing structures with the constituent local authorities, directed through a joint committee.</p>	<p>£3.5m Requires further business case development to fully quantify benefits and costs</p>	<p>2012-2013</p>	<p>Reduced operating costs through rationalisation of resources</p> <p>Consistent standards, policies and service provision across all CV authorities</p>	<p>Would require the formation of a joint committee arrangement</p> <p>Acceptance at a political level</p> <p>Operational delivery risks attributed to a lead authority</p> <p>TUPE and potential staff rationalisation issues</p> <p>Existing contract migration/novation issues</p> <p>Requires detailed assessment and full business case development</p> <p>Model does not support the provision of services to other public service bodies</p> <p>Joint committee can only be made up of local authorities</p>

Options	Savings	Delivered By	Other Headline Benefits	Key Risks & Challenges
<p>OPTION 3</p> <p>Single Shared Service Model - Special Purpose Vehicle (Arms Length External Organisation)</p> <p>Delivery of all Social Transport and Fleet Management Services through an arms length organisation. A special purpose vehicle would be created to deliver all aspects of the social transport service including scheduling, staff, fleet and maintenance. This would involve the transfer of assets and staff to the new organisation.</p> <p>There is potential within this model to deliver benefits associated with rationalised resources and a streamlined organisational structure. This however has to be considered in more detail to fully determine the investment costs required and organisational challenges associated with a large scale transformational change.</p>	<p>£3.5m Requires further business case development to fully quantify benefits and costs</p>	<p>2013-2014</p>	<p>Reduced operating costs through rationalisation and more efficient use of pooled resources (staff, vehicles & depot infrastructure)</p> <p>Consistent approach to policies and standards of service provision across the region</p> <p>Potential to utilise spare capacity of SPT 'MyBus' service</p>	<p>Set up costs</p> <p>Lengthy timescales for delivery</p> <p>Dependant on the standardisation of individual local policy objectives</p> <p>Acceptance at political level</p> <p>TUPE Issues in connection with transfer & rationalised organisational structure</p> <p>Issues for allocation of costs and financial benefits</p> <p>Existing contract migration/novation issues</p> <p>State aid implications</p> <p>'Teckal' compliance</p> <p>VAT issues</p> <p>Transferring pensions liability</p> <p>Requires detailed assessment and full business case development</p>

3. Delivery & Benefits Realisation Timeline

Option	2011-12	2012-13	2013-14	2014-15	2015-16
Option 1	Measure A - Shared Policy for Home to School Transport	Measure B - Shared Planning and Scheduling Technology – Collaborative use of ICT based route scheduling and booking system Measure D - Shared Service Utilising Electric Vehicles and Renewable Energy Charging Points	Measure C - Rationalisation and Sharing of vehicle fleet		
	<i>Cost/Benefit</i>	<i>Cost/Benefit – Measure A £2.0m-£2.6m benefit, 20%-25% reduction in scheduled taxi spend (one-off)</i> <i>Measure A £3m-£4m Changes to SEN/Day Care hours (Glasgow)</i>	<i>Cost/Benefit – Measure D £5m – Fuel savings from renewable energy & vehicle lease costs</i> <i>Measure B (5%-7%) benefit on scheduling – Taxis £730,000-£1m</i>	<i>Cost/Benefit – Measure D £5m – Fuel savings from renewable energy & vehicle lease costs</i> <i>Measure C - Further scheduling work with multiple authorities required to establish benefits</i>	<i>Cost/Benefit – Measure D £5m – Fuel savings from renewable energy & vehicle lease costs</i>
Option 2		Single Shared Service Model - Joint Committee			
		<i>Cost/Benefit - £3.5m</i> Requires further business case development to quantify benefits			
Option 3			Shared Service - Special Purpose Vehicle (Arms Length External Organisation)		
			<i>Cost/Benefit - £3.5m</i> Requires further business case development to quantify benefits		

4. Recommendation

It is recommended that the Clyde Valley Authorities consider taking forward the following actions:

1. Option1- Measure A (shared policy) - The authorities should collectively review their policies in respect to the provision of Special Educational Needs and Social Work transport, with a view to establishing a joint policy across the Clyde Valley which would act as a firm foundation for further joint working. In reviewing their policies the local authorities should consider forming a joint service review and development committee to take forward the following actions:
 - (a) A case by case review to determine whether the number of service users could be reduced, inline with any existing policies.
 - (b) Consider the financial case for introducing Independent Travel Training schemes, with a view to reducing the dependency on social transport
 - (c) Review operating policies with respect to SEN Schools and Social Work Day Care Centres opening and closing times to allow dual runs to SEN and Social Work establishments by the same vehicles, improving vehicle utilisation/reducing resources.
2. Measures B (scheduling) & C (fleet sharing) - The Clyde Valley Authorities should consider collectively undertaking more detailed analysis, in conjunction with SPT, of the financial benefits that joint scheduling and vehicle/driver resource allocation could realise. This could take the form of a pilot project between selections of the authorities, in order to establish the wider benefits.
3. Measure D (renewable energy vehicles) – There are potentially significant savings to be made in fuel and vehicle costs from ‘Feed-In’ tariffs from the generation of renewable energy, subject to more detailed assessment of the suitability of available vehicles. This measure can be undertaken by individual authorities or under shared service options. As this is dependant on emerging technology, there are significant risks involved in early adoption.
4. Options 2 & 3 Shared Single Service Models – Further work needs to be undertaken to develop more detailed business cases on both options for comparison. This would include the detailed assessment referred to at item 2.

In terms of integration of any work with services being provided by SPT, only local authorities can be on joint committees or joint boards. In principle, we could set up a Special Purpose Vehicle with Local Authorities and SPT to jointly deliver services to each other. We would need to ensure that the structure was “teckal compliant” to do so – which requires further investigation as to how we would actually do this. However, such an SPV also has to comply with procurement legislation, so it couldn’t just award the work to SPT if desired. The work would actually need to be carried out by the SPV itself (which means transferring it into the SPV together with relevant staff and assets) or else it would need to procure a contract to carry out that work. The restrictions on transferring elements of service provision would also apply to centralised booking and scheduling services detailed under Measure B.

