



10 December 2015

Agenda Item: 4

## **REPORT OF THE SERVICE DIRECTOR, TRANSPORT, PROPERTY & ENVIRONMENT**

### **OUTCOME OF THE CROSS DIRECTORATE TRANSPORT SERVICE REVIEW AND TRANSPORT & TRAVEL SERVICES STRUCTURE PROPOSALS**

#### **Purpose of the Report**

1. To advise Committee of the outcomes of the Cross Directorate review of transport and proposals for a revised operating model for specialist transport services.
2. To seek Committee approval to introduce a new structure for Transport & Travel Services (TTS).

#### **Information and Advice**

3. Redefining Your Council identifies the review of transport as a programme within the Place portfolio. At the Members Challenge Panels in September 2014 concerns were raised by Members that there was considerable duplication occurring in the commissioning and management of transport services. The Panel concluded that if options for change are not looked at holistically then there could be unintended consequences through not having a cross directorate and joint approach.
4. A Cross Directorate Transport Working Group was therefore established to identify options for the future delivery of transport services across the County Council. The working group were tasked to:
  - Evaluate current arrangements
  - Investigate the opportunities for commissioning, managing and administering transport in different ways
  - To propose options for change
5. At present there are a number of transport savings (c£3m) being considered across the Council which need to be progressed collectively in order to avoid any unintended consequences and additional costs. It is important that we take an approach to both the commissioning and management of transport that is in line with our strategic aspirations, if we are to ensure that we are able to have a sustainable delivery model in the face of service transformation.
6. The County Council has an integrated passenger transport unit (Transport and Travel Services) that was established in 2008. Since this time there have been considerable changes and efficiency gains made in the delivery of passenger transport services. Some of these include:

- Revised and re-tendered all SEN transport services
  - Integrated day service fleet vehicles with local bus services
  - Introduced framework contracts for all of the transport services
  - Introduced Independent Travel Training. This summer 25 student's received training as part of a buddy scheme and now travel independently on public transport.
  - Together the changes have reduced costs by over £4m
  - As a result of this we consistently appear in the top ten of highest performing councils in terms of service delivery and customer satisfaction across the spectrum of transport services
7. The current model has met the needs of the council since its inception but as we face a climate of rapid transformation thought has to be given as to whether the current model is fit for future purpose.
8. Against this backdrop, the objective of the transport review was to:
- Develop a stronger picture of the collective transport provision and associated costs across the Authority
  - Determine whether there are benefits to bringing all transport commissioning and budgets together into one directorate/service
  - Identify the impact/consequences of policy and budget changes from the options for change
  - Ensure customer focused services are delivered
  - Identify whether individual budget reviews will have an adverse or positive impact on other transport services.

## **Working Group and Approach**

9. In spring 2015, a Cross Directorate Working Group of senior staff was formed including support from the Transformation Team; they concluded that under the existing arrangements there are limitations around how much further improvement can be made especially in financial management and use of IT.
10. A desktop review of services in scope was undertaken by the working group. This review involved conversations with a range of individuals across the departments involved in the existing transport policy and provision arrangements.
11. The current arrangements have clearly evolved over a number of years and have been refined as far as they can be to maximise effectiveness and efficiency. There is however a number of areas, such as the use of technology/ICT/process for transport requests and invoicing, that could be enhanced in order to both improve the efficiency of transport provision and to ensure quality services continue to be provided. For example, not all specialist transport requests were routinely processed through TTS by field staff. This has led to a fairly significant amount of expenditure being incurred outside of the agreed procurement frameworks (ASCH – 19 clients, £142k pa in 2013/2014). This needs to be addressed to ensure we achieve value for money.

Departmental Transport Budgets 2015/2016 (Gross Spend)

Department	Service	Budget (millions)
ASCH&PP	Day Service Transport	£1.832m
CFCS	Special Educational Needs Transport	£5.86m
CFCS	Mainstream Home to School Transport	£6.32m
ASCH&PP	Ad- Hoc and regular Taxi Provision	£1.913m
CFCS	Ad- Hoc Taxi Provision	£0.1m (est)
E&R	Supported Local Bus Service	£4.155m
Total		£20.18m

12. The table above outlines the transport budgets for the different areas in scope of the review. One point to note is the circa £2m spent on ad hoc taxis across both departments (£1.9m ASCH, £100k CFCS). It is recognised that there are circumstances when taxi use is the preferred option for the service user or completely unavoidable due to the failure of primary services. However, it is probably worth investigating further whether this approach offers the best value for the council, or whether there are other more cost effective transport solutions that could be deployed. For example a single taxi provider across the county – which is currently being investigated by the procurement service including soft market testing.
13. In terms of the current commissioning arrangements the policies detailing entitlement and eligibility are set by the respective departments and then passed to TTS to either directly provide or to procure the transport solution. Transport and Travel services have been effective in lowering costs through the negotiation of better value contracts with external transport providers and by better use of the internal passenger fleet but these savings may be greater if the link between commissioning places and transport is strengthened.
14. The current model is shown in **Appendix 1**, with TTS acting in a brokerage capacity between transport providers (internal and external) and the departments.
15. The current model of transport provision is also complicated by the fact that budgets are retained by departments and they are ‘charged’ by TTS – this results in TTS having to reconcile journeys booked against journeys invoiced before departments are charged for travel. This can take up to three months which means that departments spend some time in a state of uncertainty about their transport spend. TTS have the capability to move to e-billing through its IT system but to date the opportunities associated with this have not been implemented. There is the opportunity to change this and the options for doing so are presented later in this report.

## Working Group Conclusions

16. The main conclusions from the Cross Directorate Working Group were as follows:
- For specialist transport the current model is not sustainable in these austere times because the link between the client, commissioner and transport is not strong enough. This leads to inefficiencies in determining placements and transport provision, which consequently does not deliver value for money.

- Whilst transport is coordinated there is little alignment of the commissioning of client and transport placements, which can lead to poor decisions and higher costs. Although the primary consideration for users placements are their needs, where practical it would be helpful for transport costs to be assessed prior to a placement being offered, as in some cases it might influence the final agreed decision. This may include early discussions with parents, clients and carers.
- The current climate of transformation means that there will be significant change to care provision for adults and children which may result in a number of changes to the way that services are delivered and funded.
- There is some duplication of financial control and budget management between TTS, the departments and Finance, particularly in the specialist transport area. This could be improved by bringing all budgets together and through the better use of IT systems that are in place.
- The current model for specialist transport does not encourage innovation and change because it is process driven.
- Mainstream home to school transport and supported local bus services are efficiently planned, procured and financially managed jointly by TTS and CFCS. The group concluded that maintaining the current arrangements would not however, deliver the future options for change.
- New technology has delivered the capability for improvement but it has not been embraced to its full potential.
- The current process for ad-hoc transport is bureaucratic and inefficient; this could be resolved by digitising the process and using a preferred supplier with e-booking and e-invoicing capabilities.
- If there is not a single, holistic programme to deliver the various transport options for change then there could be unintentional financial costs and a failure to deliver the changes.
- Consideration should be given to exploring the opportunity for service efficiencies through joint working and shared services with other Public Service partners.
- There is a need for improved operational performance information to enable better decision making and to ensure efficient use of resources.

### **Proposed Operating Model for Specialist Transport**

17. Given the conclusions above, it is proposed that a new operating model be implemented for specialist transport, bringing together the transport commissioning, planning and procurement into a single function which will also be empowered to challenge eligibility and entitlement decisions made by the Departmental Commissioning Officers.
18. Currently 972 pre 16 and 350 post 16 students receive SEND transport costing the council £5.96m per annum. £5.122m pre 16 and £839k post 16. This budget is under severe pressures and overspends are expected in 2015/16. CFCS Options for Change proposes a review of SEND transport with a view to offering personal budgets and delivering £1m savings over the next five financial years. Savings of this order are going to be a significant challenge to achieve and it is doubtful that the proposed changes (e.g. a travel solutions hub) alone will deliver them. It will most likely take a significant effort working with providers and parents to migrate clients away from existing (and potentially high cost) transport arrangements. It is however considered that if the transport planners have a closer link with the commissioners (EHC Co-ordinators) then there is a greater likelihood of achieving the savings, but these will take a number of years to materialise because of the highly complex and emotive issues involved. This link will be crucial in keeping this large spend under control and on target.

19. ASCH&PP currently provides transport for 1358 clients costing £2.5m per annum. Proposals being considered may deliver £0.5m savings. However ASCH&PP proposals and SEND need to be considered collectively in order to optimise service delivery and efficiencies.
20. Currently ASCH&PP and CFCS spend approximately £2m per annum for an estimated 40,000 ad-hoc bookings. This cost could be reduced through digitising the process and more challenge at the point of transport request.
21. The group proposes a new operating model (**Appendix 2**) is adopted which will begin to address these issues and help to ensure that future savings and efficiencies are achieved.
22. It is proposed that the new transport model be located in Transport & Travel services and within the new structure. By having the different roles/functions involved in the management and provision of specialist transport across the authority co-located in a single hub then the best parts of the separate arrangements can be brought together to provide the most improvements.
23. Bringing the different resources together will mean that changes made to ICT systems and business processes can be introduced more easily. A key factor that will influence whether the implementation of a collaborative approach is successful in delivering savings is the location of the service in TTS. It is felt that the closer the unit is to the services that it is supporting then the more effective it will be. In the current arrangement TTS is distanced from the users of the transport services it provides and therefore is acting in the capacity of a transport broker that is only able to provide limited added value to the services.
24. It is recognised that the knowledge held on the individual needs of different clients is understood by colleagues in TTS, and this is valued. This model would not seek to change this but to provide additional insight, and challenge if needed, back to the commissioning functions of the respective services.
25. This model supports the CFCS Strategy to offer a personal budget so that parents have greater choice and control over their child's travel arrangements. As this transport provision is currently met by the TTS service then any reduction in spend will need to be mirrored by a proportionate down scaling of transport resources. By having the provision of transport more closely aligned with the service then there is greater opportunity to make sure that the required downsizing is planned into future contract renewals/negotiations, for example. As previously noted these savings will be challenging to release.
26. Government in January 2015 announced the provision of a Total Transport Pilot Fund. This is a £7.5m fund from the Department for Transport (DfT) that local authorities can bid against in order to pilot integration with other local transport providers such as hospitals, charities and community groups. The DfT are particularly keen to see applications for the fund to be used in rural areas. Given the scope and range of our existing passenger transport arrangements across Nottinghamshire it is clear that there is potential for us to integrate services with other providers such as health. The implementation of a travel solutions service will complement this integration by a) presenting an opportunity for using transport resources jointly b) allowing us to deploy excess capacity in supporting local partners. The County Council's bid was successful and the project will be completed by March 2017.

27. The benefits of the proposed model include:

- Better understanding of policy, change, finance and funding
- Represents the opportunity to change and improve
- Better understanding and translation of client needs
- Increased independence for the client through improved choice
- Creative solutions for reducing spend and clarity around decision making
- Better risk management, thus ensuring safeguarding & compliance
- Reduced administration, process, control and cost
- Efficiencies through digitisation of time consuming business processes and improved access to services
- Improved service to the client and service providers
- Better alignment of needs leading to placement and procurement of provision through a single point of supply for ad-hoc transport
- Integration of the role and scope of separate commissioning and procurement functions
- Improved clarity around policy, strategy, commissioning, planning, procurement, finance and performance
- Accelerating the delivery of independent travel training
- Greater chance of delivering the various options for change proposals
- Opportunity to pilot enhanced integration with other local transport providers through the Total Transport Pilot Fund

### **TTS Structure Proposals**

28. The County Council's budget review 2015/16 proposes a review of TTS and a reduction in the number of senior managers to achieve savings of £60k per annum.

29. The various services to be delivered and managed by TTS in the future including the new operating model proposed earlier in this report has resulted in the development of a new structure which is set out in **Appendix 3**. This consists of 41.6 posts. Two of the posts are new (1) Transport Solutions Manager and (2) an additional Policy and Client Assistant. These posts will significantly enhance the interface with the commissioning officers in the CFCS and ASCH departments to deliver the efficiencies and budget savings.

30. The current TTS structure (37 posts) and CFCS (2.6 posts) specifically engaged with transport provision have been considered as part of the structure review. Any posts at risk have been included in the section 188 notice issued on 1 December 2015.

31. Staff roles for the new structure have been reconfigured in order to achieve efficiencies, promote flexibility, and encourage development and to put the customer first.

32. The Fleet Management service team (13 posts) is not included in the new structure because this service will transfer to the Highways Joint Venture Company.

33. The rationale for restructuring the service is not solely based on the need to make budget savings but to:

- Improve client services
- Improve service design
- Further integrate services
- Make better use of the internal fleet

- Make more efficient use of technology
- Provide policy and strategic support to the CFCS/ASCH departments
- Identify alternative methods of service delivery
- Enhance partnership working
- Provide support for the Combined Authority/Devolution
- Provide improved financial control and performance information on which to make future decisions

34. Over the past 5 years the TTS has lost 30 posts whilst continuing to provide the same level of service and transport demand. The pressures will increase over the next few years as services change and there are further cost reductions. The above changes are reflected in the new two team structure which moves the service towards a commissioner role rather than a direct provider. The new structure will ensure that TTS can adapt and respond more efficiently to client needs and any future changes to policy, legislation or funding.

35. The current four teams and CFCS Transport Policy Officers will be reduced to two teams:

<u>Current Teams</u>	<u>Proposed Teams</u>
Fleet Management services	Transfer to Highways JV
Transport Operations	Transport Solutions
Commissioning and Policy Business Development CFCS Policy	Development and Partnerships

The management structure going forward is not sustainable and will be reduced from three to two posts. This will reflect the new commissioning role and the transport solutions model of operation.

36. The new structure (**Appendix 3**) if agreed following formal staff consultation, will be implemented in April 2016. A timeline for the change is **Appendix 4**. The grades for the posts will be confirmed through job evaluation in due course. Appointments to the new posts will in line with the corporate enabling process.

### Reasons for Recommendation

37. To meet future service and client needs and ensure that budget savings are achieved between 2016/19 with minimal impact for service users.

### Other Options Considered

38. None.

### Statutory and Policy Implications

39. This report has been compiled after consideration of implications in respect of finance, the public sector equality duty, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

## **Implications for Service Users**

40. The new operating model and structure will deliver an improved level of service to clients.

## **Human Resource Implications**

41. Employees have been advised of the proposed structure and formal consultation with staff and the trade unions will take place through the normal channels. The County Councils agreed enabling process will be used to make appointments to posts within the new structure. Mitigations will be explored to protect the employment of displaced staff wherever possible.

## **Financial Implications**

42. The new structure is intended to reduce overall management costs and create further efficiencies. Further work will be undertaken prior to Committee to ensure that indicative grades are provided and that the county council's organisational design principles underpin the new structure. Projected costings will be advised verbally once this work has been undertaken.

## **RECOMMENDATION/S**

It is recommended that Committee:

- 1) Note the outcomes of the Cross Directorate Transport Review and the proposal for a revised operating model for specialist transport services.
- 2) Approve the proposed new structure for TTS subject to formal consultation with staff and the trade unions.

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**For any enquiries about this report please contact: Mark Hudson, Group Manager, Transport & Travel Services**

## **Constitutional Comments (LM 16.11.2015)**

43. The recommendations in the report fall within the Terms of Reference of the Transport and Highways Committee.

## **Financial Comments (SES 17.11.2015)**

44. The financial implications are set out in the report.

## **HR Comments (GME 2.12.2015)**

45. Consultation and implementation on the revised structure with affected employees and the recognised trade unions will be in accordance with the county council's agreed employment policies and procedures including job evaluation, enabling and redeployment for any potentially displaced staff.

## **Background Papers**

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- T&H Committee – TTS Structure – January 2014
- Redefining Your Council – Policy Committee – June 2014
- DfT Total Transport Fund – January 2015

## **Electoral Divisions and Members Affected**

ALL