

24 April 2014**Agenda Item:****REPORT OF THE SERVICE DIRECTOR OF TRANSPORT, PROPERTY AND
ENVIRONMENT****TRANSPORT & TRAVEL SERVICES - PASSENGER FLEET OPERATIONS****Purpose of the Report**

1. To advise Committee of the outcomes of a review of the Fleet Operations Service.
2. To seek approval to commence formal consultation with staff in order to introduce new working arrangements.
3. To agree that the new service model starts operating from August 2014 and operates in a “shadow” mode from May 2014.

Background

4. A review of Passenger Transport Fleet Operations (PTFO) has recently been undertaken, the key objectives were to:
 - Analyse current and future service provision
 - To establish future costs and apportionment to client departments
 - To identify efficiency savings
 - To consider the potential for integration with other services such as special education needs (SEN) and local bus services (LBS)
5. The passenger fleet currently consists of 61 vehicles which mainly convey clients to and from Day Services. It also operates local bus services in the Broxtowe and Mansfield areas and some services to luncheon clubs which may cease operating later this year as part of the budget reductions. The fleet is mainly based at Rushcliffe Borough Council's West Bridgford depot with others based at small satellite bases across the County.
6. Staff (currently 48.5 FTE's and 14 agency drivers) are based at the Day Centres and the West Bridgford depot. Drivers undertake care support duties in Day Centres when not driving the vehicles. This leads to inefficient use of the vehicles and higher unit costs because many of the vehicles are idle during off peak times.

7. Analysis of service provision established that, on average, vehicles were only being used for 42% of their available time and usage outside of core peak time periods (07:30-10:00 and 15:00-18:00) was minimal.
8. The review also established that the fleet does not operate on a stand-alone cost centre basis which leads to consequent budget anomalies, making it difficult to establish actual costs for charging, especially when drivers are undertaking non-transport related work.
9. It was identified that performance management and central control was weak in some areas resulting in poor utilisation of drivers and vehicle resources. This was largely due to route planning being carried out by drivers and Day Services staff rather than by centralised Transport Planners who have a wider overview of all transport operations.
10. The above issues were considered during the recent Day Service review which has led to a reduction of vehicles and more efficient planning of routes and vehicles. This led to £200K of savings during 2013/14. The management, operation and planning of vehicle and driver deployment was fully consolidated into Transport and Travel Services (TTS) in January this year.
11. Current budget proposals require TTS to deliver significant savings of £1.8M over the next 2 years. Most of the savings will be through more efficient commissioning and operation of supported local bus services and integrated use of the internal fleet. In addition Adult Social Care and Health (ASCH) need to deliver £500K of transport savings of which £330K will be through reduced internal fleet costs. These changes will be implemented in August 2014.
12. The review raised many questions about the fleet and the cost effectiveness of the current arrangements. The status quo could not be maintained, therefore actions have been taken to reduce costs and introduce more stringent control of fleet operations. A database of all clients and services has been established to inform future route requirements and to identify actual cost for each client.
13. The service faces a high level of uncertainty regarding future demand with the introduction of personalised budgets and the need for efficiency savings. To deliver the service improvements and budget savings there needs to be a fundamental change in the fleet operating model.

Proposals

14. As previously mentioned the status quo is not an option. The fleet provides a high quality frontline service and acts as a market moderator against high prices in the commercial sector. Fleet availability is also essential to cover any urgent arrangements as recently needed in the Mansfield and Nottingham areas when two commercial operators ceased trading at short notice.

However for the fleet to remain competitive it needs to change its model of operation and, from August 2014, introduce:

- A single fleet with central costs managed by TTS
- Separation between driving and care work, transferring the control of driver times and duties to TTS
- A stringent performance management system
- A dedicated cost centre
- A system for calculating costs for client departments with supporting service level agreements
- Further integrated use of services for LBS, SEN and ASCH work.
- Appropriate changes to the fleet operating hours

15. This new approach will result in:

- Reduced number of fleet vehicles (from 61 to 57) through improved utilisation of vehicles/driver resources
- 11 vehicles operating a combination of Local Bus and Adult Social Care services
- 17 vehicles being fully dedicated to Day Services work and 21 operating part-time on Day Services work until further off peak work is secured
- The remaining 8 vehicles covering dedicated Local Bus work or operating as spare vehicles to cover maintenance periods or breakdowns
- Delivery of the agreed budget savings over the next three years
- More capacity to undertake off-peak work
- More central control allowing management to gain the “big picture” of service needs
- Continuous review of vehicle utilisation
- Separation of the transport function from the care function
- Better use of staff during the off-peak periods
- A mix of driver employment including full-time, split shifts, part-time and annualised hours
- Clear costs attached to each transport activity allowing for better commercial decisions to improve value for money and responsiveness
- The opportunity to grow the business, especially off-peak in areas where there is no commercial interest
- The continuing ability to react quickly to any unforeseen changes in the market and the ability to moderate the market
- Stronger position to advise on future policy options and service improvements

Budget Impact and Savings

16. The changes will result in cost reductions that will contribute to the proposed £1.8m budget review savings and will reduce unit costs sufficiently to deliver the £330k savings required for ASCH.

17. The £1.8m budget review savings are in respect of support to local bus services with £1.1m to be achieved from service efficiencies (a re-design of

the network) and £0.7m from withdrawal of support for Sunday, early morning, evening and Bank Holiday services.

18. It will not be clear exactly what level of contribution to these savings the new Passenger Fleet Operations model will generate as this will depend on the outcome of the tendering process for re-designed supported local bus services.
19. The results of the tendering process and contract award information will be brought to the Transport and Highways committee meeting in May.

Reasons for Recommendation

20. To ensure that the fleet delivers budget savings, is fit-for-purpose, has a correct cost base and continues to provide a high quality efficient service.

Statutory and Policy Implications

21. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, the NHS Constitution (Public Health only), the public sector equality duty, safeguarding of children and vulnerable adults, service users, sustainability and the environment and ways of working 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

22. The new delivery model will ensure clients have a high quality and cost effective service.

Human Resource Implications

23. Informal discussions and meetings were held with staff in autumn 2013. The new operating model will require some changes to drivers' working arrangements which will be considered during formal consultation.

Financial Implications

24. The new model will ensure clarity of costs and charges. It will contribute significantly to the budget reductions (£2.3M) for LBS and ASCH transport services.

RECOMMENDATIONS

It is recommended that Committee:

- 1) Approve the proposals contained in the report for the future operation of Passenger Fleet Transport Operations and the introduction of a trading service.
- 2) Agree that formal consultation commence with drivers and their representatives and a new operating model to be introduced from August 2014.

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Constitutional Comments (LM 27/03/14)

25. The Transport and Highways Committee has delegated authority within the Constitution to approve the recommendations in the report.

Human Resources comments (AN 26/03/14)

26. The HR implications will be considered through the consultation process with trade unions and staff involved in drawing up the new operating model.

Finance comments (TMR 26/03/14)

27. The financial implications are set out in paragraph 24 of the report.

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.

None

Electoral Divisions Affected

All