

Children & Families Directorate FUTURE PROGRAMME

Special Needs Transport III

Full Business Case

Owner	Author	Version
Roger Rickman	Ben Sellar-Moore	4.0

Table of Contents

Executive Summary	5
1. Full Business Case: Introduction	13
2. Scope of Service	14
3. Service Requirements	15
4. Transport Systems	16
5. Future Policy Direction	17
6. Summary of SNT 1	21
7. Summary of SNT 2	21
8. SNT3 Introduction	22
9. Programme Benefits	22
10. Programme Elements	25
11. Demand Management: New Travel Assistance Policy	28
12. Demand Management: Independent Travel Training (ITT)	32
13. Demand Management: Direct Travel Payments	41
14. Current Cost Control: Fraikin Contract Relationship Development	47
15. Current Cost Control: Short-term Hire Cost Reduction	52
16. Current Cost Control: Inviting Schools to become partners	55
17. Current Cost Control: Transport Team LEAN Review	57
18. Current Cost Control: re-tendering Taxi Routes	61

Children & Families Services - Future Programme

19. Reducing Absence	64
20. Future Cost Control: Strategic Market Engagement	67
21. Explored, Inactive & On-hold Programme Areas	74
22. Programme Major Mile Stones	86
23. SNT3 Programme Plan	87
24. Governance & Risk	89
Appendix 1: Children's SNT Budget	91
Appendix 2: Adult's SNT Budget	93
Appendix 3: Draft Eligibility Policy	<i>(attached)</i>
Appendix 4: Independent Travel Training Business Case	<i>(attached)</i>
Appendix 5: LEAN Business Case	<i>(attached)</i>
Appendix 6: Strategic Market Engagement Business Case	<i>(attached)</i>
Appendix 7: Summary & Calculations Table	<i>(attached)</i>

Document Location

The source of this document can be found with the author Ben Sellar-Moore

Revision History

Revision Summary	Author(s)	Date of Issue	Version
Initial Drafts:	Ben Sellar-Moore	Jan 18th 2013	V2
	Ben Sellar-Moore	Jan 25th 2013	V3
	Ben Sellar-Moore	Feb 15th 2013	V4
	Ben Sellar-Moore	Mar 27th 2013	V6

Executive Summary

1. Introduction

1.1 Local Authorities across the country are facing unprecedented budget pressures.

Central Government grants are reducing whilst demographic and social pressures on services are increasing as the population enjoys greater life-expectancy, overall population increases with lower than optimum levels of employment.

1.2 Harrow Council is forced to identify and deliver a total spending reduction of 24% over a four year period 2011/12 to 2015/16. Harrow Council have been successful in delivering savings through transforming the ways that services are delivered, doing 'the same for less' or in some cases 'better for less' by adopting innovative practices such as channel migration, strategic partnerships, better buying, income optimisation, the use of resource optimisation systems and departmental service redesign.

1.3 Harrow Council have adapted well to budget restrictions and have set a balanced three year budget that maintains financial reserves, protects vital front-line services, ensures quality in service delivery whilst continuing to invest in long-term social aims such as education, health improvements, community wellbeing & larger-scale regeneration.

1.4 All areas of Harrow Council are contributing to the required savings through the best means possible for each service. The Children & Families Directorate provides services for some of the most in-need residents in Harrow and within this the Special Needs Division offers a breadth of services including education, transport and social care.

1.5 As with other services, the Special Needs Transport Service has been identified as having the potential for savings and there is a target to save £540,000 in the budget year 2014/15. This follows the delivery of over £1m of savings from the preceding two projects which modernised the planning of the service, provided new vehicles and trialled leading-edge service innovations.

1.6 The programme initiated to deliver the 2014/15 savings target is called Special Needs Transport 3 or 'SNT3'. The full range of options have been considered in planning the delivery of SNT3 and the £540k savings target. Options such as partnerships with single or multiple authorities, joint working with other internal departments, commercial opportunities, better buying, policy refresh and mainstreaming the innovations successfully trialled are all included within the SNT3 Project Plan.

2. Project Approach

2.1 There is a financial requirement for service savings to be made quickly within a strategic context of changing policy direction. Future Central Government policy is driving towards greater choice and control in the hands of the customer through changes in the funding of special schools and a wider adoption of personal education and transport budgets.

2.2 Future policy direction effectively frames this Programme, all changes must be adaptable both to further budget restrictions and to the shape of the future operating conditions. Project savings solutions need to be flexible and have an impact that continues to reduce spending in the longer term.

2.3 To achieve these goals, SNT3 considers all areas of significant spending such as staff, vehicles, fuel & external suppliers, identifies the drivers of costs such as staff sickness and location of education placements and aims to reduce costs in the longer term through aiming to increase independence and reducing the number of students using council provided transport.

3. Project Areas

3.1 The agreed programme approach for SNT3 demands that costs are considered in three different sections which are as follows:

3.1.1 Demand Management

3.1.2 Current Cost Control

3.1.3 Future Cost Control

Demand Management

3.2 Aims to increase the independence of students in travelling to and from their place of education through a refreshed Transport Assistance Policy. The refreshed policy has been developed in partnership with other West London Alliance Councils and introduces following: the use of Independent Travel Training (ITT), extending and promoting the use of personal travel budgets & repayment of travel expenses and offering free 'Oyster' cards to the student's 'travel-buddies'.

3.3 Many other authorities have adopted similar demand management practices and have delivered financial benefits from their introduction, however, the greatest benefit is that received by the students themselves in their increased ability to travel independently not just to their school or college, but to social engagements and other activities in their spare time. A successful independent travel training programme will have a lasting effect into adulthood, producing an increase in confidence and future life opportunities.

3.4 Increased use of public transport benefits the local environment through a reduction in local transport emissions and vehicle congestion as well as an increase in the economy through the greater use of local shops often associated with the use of public transport.

Current Cost-Control

3.5 It is important that any opportunities to save in the short-term are identified and realised. This has the obvious impact of a positive contribution to the Council's balance sheet but also primes the service for larger-scale changes, by increasing confidence in change processes and supporting future change proposals.

3.6 Specific areas of current cost control are as follows:

- 3.6.1 A greater level of performance management of the Fraikin Vehicle supply contract
- 3.6.2 Identifying new providers for short-term hire vehicles
- 3.6.3 Invitations to all schools to become providers of transport
- 3.6.4 A LEAN review of Transport Services Processes
- 3.6.5 Re-tendering the 20% of transport routes currently provided by external suppliers

3.6.6 A focus on absence management in the workforce

3.7 All of the current cost-control work streams are already in-progress. Re-tendering the externally provided transport routes has already saved £115k per year. Using an on-line e-tendering reverse auction process, the externally provided transport has been re-tendered, this has delivered a £115k benefit (20% of the original cost) which will have full year budget impact in 2013/14.

3.8 The re-tendering process has been completed with Barnet Borough Council, reducing the costs of our own procurement process and has highlighted the savings opportunities that can be made through a procurement process that is customer needs focussed, improves the underlying market conditions and is well managed.

3.9 The potential for schools to become direct providers of transport is an innovation for the sector, but already there are examples of this happening in Harrow. Most schools have minibuses and drivers so do hold some experience of transport provision and some have become direct transport providers who charge Councils for the service.

Future Cost Control

Future National Policy requires solutions to be flexible and provide choice in the market.

The area that is considered as viable is as known as:

3.9.1 Strategic Market Engagement

3.10 The main area of work in 'future cost-control' is to offer minibus routes currently provided by Harrow Council to the external market. 20% of the Special Transport arranged by Harrow Council is already provided by external organisations. The total spend with external suppliers is £460k until the recent re-tendering which has reduced it down to a total of nearer to £350k.

3.11 Harrow's experience of using external suppliers for special transport has been developed over many years and extends across both Children and Adult Services, from specific saloon car and taxi routes though to larger minibus routes.

- 3.12 Engaging further with external providers for Harrow transport will be handled in three tranches, over a three-year period. The benefits of a phased approach are; more time for staff to choose their best option, allowing time for market development, building contract management experience and a steady and managed release of vehicles.
- 3.13 The partnership procurement process that Harrow managed for both Harrow and Barnet has identified that significant savings (upwards of 30%) could be made through well-handled market engagement and that the quality of provision can be maintained through tightly managed contracts.
- 3.14 In a survey of eleven London Boroughs completed in January 2013, the services for nine were delivered by external suppliers, only two (Harrow & Lewisham) are delivered solely in-house, which demonstrates that using external suppliers is the preferred option for the majority of the authorities included in the sample.
- 3.15 A soft-market testing was completed using the established WLA transport framework in October 2012. Comparisons were drawn on 6 current routes, with various different requirements and locations. Prices received for this work vary between 32% & 55% cheaper with one route showing a 9% increase from current costs. These are shown without the cost of staff transferring under TUPE rights.
- 3.16 A second market testing exercise has been drawn from a comparison of the Harrow & Barnet joint procurement exercise, completed in December 2012. Two very similar routes were compared between Harrow's current in-house delivery and the external suppliers in Barnet. The Barnet routes are 33 and 46% cheaper (without escorts) showing a very clear cost-rationale for increasing the competition for transport provision within Harrow.
- 3.17 Offering routes to external suppliers will be best managed sensitively and completed over a period of years. The Council will seek to engage with small scale, local community, social and private companies. Breaking market engagement down into three phases will maximise the potential options for staff. Phasing creates better

conditions for sustainable market growth conditions as it avoids rapid expansion of small companies.

- 3.18 Engaging with the market to supply transport will require buying-out of Fraikin vehicle leases. Buyout will need Council funding, but vehicle re-sale prices are strong which will considerably reduce the cost of breaking leases.
- 3.19 The number of staff employed in connection with the service is approximately 200, which includes a high number of part time, term time only staff. 10 staff manage the delivery of the operation and large workforce.
- 3.20 Where any change results in a TUPE transfer the Council will meet all of its statutory obligations provided by TUPE. Under TUPE, existing contractual terms and conditions are protected on transfer. In addition the Council has a protocol for managing organisational change, which includes consultation and union engagement.
- 3.21 The full programme will be delivered over three years, which gives time to the staff affected by the change programme to adapt to the proposals and consider the options available.
- 3.22 Whilst TUPE applies by operation of law, it is possible that circumstances could arise where it would be in the interests of the Council to consider a voluntary severance or redundancy scheme. If this situation arises a separate report to Cabinet would be made.
- 3.23 Communication and consultation with stakeholders, including Trade Union groups will managed through Harrow Council's 'managing change protocol'.
- 3.24 The opportunities identified by the West London Alliance Transport Programme have been well researched and thoroughly assessed by Harrow. A high proportion of the benefits from the WLA programme are estimates based on the smooth operation of a regional Transport Hub or 'Bureau'.

- 3.25 The WLA Bureau was launched for three authorities in September 2012 and suffered significant start-up issues. One authority has left the Bureau, the remaining two have stepped back to previous operating procedures whilst a new operating model is developed and tested. This nullifies the ability to gain from the majority of the work-streams modelled.
- 3.26 The other benefits modelled in the WLA business cases require further development to identify the real benefits but due to the issues mentioned above, the WLA Programme is not currently being progressed by Harrow.
- 3.27 There are other areas that have also been explored and a decision has been taken not to progress. These include a partnership with Northwick Park Hospital transport service, wider commercial opportunities both in the public and private sector (although the work with schools will progress), sharing vehicles with Adult Services and other authorities, hiring vehicles outside of core hours, partnerships with other organisations such as dial-a-ride. All these areas have been researched and considered but have either very low Return-On-Investment or a low level of willingness from the organisations involved.

4. Benefits of the SNT 3 Programme

- 4.1 The financial target for the SNT 3 programme is to deliver a £540k saving for the Children and Families Special Needs Transport Service within the budget year 2014/15. The total Children and Families spend on special transport is £3.34m, £540k represents 16% of the budget.
- 4.2 Achieving the £540k target is compromised without the potential for WLA programme benefits being available and therefore the SNT3 programme has been developed as a 'blank sheet' approach based on changes to the service as it is delivered currently.

- 4.3 The SNT Programme over-delivers a total benefit of £773k (excluding delivery costs) in 2014/15, compared to an SNT3 MTFs saving requirement of £540k and an overall MTFs requirement of delivering £641k of savings.
- 4.4 Benefits increase as the programme is rolled out with a benefit of £1.062m expected in 2016/17, the 4th year of the programme.
- 4.5 Project Delivery costs are significant and are in the main the costs of releasing vehicles from the Fraikin Contract and the costs of redundancies & severance (if a scheme is agreed), these are £465k and £733k respectively. If the delivery costs are taken into account then it reduces the net savings to £401k in 2014/15.
- 4.6 The forecast savings reflect an accurate and prudent position. The full effect of staff using TUPE rights to transfer is currently unknown, but would increase contract costs.
- 4.7 Using current actual 'route' costs in comparison with the results of a soft market testing exercise gives like-for-like comparison before the effect of TUPE for the costs of alternative providers.

5. Conclusion

- 5.1 The 10 work-streams will future-proof the service in managing demand, avoiding long-term costs, having an active competition between suppliers and ensuring that effective means of contract management are developed as the provider-mix is widened over time.
- 5.2 The SNT3 programme provides better outcomes for children and young adults, equipping them for life-long independence. The programme also gives a balanced solution that over-achieves the required financial savings and prepares the service for future National policy direction.

Full Business Case

1. Introduction

1.1 Within Harrow's Medium Term Financial Strategy there is a further savings target of £540k to be delivered within Special Needs Transport in 2014/15. A target of £540k of sustainable, cost-reductions is the target of the SNT3 Programme.

1.2 Two significant change projects have already been delivered in Special Needs Transport that reduced overall demand, increased the efficiency and cost of the management team, and delivered savings in excess of £1m.

1.3 The full breadth of the Special Needs Transport 3 Programme, includes 10 project areas which are listed below in three categories:

Demand management

- 1.3.1 Refreshed Transport Assistance Policy
- 1.3.2 The use of Independent Travel Training (ITT)
- 1.3.3 Extending and promoting the use of Direct Transport Payments including offering free 'Oyster' cards to student's 'travel-buddies'.

Current Cost-Control

- 1.3.4 Performance management of the Fraikin Vehicle supply contract
- 1.3.5 Identifying new providers for short-term hire vehicles
- 1.3.6 Invitations to all schools to become providers of transport
- 1.3.7 A LEAN review of Transport Services Processes
- 1.3.8 Re-tendering the 20% of routes currently provided transport by external suppliers
- 1.3.9 A focus on reducing sickness & absence in the workforce

Future Cost Control

1.3.10 Strategic Market Engagement (in 3 phases)

1.4 These are each taken in-turn within the body of this report and in the related appendices are detailed business cases for the more significant of projects.

2. Scope of the service

2.1 The service provides transport for 1,100 clients, including over 515 Children and 350 Adults. There are a total of 126 routes, operated within and outside Harrow over all 7 days of the week.

2.2 In total 58 Special Education transport routes are provided within the Borough and a further 21 routes operate outside the area, some to areas including St Albans, Oxfordshire, Hampshire, Leicestershire and Kent.

2.3 To operate the service there are 212 permanent staff, 15 long-term agency staff and 5 short-term agency staff employed for short-term absence and sickness cover.

2.4 90 of the routes require an escort to be on-board to assist clients on-and-off the transport and to assist in managing the needs of the clients whilst in transit, particularly in emergencies or when clients are distressed. 10 of the routes require 2 escorts and one requires 3 escorts to be on-board for just one client.

2.5 To deliver the service, there are currently 84 vehicles, 76 long-term hire and 18 short-term hire.

2.6 External Private Hire companies provide a further 20% of the transport delivered in Harrow. 16 of the externally provided routes require an escort to help the passenger arrive safely at the place of education, all escorts are employed by Harrow Council.

2.7 The total current spend with private contractors is £350k across Children's and Adult Social Care services.

2.8 For the year 2012/13, the service has an overall budget of £3.34m for Children's Special Transport Services and £1.79m for Adult Social Care. The most significant element of spend in SNT is staffing which is £2.07m for Children's and £1.04m for Adult's. Fleet costs then make-up £649k for Children's Services, £325k for Adults.

3. Service Requirements

3.1 Harrow Council has a statutory duty to provide transport assistance to 'Eligible Children' accessing education and college placements. Eligible Children are defined as those that have physical or emotional needs that would make the use of personal or public transport inappropriate.

3.2 This is a duty that Harrow has delivered well, receiving few complaints and positive feedback from stakeholders. To this point Harrow has retained a largely internal provision of transport with 20% of delivery provided by external contractors.

3.3 In identifying efficiency improvements for the service it is important to note the nature of the work and the clients.

3.4 These are some of the most dependent clients that Harrow Council provides care and education for and as such, they need to be transported with care. Routinely this requires wheel chair access, lowered steps and specialist harnesses, but it can also require carrying medical equipment and qualified nurses.

3.5 The principle of care in special transport, is that the welfare of clients comes first and that the condition of clients must not be adversely effected through the provision of transport.

3.6 The Department for Education guidance in transport times for children over 8, suggests that efforts should be made to keep transport to an hour maximum. These parameters

are important to maintain the welfare of clients and are worked to in the majority of transport planning activities. Parameters are on occasions carefully overridden where the route and the clients are not adversely affected or where needs cannot be met locally.

3.7 This safeguards clients from spending long periods on transport and increases the needs for detailed route planning and multiple vehicles transporting clients to the same locations.

3.8 Where longer distances are travelled it is balanced that the overall needs of the clients are best met by having a longer journey to a specialist education centre. Longer journeys are more likely to be on major roads which provide a much more straight forward journey and can be over the accepted normal journey length.

3.9 Time spent on buses is a recognised and necessary cost-driver for the transport service as it is delivered currently. Maintaining this quality in delivery avoids simply filling buses to capacity and maintains the principle that the client's needs are paramount and that this transport is for 'people not parcels'.

4. Transport Systems

4.1 In considering the whole market of transport, it is obvious that there is an abundance of demand and supply, leading to the position of many modes and providers.

4.2 The local transport market includes the following organisations that each provide a part of the public need and most benefit from Government subsidy:

- 4.2.1.1 Grant-funded Personal Vehicles
- 4.2.1.2 Disability badges
- 4.2.1.3 TFL with Freedom passes and training
- 4.2.1.4 Council provided Special Transport (or)
- 4.2.1.5 Adult Social Services Transport
- 4.2.1.6 Hospital Transport
- 4.2.1.7 Harrow Community Transport

4.2.1.8 Dial-a-ride

4.2.1.9 Buses owned and operated by Schools

4.2.1.10 Taxis and Taxi-cards

4.3 The grant and funding schemes designed to make transport available for end-users have created an over-abundance and dispersal of supply, leading to separately held budgets and reduced priority for overall market efficiency.

4.4 This project should set up some new partnerships within the current supply organisations and make some real impacts for market rationalisation.

5. Future Policy Direction

National Policy

5.1 In a context of reducing Council Budgets, reform of Special School funding and the promotion of greater choice for parents and carers, the context for the future of the service is one of continuing change.

5.2 The local impact of the Government spending review is an overall savings target of £5641k in 2014/15 for this service which forms the whole target for this project.

5.3 Reforms in School Funding are currently being finalised and will bring potential changes to transport provision due to a changes in the way that Special Schools are due to be funded.

5.4 It is proposed that in future, special schools will receive a much smaller proportion of funding directly and a greater proportion as a 'commissioned package'.

5.5 Effectively funding will follow placements. This could create additional competition for places from external boroughs for Harrow School capacity. These changes also increase the need for a regional SEN placement strategy to make sure that the opportunities presented by the changes are proactively managed and that price and placement competition between boroughs is avoided.

5.6 The Government SEN and Disability (SEND) Green Paper, proposes to make changes to SEN Statements, promote the use of Personal Budgets and strengthen rights to placements within free schools & academies.

5.7 This will bring more freedom to clients, greater complexity to travel planning and potentially a greater use of alternative providers that operate in the private or third sectors.

5.8 The Special Education & Transport provision services within Harrow are responding to these policy changes proactively. A new Framework for Special Education is being developed to ensure that there is sufficient, good quality, cost sensitive provision. For transport services the changes programmed in SNT3 increase competition in the supply market, increase freedom & choice for consumers and provide greater flexibility in provision.

Local Policy for Eligible Children

5.9 An element of the SNT3 programme is a refresh of the Travel Assistance Policy. The existing policy was agreed in 2005 and whilst still operating effectively, there are certain elements that would be better updated.

5.10 A policy refresh will incorporate the following areas:

5.10.1 Learning points from SNT2, an output of which was new policy areas in draft

5.10.2 Alignment with the travel assistance policies of other WLA boroughs, thus strengthening the policy background of all WLA boroughs.

5.10.3 Agreeing the policy background of utilising sustainable modes of transport, the use of Personal Budgets and the promotion of Independent Travel Training to appropriate service users.

5.11 Consultation on the new Policy will be implemented in partnership with the Harrow Special Schools and will focus on the potential of new travel options for parents, carers and service users and what will help the options to work effectively.

- 5.12 The number and nature of eligible children is likely to largely consistent, but service users will be given more choice, which in the medium term has been shown in other areas to produce sustainable savings and better outcomes for services users.
- 5.13 The policy clears-up some areas where the 2005 policy requires development such as the 19-25 age group and the transfer between Children & Adult Services.
- 5.14 The main long-term effect of the new policy and the choices it introduces is the lifetime of independence it brings and the confidence it gives service users to become independent in other ways.
- 5.15 The financial benefits of wider choice should be realised in the 2nd year of the programme, but more importantly will have a positive impact on budgets for the lifetime of the service users, well into adult-hood.
- 5.16 The consultation with stakeholders on the new policy is intended to test and design the new policy and later agreement will give legitimacy for the introduction of new travel approaches,
- 5.17 In the short to medium term, overall demand for Special Needs Transport from adult Social Services clients is likely to reduce as a result of the Fair Access to Services policy.

Local Policy for Eligible Adults

- 5.18 The fair Access to Services policy, agreed in November 2011, brought about a change in the funding arrangements for Adult Social Care Services including day care and transport to and from day-care centres.
- 5.19 The Community Health & Wellbeing Directorate are working towards the introduction of 100% cash personal budgets to give flexibility, value and choice to customers.

- 5.20 Transport is a service that some clients might need in order to make visits to daycare centres. Clients with cash budgets have the freedom to use any provider for their transport and are starting to use private providers that have been set-up by the Reablement & Personalisation Team.
- 5.21 This is having the effect of reducing the transport provided by the Harrow transport team and the benefit of returning short-term hire vehicles to the leasing company, Fraikin Ltd.
- 5.22 The downward trend in numbers of Adult age clients using Council provided transport is likely to continue, but at a slower rate leaving a residual number. These remaining routes are likely to become part of the longer-term supplier engagement processes planned for Children's Services.
- 5.23 The decline in demand for Adult Transport will necessitate a reduction in the management team required to plan and deliver the remaining transport routes. This will be incorporated into the LEAN review.

6. Summary of SNT I

6.1 SNT I made the first step towards modernising the service with new vehicles and state-of-the-art transport planning software.

6.2 New vehicles brought about a reduction in vehicle costs, increased fuel efficiency, reduced CO2 and an improved customer experience.

6.3 State of the art route planning software gave the management team the ability to automatically plan for changes and generate new routes that were both cost & CO2 efficient, saving driving hours and passenger transport times.

6.4 A further saving in the overall costs of the service was delivered by SNT I in the form of the Bus Service Operators Grant (BSOG). The BSOG grant is provided by Central Government for all Community Bus Services, effectively reducing the duty paid on fuel.

6.5 This grant, like many others is being reduced year on year, putting new pressures on delivering savings.

6.6 Harrow Council's first BSOG claim was back-dated to 2003 and to date has brought a total income to Harrow Council of around £420k.

7. Summary of SNT II

7.1 With the costs of providing the fleet reduced and a reduced overall cost through better scheduling, SNT II refreshed the management Spans of Control and reduced the management team by one member of staff by taking account of the new service capabilities and putting measures in place to give greater travel choice and freedom for clients.

7.2 Demand management was introduced through trialling Personal Travel Training, Travel-Buddies and Personal Budgets.

7.3 These areas have proven successful, particularly the Independent Travel Training and the use of Personal Budgets and are being made permanent service offers in the SNT3 programme.

8. SNT 3 Introduction

8.1 The objectives of the SNT3 Programme are to deliver a £540k cost saving from the service in 2014/15. This must be achieved whilst maintaining the supply of transport to the customers in need, protecting the quality of services delivered and preparing the service for the potential requirements of new legislation.

9. SNT3 Programme Benefits

9.1 The forecast benefits from the SNT Programme are detailed in the table below.

9.2 The SNT Programme over-delivers a total benefit of £773k (excluding delivery costs) in 2014/15, compared to an SNT3 MTFs saving requirement of £540k.

9.3 Benefits increase as the programme is rolled out with a benefit of £1.062m expected in 2016/17, the 4th year of the programme.

9.4 Project Delivery costs though are significant and are in the main the costs of releasing vehicles from the Fraikin Contract, the costs of a potential offer of Voluntary Severance (if a scheme is agreed) and the costs of any redundancies. The Fraikin costs are modelled to be £465k and redundancies and severance (if a scheme is agreed) are modelled to £633k combined. If the delivery costs are taken into account then it reduces the net savings to £400k in 2014/15. The costs of potential severance/redundancy are modelled as prudent and being the potential total cost, although no scheme is agreed.

Children & Families Services - Future Programme

9.5 In addition to delivery of the SNT3 programme savings of £540k the future budget position for Children’s special needs transport has a degree of turbulence and change independent of the programme. The changes are a predicted loss of the Bus Service Operators Grant, the loss of internal and external income and the effect of the savings requirement from the previous SNT programmes.

9.6 The cumulative impact of these changes is to reduce the budget by £154k 2014/15 giving a final position of £400k savings in year, in the first full year 2016/17 the budget will be reduced by a total of £330k, giving a final position of £817k saving from the current position.

	2013/14 (Net Saving) / Net Cost £	2014/15 (Net Saving) /Net Cost £	2015/16 (Net Saving) /Net Cost £	2016/17 (Net Saving) /Net Cost £	2017/18 (Net Saving) /Net Cost £	Total (Net Saving) /Net Cost £
Medium Term Financial Strategy (MTFS) Savings	(56,000)	(641,000)	(641,000)	(641,000)	(641,000)	(2,620,000)
Medium Term Financial Strategy (MTFS) Costs*	495,852	207,870	81,388			785,110
Further anticipated budget pressures that need to be managed through SNT 3	(26,500)	(53,000)	(141,000)	(229,000)	(229,000)	(678,500)
Net MTFS Position	413,352	(486,130)	(700,612)	(870,000)	(870,000)	(2,513,390)
SNT 3 Forecast (Savings)	(307,485)	(773,822)	(987,863)	(1,062,328)	(1,062,328)	(4,193,825)
Project Costs	52,000					52,000
Potential Severance & Redundancy (if applicable)	443,852	207,870	81,388	0	0	733,110
Vehicle lease termination costs	211,409	165,023	89,317			465,749
Total Delivery Costs	707,262	372,893	170,705	0	0	1,250,859
SNT3 Net (Savings)/Costs	399,777	(400,929)	(817,159)	(1,062,328)	(1,062,328)	(2,942,966)
(Over)/under delivery of MTFS Savings	(13,575)	85,201	(116,547)	(192,328)	(192,328)	(429,576)

9.7 In addition to the financial benefits detailed above, there are significant benefits of the programme to the clients of the service. In starting to proactively manage demand and provide new options for service users there are a range of benefits beyond those included within cost-models. These benefits include the following:

- 9.7.1 Greater independence for service users
- 9.7.2 Stronger likelihood of life-long independence
- 9.7.3 Extended future employment opportunities for service users
- 9.7.4 New commercial opportunities for schools
- 9.7.5 More continuity for service users
- 9.7.6 New income streams for parents & carers
- 9.7.7 Future-proof service design
- 9.7.8 Reduced overall demand for Council Commissioned transport
- 9.7.9 Reduced local vehicle emissions
- 9.7.10 Reduced Carbon footprint

9.8 These are a grouping of the range of benefits that will be delivered through the programme as a whole and are explored more fully in the following chapters and appendices.

9.9 It is worth noting that through the breadth of the SNT3 project, through listening to service users and actively managing demand, the programme over-delivers the required savings targets and produces better outcomes for service users.

10. Programme Elements

10.1 As mentioned above there are 10 elements to the programme, each of which are introduced and discussed in detail in the following sections of this report, with further detail on the benefits and costs associated within associated appendices.

Demand management

10.2 Refreshed Transport Assistance Policy

10.3 The use of Independent Travel Training (ITT)

10.4 Extending and promoting the use of personal travel budgets & repayment of travel expenses including offering 'Oyster' cards to students and their 'travel-buddies'.

Current Cost-Control

10.5 Performance management of the Fraikin Vehicle supply contract

10.6 Identifying new providers for short-term hire vehicles

10.7 Invitations to all schools to become providers of transport

10.8 A LEAN review of Transport Services Processes

10.9 Re-tendering the 20% of routes currently provided transport by external suppliers

10.10 A focus on reducing sickness & absence in the workforce

Future Cost Control

10.11 Strategic Market Engagement (in 3 phases)

10.12 The multi-point programme draws from the information gained during the research phase of the project and the leading practices of other authorities.

10.13 Identifying the drivers of costs and developing an active management plan assist in the medium to long term in reducing the overall reliance and expectation of Council provided Transport.

10.14 Demand for SEN Education Placements has been modelled using demographic information and trends in the overall population. The forecasts for future demands

show an increase in the number of service users requiring specialist education placements and a rising complexity within the required needs of placements.

- 10.15 This generates an associated rise in the requirements for special transport provision and a rise in the complexity of delivering the transport requirements as they become more and more complex.
- 10.16 It is therefore paramount that Harrow Council takes an active approach to managing demand and avoiding service users from becoming institutionalised towards receiving council transport.
- 10.17 The long-term reliance on Council arranged transport creates an issue for service users in the medium to long term as they cope with the changes and demands of adulthood. With successful long-term travel independence, service users are more likely to find and consistently attend employment opportunities and create more fulfilling lives through using the wider benefits of greater travel freedom.
- 10.18 Current cost-control measures are those activities that the programme can influence and deliver immediately. With appropriate lead-in periods, the most significant areas of saving within the programme are rightly designed to provide savings in the medium term.
- 10.19 Less significant actions can be taken straight away and should be mainstream activities before the resource requirements of the wider programme demand full attention of resources to deliver the works streams with the greatest benefit.
- 10.20 The future cost control elements, are designed to take a medium term view and deliver the most significant cost-saving elements of the overall programme in the required time-frame, whilst maintaining services to clients.
- 10.21 Through engaging with the whole market and widening the number of suppliers that are active in the Harrow area.

- 10.22 Harrow will seek to promote the development of local, community and social providers within the ongoing procurement processes.
- 10.23 There is a far greater element of competition within the market, there is an increased resilience due to the extension of options and there is an increased potential for innovation as the supply-side becomes more aware of the needs of the commissioners, the client base and the stakeholders.
- 10.24 The leading practices of Harrow Council and of other authorities both within and outside of London have been combined within SNT3 to generate a programme that is conscious of the demand side pressures and provides new methods for managing demand, provides better outcomes for clients and delivers the required savings and other benefits modelled in Harrow Council's Medium Term Financial Strategy.

11. Demand Management: New Travel Assistance Eligibility Policy

Recommendations

- 11.1 Agree to consult with stakeholders on the new policy
- 11.2 Agree to use the consultation process as a means of introducing new service offers including Independent Travel Training & Direct Transport Payments

Benefits

- 11.3 The projects scoped within the Demand Management element of the programme, will give clients a greater opportunity to become independent whilst attending education placements and beyond this into adulthood.
- 11.4 There will also be benefits for families in making transport more flexible and offering new opportunities for travel reimbursement. There will be benefits to schools from having actively used the infrastructure they have in place to create new income streams and there are greater are benefits to the wider.
- 11.5 The cost-saving benefits of the demand management elements could be up to two less transport routes going to Shaftesbury School. This will give either a neutral budget position if only one bus is saved, but a potential for a cost-saving in the region of £25k per annum if two routes are no longer needed.
- 11.6 These savings will be in the budget for the life-time of the children and will continue to be delivered into adulthood. This contains future cost pressures For Adult Social Care.
- 11.7 The use of direct travel payments will be promoted within and beyond the SNT3 programme delivery period. Other authorities have delivered significant benefits through the promotion and take-up of direct payments and this will fit well with the future shape of the service being more flexible, more nimble and better able to flex in the short-term to take-account of changes in commissioned need.

Risks

11.8 The policy introduces new services in the shape of ITT & DTPs which may be new concepts to the user & stakeholder groups. These will be introduced and asked how they can be shaped for the audience to make sure they are designed to meet the needs of the clients.

Background

11.9 The projects below are each designed to complement one-another and have a combined effect of reducing overall demand for Council provided or commissioned transport.

11.10 Demand management focuses on improving customer outcomes by making more travel options available and stimulating a greater level of independence and confidence within the customer group.

11.11 These programmes will aim to reduce demand and therefore costs of Council provided transport in the short to medium term and more importantly avoid the long-term costs of institutionalising clients towards Council arranged transport.

Transport Eligibility Policy

11.12 The current Transport Eligibility Policy was agreed by Harrow Council Cabinet in 2005 and has served as the basis for eligibility decisions to date.

11.13 Recognising the need for updating, the policy was refreshed as part of the SNT2 project to reduce carbon emissions from Council Transport, increase independence and provide a valid policy background for service offers such as Travel Buddies, Independent Travel Training and Direct Payments/Personal Budgets for transport.

- 11.14 Drafted and ready to consult upon, the policy implementation was paused due to the formation of the West London Alliance Transport Programme, within which a project was initiated to draft and consult upon a sub-regional Children's Special Transport Eligibility Policy that would be common across all participating West London Alliance (WLA) Councils.
- 11.15 A joint policy would simplify access for service users and facilitate a greater level of wider integration and collaboration between boroughs in future arrangements, not least the potential for forming the regional transport planning bureau (discussed later).
- 11.16 The Draft Policy is ready to consult upon and shown in appendix 2 and following the granting of Cabinet approval, will be introduced to the clients & stakeholders through a consultation process developed by Harrow Council & the Special Schools in the Borough.
- 11.17 The Children's Travel Assistance/Eligibility Policy maintains the availability of a transport services to the current service users and supports the use of different methods of transport. Therefore the consultation will focus on the introduction of alternatives and the requirements of service users for making alternative schemes viable and successful for the service users.

Conclusion

- 11.18 A new policy will bring a framework to the introduction of new services and ensure that the policy is workable & useful for all stakeholders.
- 11.19 A proactive conversation will be a useful method for engaging with stakeholders and shaping the policy and new services to ensure that when new policies are introduced they are designed towards the needs of customers.

12. Demand Management: Independent Travel Training

Recommendations

- 12.1 Agree to developing a contract or agreement with Shaftesbury High School to deliver Independent Travel Training at a cost of £24,000 per year.
- 12.2 The agreement to include incentivisation instruments (payment by results) and break clauses to protect both parties.

Benefits

- 12.3 Within the SNT3 Programme, is a forecast to reduce one 'route' (~8 children) in 2013/14 and two 'routes' (~16 children) from year 2, 2014/15 onwards. One route to Shaftesbury School is priced at £25,024, the costs for a Teaching Assistant plus on-costs would be an annual fee of £24,000.
- 12.4 This will give either a neutral budget position if only one bus is saved, but a potential for a cost-saving in the region of £25k per annum if two routes are no longer needed.
- 12.5 An Independent Travel Training programme, aims to create more independence within current service users for home to school, home to college and travel outside of school/college placements.
- 12.6 Introductory Travel Training/Travel Awareness is part of the National SEN curriculum and is an important element of increasing personal confidence and life-long independence.
- 12.7 These are quotes from the Harrow scheme introduced through Shaftesbury High School and through the Voice Ability contract as part of SNT2:

12.8 ***“I was taught travel training by [my Teacher]. She showed my how to stop the bus by raising my hand. She showed me where to get off the bus and where to get on the second one. She showed me how to stay safe.”.....“Coming to school on my own is good, great! I feel proud of myself.”***

12.9 ***“I have the freedom to go to the shops before school”.....“I hated being on the buses. The window didn’t openI hated having to go all the way in one direction and then in the opposite direction...Its so small on those buses....”...“I now get on a public bus this feels much better I have more space”***

12.10 ***“It has let me be independent. I can go to the shops by myself and go up to Harrow to meet friends”....“I go to Whitmore High School on Thursdays. I leave at 9.45 I get there at 10.15. Before I was travel trained the teacher had to take me.”.....“Travel training has made a big difference to me”***

12.11 The benefits of developing an Independent Travel Training service are multi-layered and support both national and local priorities. In summary key benefits are as follows:

- 12.11.1 Opens opportunities both for learning, social and job prospects
- 12.11.2 Increases independence and use of own initiative
- 12.11.3 Provides greater freedom – less reliant on the Council, friends and family
- 12.11.4 Raises self confidence
- 12.11.5 Develops social skills
- 12.11.6 Releases resource and creates efficiencies

12.12 An ITT service, based at Shaftesbury School should be at least cost-neutral, training enough students to remove a single route, but the service also delivers the associated community and personal benefits for those pupils successfully trained, at best the service could produce a saving of two or more routes, creating a positive benefit of at least £25k per route at today’s costs, or less through the Shaftesbury School direct transport provision project.

12.13 The benefits from an ITT service will be sustained into adult-hood and there is a likelihood that training could be carried out to ensure a smooth transfer to college placements, extending the benefits of travel confidence into further education.

Risks

12.14 There is a risk that children may have difficulty settling into new arrangements, these will be mitigated by thorough checks in the training work and final sign-off for independence only through parents or carers.

12.15 Independent travellers may miss connections or find themselves lost, these can be mitigated through the right training (what to do in an emergency), communicating with stakeholders (including bus & rail companies) and through instructions carried on the Traveller Identity Cards.

Background Information

12.16 ITT is the process of structured home to school training for school and college students to enable more independence and less reliance on council arranged transport.

12.17 ITT can also be applied to clients of Adult Social Care s. Within Harrow, 'Shop-4-Support' offers travel training to Harrow clients.

12.18 Work within Brent has previously identified over 10% of those attending day care centres could travel independently.¹. Hounslow have run a successful 'buddying' scheme within Learning disability services and the day centre closure programme in Hounslow has a declared objective of reducing the need for day centre transport to a relatively low level.

¹Work on the Adults eligibility policy in Brent identified at least 45 out of 400 Adults who were initially assessed as being able to travel independently

12.19 In Barnet day centre staff have carried out ITT for adults with a learning disability and the consultation on adults eligibility policy promoting independence is raising this issue. Ealing has not applied independent travel training to adults.

ITT Infrastructure

12.20 There are two main types of ITT service, which are an (1) in-house service either hosted in a school or within the Children's Commissioning Department or (2) the use of an external provider which tend to be charities or not for profit organisations, but not exclusively.

12.21 One common element within either delivery route is the need for a 'train-the-trainer' package which applies equally to all ITT provision. There are only a few recognised providers of this training, the most well-known is Titan.

12.22 Titan train teaching assistants to provide travel training, they offer a basic package at £10,000 plus £5,000 for use on a regional basis. The basic package includes information packs for trainers, students, parents and carers, an initial briefing and a telephone support service.

12.23 TITAN was established by Norfolk County Council and are working in Greenwich and Doncaster. They claim significant savings can be made from ITT, citing £1m savings per year through taking 261 children off transport in Norfolk.

12.24 A Barnet special school has purchased the TITAN independent travel training package on a trial basis. Its use will be monitored and reviewed to establish outcomes, an ongoing WLA ITT work stream will include a joint procurement of an ITT 'train-the-trainer' package that Harrow will be able to access

ITT in the West London sub region

12.25 Within the WLA, there is a variety of approaches and resource commitments to ITT. Currently within the WLA, Harrow, Hounslow & Barnet have no service and

are reviewing the potential service arrangements. Other arrangements are listed below:

ITT in Ealing Council

12.26 Currently invests £170,000 per annum with Mencap to deliver travel training and travel buddy programmes in the borough. This funds a part time manager, travel trainers and sessional staff. The project is working very well locally and has the opportunity to recruit sessional workers from the broader community including students from the University of West London (approximately 200 students signed up to a request for volunteers and sessional workers during an open day event).

12.27 In 2009/10 academic year, three travel trainers enabled 35 students to come off the SEN transport service. Between January 2011 and July 2011, thirty five students had travel training - all of these students completed the programme and are now travelling independently to school. The travel training project has had a success rate of over 85%² in 2010/11 academic year

12.28 2011 saw decommissioning of 5 routes as a result of a targeted travel training and there are hopes to extend the travel training project by continuing the targeted approach to decrease the percentage of children who rely on transport and enable the achievement of savings in the longer term. More importantly, these children gain independent skills which improve their outcomes, quality of life and skills they will need in their adult lives. A lot of the savings do not manifest immediately in Children's services but rather will be realised during transition into adulthood.

ITT in Ealing (costs and savings)

12.29 Average of £2,852.44 per annum to travel train a child compared with an average cost of £6,000 annually if they remained on transport. Crude potential saving of approx. £3k in the year they are taken off transport (although this may be offset if training takes longer than a year and they still require transport) plus the

² Over 85% Of those Children selected for independent travel training have been able to travel independently.

cumulative total of the remaining period they would have remained on transport before leaving school. Evidence of the success of the programme is the diminishing numbers of children using SEN Transport, shown in the table below:

SEN Transport	Apr-10	Oct 10	Jun 11
No of children using SEN Transport	703	646	630

12.30 Further longer-term savings are possible by working in a targeted way and further reducing the number of routes. The travel training project has the skills to assess the child's abilities and their potential for independent travel and utilises an approach of working successfully with both parents and schools. Ealing currently have a waiting list of 45 children for travel training and there are known to be many more who are now keen to embark on the training.

ITT in Brent Council

12.31 Before the dedicated SEN funded I.T.T. Coordinator during 2010-2011 (April-March) a total of 11 pupils were travel trained successfully.

12.32 Following the SEN funded I.T.T.A. during 2011-2012 (April-March) a total of 39 pupils were travel trained and a further 15 are undergoing the training.

12.33 Additionally, 8 pupils with mild learning difficulties have been successfully travel trained to attend Alperton Community School, and another 8 pupils from Year 11 were trained being for attending their college as they leave Woodfield.

12.34 The target for the I.T.T.A. was 15 pupils per year. It is hoped that the performance of the first year will greatly exceed this. The I.T.T.A. has also trained a total of 35 pupils from Years 7 & 8 in road safety as part of the PSHE lessons.

12.35 Brent Council's experience is that more than 15 can be trained in a year and in this first year the total trained was 27. Of the 27 that were trained a total of 21 have been successfully trained to permanently trained to travel independently, showing an 80% success rate.

12.36 The total savings for the academic year at Woodfield should be up to £60,000, where the average cost of transporting a pupil is £2,400. The end of this academic year's target was 15 pupils no longer travelling on Brent Transport Service. The likely total reduction will be 20 – 25 clients and the savings should be (£2,400 x 20 pupils = £48,000 or £2,400 x 25 pupils = £60,000).

12.37 The rationalising of transport will result in a single route being removed from Woodfield School which is likely to take place in the 2012/13 academic year. Costs are a Teaching Assistant at £24K per year, which demonstrates an attractive proposition in terms of Return On Investment.

ITT in Harrow Council

12.38 Independent Travel Training (ITT) was successfully trialled for 18 months as part of SNT2.

12.39 Harrow Council are fortunate to have trialled travel training with an external provider as this has given Harrow Council staff first-hand experience of managing a third-party ITT provider and the wider requirements of having an available and active ITT service.

12.40 The options for providing Travel Training are as follows:

- 12.40.1 Commission an external organisation to provide
- 12.40.2 Appoint a floating resource hosted within the civic centre
- 12.40.3 Appoint a floating resource hosted within a school
- 12.40.4 Commission a school to deliver the training

12.41 Within Harrow Council, the majority of service users that would be suitable for Independent Travel Training are those currently attending Shaftesbury School.

12.42 As all travel training programmes rely on trust and familiarity between the trainer and all parties involved including schools, colleges, parents and the client,

the process of training can progress quickly if school teaching assistants are used in extending the curriculum into full delivery of training, as there is a reduced need for an external contact to gain trust and familiarity with clients and to manage the process of arranging contact time at the discretion and fitting in around the normal activities of the school.

12.43 There is a cost associated with down-time, planning time and the access required to gain the confidence and familiarity with all stakeholders and clients, which is a dis-benefit of having a council hosted or externally provided service.

12.44 However there are benefits of having a commissioned service including externalised arrangements, for staff management, service delivery, performance management, cost-control and overall responsibility both day-to-day and on an ongoing basis sit with the external provider.

12.45 The option of having a service commissioned through a school gives all the benefits of an external service delivery in terms of transferring management and risks, but also gives the service the relative ease in accessing clients and constant build-up of trust and familiarity that could not be attained through any other model.

12.46 The arrangement with the school will be supported by incentivisation instruments and suitable break clauses to ensure that the investment creates the benefits forecast and that both parties are protected against performance issues.

Conclusion

12.47 It is proposed that the travel training service will be a commissioned arrangement with Shaftesbury School, with a one-year fixed term. Dependent on the success or otherwise of the scheme, this gives both parties the opportunity to test the delivery model and consider its relative merits against other options.

- 12.48 Suitable students may also be within other schools, some of which could be outside of the borough. These are not currently within the scope of the intended school based service.
- 12.49 The in-school delivery option ensures that once children are trained and are travelling independently, there would be nearby support to make sure children continue with arranged travel plans and maintain their independence.
- 12.50 The in-house delivery option also carries the potential that training may be available to broaden travel arrangements and be supported in learning routes to extra-curricular activities outside of school.
- 12.51 The agreement with the school will include elements to ensure that both parties are protected from risk or performance issues.

13. Demand Management: Direct Transport Payments

Recommendations

- 13.1 Agree to consulting on the design of a widened Direct Travel Payments scheme with stakeholders & implement a new cost-effective process.
- 13.2 To allow payment of DTPs where there is a clear benefit to Harrow and to the service users involved.

Benefits

- 13.3 The financial benefits will differ from case-to-case as all routes are different and the ability to save funds will differ dependent on the nature of those routes.
- 13.4 Other authorities who have adopted DTPs strategically have and will continue to benefit from sustained transport savings.
- 13.5 The use of DTPs will stimulate a change in the market for provision of transport and provide some carers or parents with a new income stream. This income will often be based on the proactive use of adapted vehicles that are already within the family unit.

Risks

- 13.6 To avoid situations of double payment, a checking process should be put in place within the transport commissioning processes.
- 13.7 With each payment agreement there should be a set of terms that the payment secures that safeguard consistent supply of transport and school/college attendance.

Background Information

13.8 Direct Travel Payments are a mechanism for refunding the transport costs of parents and carers providing transport for their children and becoming independent from a reliance on Council arranged transport.

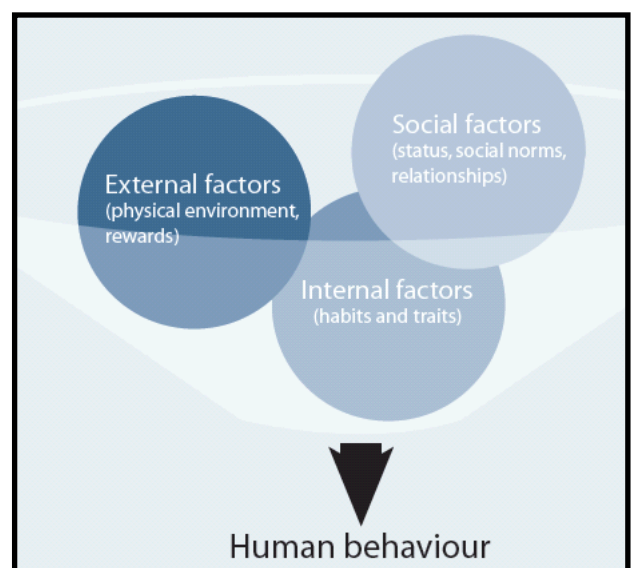
13.9 Direct payments allow parents and carers the possibility to use their own specially adapted vehicles to a greater extent and creates an ongoing income stream for a family which can be greatly beneficial.

13.10 Direct travel budgets can be used for long-distance journeys where mileage payments are made for both parts of a two-way trip, for daily transport where school transport is paid for both ways twice a day and can also take the form of alternatives such as free oyster-cards to accompany children to and fro school, potentially leading to greater independence in the future.

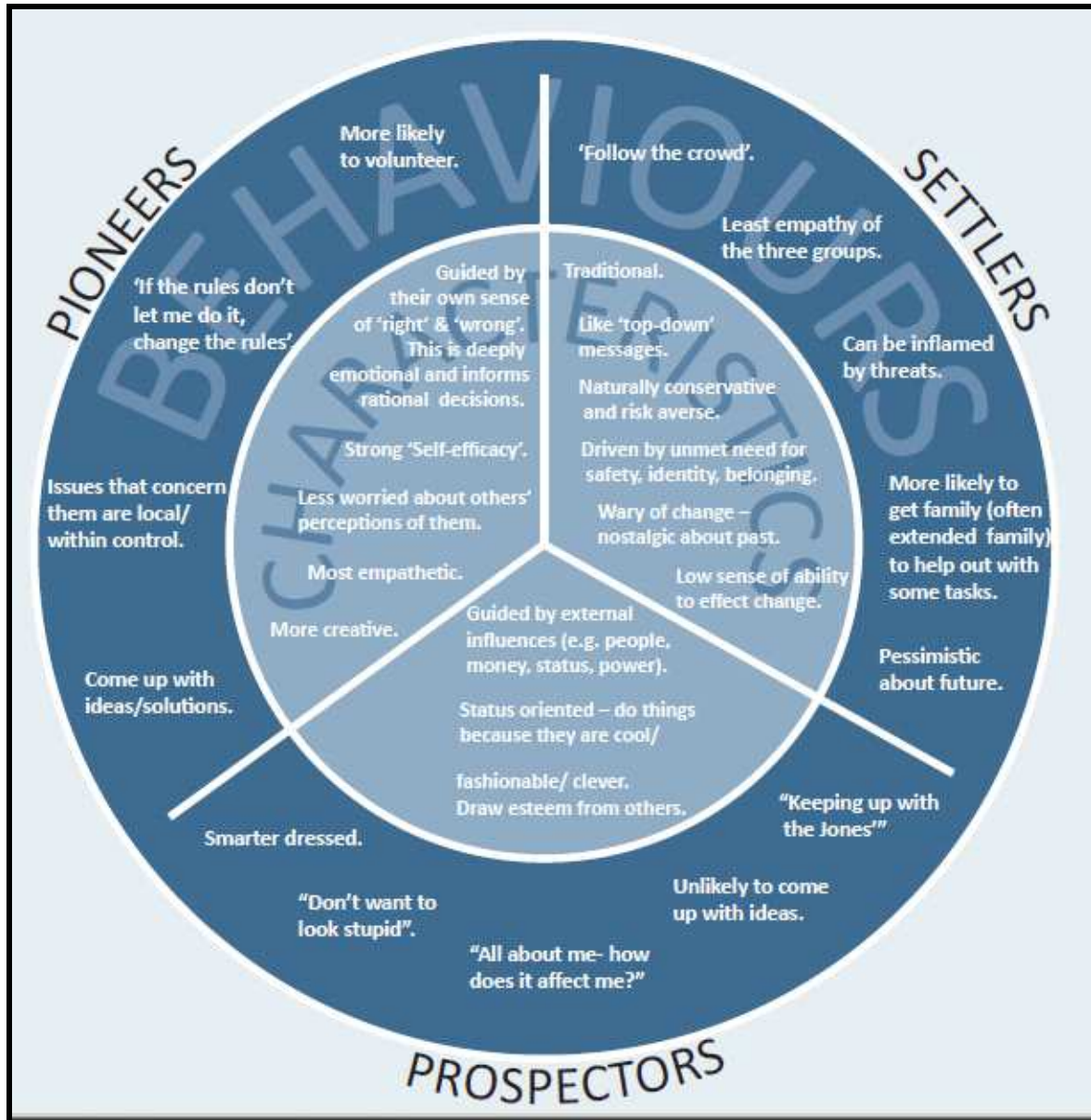
13.11 Direct Travel Payments have been at the route of some significant transport savings in other areas. Coventry are well-known in the sector for having worked with a consultancy called 'impower' to increase the take-up rates of direct payments through positive engagement and stakeholder consultation.

13.12 The impower approach has been developed with a marketing agency called 'Cultural Dynamics' and centres on the use of a 'value mode' model shown below: (See figure 1).

13.13 The value mode model recognises the differences in human behaviours and characteristics in order to identify



'pioneers' in the stakeholder group and use their influence as peers on the rest of the group to show willingness, to demonstrate that issues can be overcome and to provide confidence for others to try something different.



13.14 The approach has been adopted in the following areas: Croydon, Coventry, Islington, Barnet, Staffordshire, Buckinghamshire, Bournemouth, Barnet, Wakefield, North Ayrshire (Scotland).

DTP in Harrow

- 13.15 There are already 11 children who's Families and carers receive an expenses based payment for the self-provision of transport. These families have either been approached through the SNT2 trial or have approached Harrow Council Directly requested an arrangement to be put in place.
- 13.16 Harrow Council currently invests £8,000 annually in direct payments which reduces the transport & escort costs for those routes and creates a new income stream for the parents or carers.
- 13.17 There is significant scope to extend the service more broadly through adopting the practices mainstreamed in other authorities.
- 13.18 This could be achieved by using the policy consultation process as a means of introducing ITT and DTP. Feedback from the consultation process can then be used to design and analyse the impact of DTP in Harrow more fully.
- 13.19 If a DTP scheme were to be introduced when there was a greater mix in the provision of special transport in Harrow, it may be more straightforward to realise savings as Harrow use the flexibility of contracts to reduce the commissioned requirements and spend less with providers as a result of the changes.
- 13.20 Within the consultation phase, options will be explored with parents to understand what messages will assist in promoting take-up, the appropriate level of compensation or payment required and any further detail that parents identify as assisting in making the scheme successful.
- 13.21 The overall effect of a broader take-up would be to assist in rationalising Council arranged services, an overall reduction in the costs of home to school transport and better outcomes for children who can now be transported by their parents or primary carers.

13.22 A full business case for an active promotion of DTP will be developed following the policy consultation.

DTP in Coventry

13.23 In Coventry, there was an investment of £150k in the 'impower' approach, that used one school as pilot with a 12% take-up. This was then rolled-out widely across the school community. Coventry contacted all parents (~650) to make the offer and forecast savings in the region of £200k for 2013/14 and each year thereon.

DTP in Hounslow

13.24 Hounslow invest £120k per annum on personal transport payments. This significant take-up is largely due to quoting estimated payment amounts for direct provision of travel in every transport review letter.

13.25 This approach puts the information and the opportunity in the hands of the parents and carers from which they can immediately make an informed decision to take-up the offer.

13.26 Hounslow have 72 pupils receiving either the provision of adult bus passes or mileage payments @ 45p per mile. Before the scheme these clients would all have travelled on council provided transport and would have cost the authority an average of £4904 per client, £353k total. The Hounslow scheme therefore saves in the region of £233k per annum.

DTP in Brent

13.27 Early in the practice of introducing the use of personal travel budgets and have 3 children travel with 'buddies' who are given an oyster card for free travel and 2 children arrange their own transport and are given direct payments at 40p per mile.

13.28 As with Hounslow, all review letters carry an offer to give 40p per mile for direct provision and parents and carers are encouraged to come forward if they would like to take up the offer of the scheme.

13.29 Direct Travel Payments can add additional value to families and clients as an alternative to council provided transport. Councils have made and will continue to make savings from the further take-up of direct payments. Harrow Council could benefit from a proactive strategy that extends their use thus reducing the need for Council transport provision.

Conclusion

13.30 It would benefit Harrow Council to refresh the Travel Assistance Policy and use the consultation processes to introduce and discuss with stakeholders the different service offers that are and will be available to service users. A greater level of openness and contact will allow the willing families to try new things and give Harrow the benefit of using consultation feedback to design successful service offers.

13.31 Harrow Council has experience of the broad application of Personal Budgets within Adult services and making Direct Travel Payments within the Children's & Families Department. Widening the take-up of Direct Travel Payments will reduce the need for Council provision and provide benefits for families and service users.

13.32 Careful design of communications for this project are key so that at the point of consulting on the new policy, the emphasis is based on promoting new alternatives and discussing how they might best be designed.

14. Current Cost-Control: Fraikin Contract Relationship Development

Recommendations

- 14.1 Gain the commitment of the team to implement new clienting model
- 14.2 Continue to progress the back-dated non-performance claim

Benefits

- 14.3 The back-dated claim for non-performance in the contract should deliver a one-off payment of £78k in 2012/13.
- 14.4 Following the payment of the claim, there is likely to be on-going liquidated damages claims in the region of £2-5k annually.
- 14.5 The greatest benefit from a stronger clienting arrangements will be an improvement in the services received. The Special Transport Service has already started to receive these benefits in faster response times to break-downs and more effective turn-around of vehicles of the road.
- 14.6 Additionally, Fraikin have now provided a spare vehicles to bolster the fleet and avoid down-time penalties. This has been achieved as part of the SNT3 Programme and an SRD mentoring programme which has already commenced.
- 14.7 These benefits provide a smoothed operation for the Transport Team and less time spent dealing with vehicle related issues.

Risks

- 14.8 The contract terms protect Harrow against a full break-down of the contract, but the vehicles supplied are central to the effective delivery of a wide range of services.

14.9 For this reason, negotiations with Fraikin are being carefully managed.

14.10 This is a strategically important contract to Harrow Council and there are no other local providers that could directly supply the complete package currently delivered. However, there are many suppliers that could supply the same service in part, which maintains competition and flexibility in the supply market.

Background

14.11 The original contract with the vehicle supplier was agreed in 2003, the contract gave Fraikin a monopoly of supply of vehicles to Harrow Council and therefore covered all areas of Harrow Council's operation.

14.12 The contract is a termed a 'turn-key' contract, that is to explain a relationship where all vehicles matters are the responsibility of the contractor, allowing Harrow Council to concentrate on delivering services and be removed from the day-to-day management of the fleet.

14.13 The contract was renegotiated in 2010 and agreed in a new form, the fundamental change to the contract was the removal of commission guarantees.

14.14 These changes allowed the Special Needs Transport fleet to replace an ageing fleet with 84 new vehicles, 76 on long-term leases, 18 on short-term hire. These vehicles are all still in use at this time except for the numbers of short-term hire reduced to 8.

14.15 The Fraikin contract is a 'top 5' Harrow Contract in terms of value. As for all other suppliers, there has been a constant scrutiny of the contract, however standards and prices has remained fairly consistent. The contract is also of strategic importance to Fraikin as a company, maintaining good relations with Harrow Council is obviously vital to them as strategic suppliers.

- 14.16 Fraikin's contract compliance has been poor throughout both contract periods and the ability of the contractor to deliver a 'turn-key' operation has been low. Harrow Council have effectively supported the management of the contract by covering the costs of carrying spare vehicles within the long-term fleet.
- 14.17 With recent investment into the procurement function, there has been greater awareness that alternative suppliers can be used to source vehicles.
- 14.18 Using the flexibility that the open contract allows has identified that better deals are available through different suppliers without any reduction in service levels or vehicle specification.
- 14.19 Through the SNT3 project, a greater awareness of service requirements has been generated and the staff responsible for managing the Fraikin vehicle contract have applied a greater level of pressure on the supplier to meet the requirements of the headline contract.
- 14.20 Meetings are now more inclusive, bringing more services areas to meet with Fraikin and meetings have moved from quarterly to monthly.
- 14.21 The benefits of this work are better Management Information supplied in a more appropriate time-frame, faster attendance to breakdowns, quality and cost of repairs is more reviewed monthly and in person and the turn-around times for vehicles off the road are improving.
- 14.22 In a contract of this scale and longevity, the contractor would normally be expected to provide spare vehicles to cover routine and unexpected down-time. This has not been the case with Fraikin, where Harrow has been forced in the majority of instances to include spare vehicles into the long-term fleet. The increased focus on the contract has motivated Fraikin to identify spare vehicles to supply without charge to cover downtime.

- 14.23 Contract performance analysis covering a number of years of contract operation has been completed as part of SNT3, this has provided sufficient evidence for Harrow Council to submit a backdated performance rebate, requesting liquidated damages for the resources Harrow have had to apply in order to maintain a smooth operation.
- 14.24 This is ongoing and due to be settled, but importantly has motivated Fraikin into reviewing their internal operation to ensure that the contact moves closer to 100% compliance and avoidance of penalties.
- 14.25 To date Fraikin has shown willingness to cooperate with the Harrow Council. The approaches taken by Harrow to gain better service and greater value for money from the Fraikin contract has been tested and validated by a specialist external organisation.
- 14.26 The Transport Planning team has continued to make savings throughout the periods when the two Capita Project were being delivered and carefully consider the travel arrangements of each new commission to ensure the travel arrangements are both appropriate and offer good value.
- 14.27 Working together with the parents, stakeholders and associated Council teams, the Transport Team have reviewed escorting arrangements, managed the use of agency staff and avoided the use where possible of high-cost short-term hire vehicles.
- 14.28 Within the scope of SNT3, the Programme team have worked with the Transport Team to identify a range of savings measure that can be delivered straight away to make realisable reductions in spending in the short-term.
- 14.29 The next steps are to design and formally implement a new clienting model, with agreed practices and expectations at certain points in the year, creating a legacy of clienting skills.

14.30 In a more corporate setting, a Procurement Business Partner has been assigned to the Fraikin contract and the category of transport more generally and steps are being progressed to put in place a single central client point for the Fraikin contract.

14.31 Adoption of a an effective clienting model, will be vital as a greater proportion of council arranged transport is provided externally and should be implemented early to ensure practices are understood and embedded in good time.

Conclusion

14.32 Work to implement a new clienting model within the Transport Planning Team should continue alongside the development of a corporate structure for managing the category of transport and more specifically the Fraikin contract.

15. Current Cost-Control: Short-Term Hire Cost Reductions

Recommendations

15.1 Continue negotiate better prices with alternative suppliers.

Benefits

15.2 Prices already received from alternative suppliers suggest that there are cost-saving benefits in the region of £30k per annum, from a total spend of £228k per year representing a 13% saving on the Fraikin arrangement.

Risks

15.3 As with the change of any supplier there are risks inherent with transfer, adopting to new communication channels, understanding different operating practices, forming new working relationships and ensuring most importantly that the supplier can meet the requirements of the service.

15.4 These risks are all mitigated if the new suppliers understand the current operations and expectations are agreed in the form of a contract.

15.5 Managing this contract is vital as for any other external provider and the transferable investment already made in improving clienting skills within the Transport Team will provide a reduced risk in this area.

Background

15.6 Adult Social Care have rightly considered the likely future state of day-care and transport provision ahead of the 2011 fair access to services policy.

15.7 The foresight has served well and the decision to resource an element of the fleet as short-term hire, is now providing the flexibility the service needs to slim-down and use alternative providers.

- 15.8 The relative value of this short-term hire option, was tested and validated by an internal audit report completed in October 2012. The decision to hire with a mix of long and short-term arrangements was the right one to take and is currently offering the service some cost-advantage.
- 15.9 The sort-term hire vehicles are used predominantly by Adult Service, but occasionally are used for Children's Transport.
- 15.10 The vehicles are supplied by 'London Hire Ltd', a sub-contractor to Fraikin. Fraikin have negotiated and are paid an arrangement and management fee for securing and maintaining the vehicles, which requires little resource on their side.
- 15.11 A very simple switch for Harrow, which has already been progressed, is to hire the current spot-hire vehicles directly from the third-party provider, removing the need for Fraikin's agency cost at roughly 10% of the contract value.
- 15.12 This switch will be made quickly to avoid paying Fraikin any further arrangement and management fees. This is a simple switch to make as London Hire have a base in Hillingdon and all the support arrangements Harrow will need such as tyre repair companies, break-down and available spare vehicles.
- 15.13 At the beginning of the discussions with London Hire, spare vehicles were offered by the company. This was not offered under the Fraikin agency arrangements and is not offered by Fraikin within the headline contract. This is an example of the benefits accrued when sourcing from the open market.
- 15.14 Within London there are a large number of alternative vehicle suppliers, outside of London the number continue to rise. Such alternative providers are all operating in an open market and to remain competitive have to innovate and maintain a strict view on operating costs.
- 15.15 If the vehicles are to be kept and used in the medium term, further work will be completed to seek the prices of alternative providers.

Conclusion

15.16 Use and negotiation within the open market for vehicles offers Harrow advantages even in the short-term. The change to sourcing directly from London Hire is an easy-win and is supported by all the arrangements necessary for a contract of this type.

15.17 This work stream should continue to put new arrangements in place and should be complete by the end of March 2013.

16. Current Cost-Control: Inviting Schools to become Providers

Recommendations

- 16.1 Continue to work with schools in order to deliver new transport provision options where there is positive support from the school and financial benefit for Harrow.
- 16.2 All new service options will be supported by an agreed contract similar to that used for external transport providers.

Benefits

- 16.3 Cost-saving benefits will have to be apparent in order to progress any new arrangements with an interested school.
- 16.4 Schools will benefit from the arrangement as there will be a new income stream derived from existing capital & infrastructure.
- 16.5 Service users will benefit from an increased familiarity and consistency in the care and education they receive.
- 16.6 Schools will be able to maintain a more enriched curriculum through having a sustainable income source that pays for the future replacement and maintenance of their in-house fleet.
- 16.7 A greater number of providers in the market will increase the resilience and assurance of supply. Making the most of the infrastructure in place should help to rationalise the supply-side of the market.

Risks

- 16.8 Assurance of supply is a more complex risk to manage with a greater number of external providers, but each is safeguarded through the agreement of contracts.

16.9 With a greater number of suppliers there is a greater risk of failure in the system, however these risks are held and managed by the suppliers who will be required to ensure that there is sufficient back-up and contingency.

16.10 New arrangements may prove difficult to manage for schools and it would be prudent to expect that a small number of contracts may only be in-place for a short period. This risk is mitigated through having a back-up system in the shape of the Harrow/Barnet framework, on which there are 16 suppliers who should have the capacity to respond at short notice to new demand.

Background

16.11 All schools providing a special education placement service for Harrow and its clients, have been invited to become a supplier of transport themselves.

16.12 One special school in Barnet currently provides transport for four London Councils, making charges to each Council and picking-up children from agreed pick-up points along the way. The work stream will seek to increase the number of schools offering similar services.

16.13 Letters to all providers were sent in early January 2013 to offer an introduction to the principle and how it might operate. Many special schools have their own transport which is generally used to extend the curriculum and provide after school options. Schools have been invited to use their investments on a more commercial basis and receive payment for providing transport.

16.14 So far amongst the schools, the most interest in becoming a provider has been shown by the schools that are part of larger groups. The groups are keen to explore new income streams and are actively considering the offer.

16.15 As most of the schools in scope provide education and care packages to children from across London and more specifically the WLA sub-region, the groups

of schools have respond well to a wider question of considering the provision across the WLA area.

16.16 This should stimulate the 'route sharing' opportunities that have been missed due to the collapse of the WLA transport bureau and allow the schools to have a more productive and proactive discussion around the possibilities of a bigger demand base.

Conclusion

16.17 The potential for delivering new arrangements of schools as transport providers could prove highly beneficial to all parties and should be progressed with the schools that show a commitment to making new arrangements work.

17. Current Cost-Control: Transport Team LEAN Review

Recommendations

- 17.1 Continue to deliver an internally led LEAN review, using internal resources to identify and deliver opportunities.
- 17.2 If opportunities are identified to reduce the size of the team there may be impacts on staff that could result in redeployment or redundancy.

Benefits

- 17.3 A well-designed and implemented LEAN review will generate the following benefits:
- 17.3.1 Identifying the strengths of the current operation
 - 17.3.2 More clarity over job-roles
 - 17.3.3 Respond to changes already made (such as reduced Adult clients)
 - 17.3.4 Solving & resolving process & system issues
 - 17.3.5 Implement more effective working practices
 - 17.3.6 Focussing processes and roles on value-adding activity
 - 17.3.7 Identify resources available to deliver improvements & change programme
 - 17.3.8 Ready the Team for future Clienting Model
- 17.4 The programme plan includes a £70k saving in staff resources as an output of the LEAN review.

Risks

- 17.5 Leading practice in LEAN reviews will be followed and the team will be facilitated and supported by external support, but activities and improvements will be identified and delivered by the Transport Team.

Background

- 17.6 The demand for the services of the transport team will shift and change over time, as the many benefits of the other projects within the programme start to impact. The team were reduced in number by one member of staff as part of SNT2 and the team has remained constant in number since that time.
- 17.7 The full business case for SNT 2 also included the recommendation for a LEAN review of the Transport Team operation. A scoping assessment was completed that validated the need for a LEAN review and at the time, significant areas of concern highlighted in the scoping report were taken-up by the team and resolved internally.
- 17.8 Due to a fall in the numbers of Adult Social Care clients using the service over the last 12-18 months (two routes), there has been a drop in demand for the related planning activities of the team around those routes.
- 17.9 The LEAN review will be facilitated by the SNT3 Programme Manager, the Harrow Council LEAN Practitioner and delivered by the team themselves.
- 17.10 The benefits of the LEAN review being kept in-house include building knowledge of current operations within the SNT3 Programme, full ownership of the process by the Transport Team, cost avoidance of an externally led review, ability to integrate & understand the full impacts of the change programme into the body of the LEAN review.

Conclusion

- 17.11 The internally-led LEAN review will improve working practices for the team and build on their experience to deliver more effective services. The review will also provide the basis for designing and implementing to new clienting model.
- 17.12 The LEAN review should go-ahead in readiness for the larger elements of the programme.

18. Current Cost-Control: Re-tendering Taxi Routes

Recommendations

18.1 The taxi contract re-tendering is almost complete, the process should be finalised with the small number of routes required.

Benefits

18.2 The re-tendering work has delivered a cost-reduction benefit of £115k on a £460k total spend.

18.3 Any changes to the routes during or at the end of the year, will be reviewed and will be subject to a mini competition of all 16 suppliers in the framework.

18.4 The specification for external delivery is more requiring of contractors and has demonstrated that if the market is given time to analyse and respond to the changing demands of the client, there remains a potential for getting 'more for the same' even with previously well-run arrangements.

Risks

18.5 Most of the suppliers on the framework are previously unknown to Harrow Council. Two of the new suppliers are being used less to due to delivery standards not meeting Harrow Council requirements. The benefit of having a pool of suppliers within the framework is becoming clear as routes can be quickly moved from one supplier to another, using a 3 stage bidding process, avoiding short-term overpricing of routes and maintaining the benefits of competition.

18.6 All suppliers within the framework have already passed financial and organisational tests as part of the Pre Qualifying Questionnaire. Operational checks are made of all contractors before any new work goes live.

Background

- 18.7 Harrow Council has successfully tendered, managed and delivered 20% of the Council's transport requirements through a number of external providers that have been checked and meet the needs of Harrow Transport specification.
- 18.8 With contract periods coming to an end, the contracts for this work have been re-tendered following the establishment of a strategic supplier framework.
- 18.9 The Re-tendering has been completed in partnership with Barnet Council that had contracts expiring in the same time-frame.
- 18.10 Barnet has previously taken part in the WLA framework and tendering exercise. The outcome of soft-testing within the new WLA framework offered no apparent improvement in price or quality.
- 18.11 Coming together to form a partnership has provided significant benefits in increasing the resources available to manage the tendering operation, bolstering the specifications of both partners and given the market providers a strong sense of ongoing demand and future requirements.
- 18.12 The deadline for responses to the OJUE advert was 29th August 2012 and the framework became live on 5th November 2012.
- 18.13 The new routes tendered for Harrow through this framework started in January 2013 for Barnet the new routes will start in April 2013.
- 18.14 The outcome of the tendering exercise was to maintain and indeed improve the quality of provision, coupled with a £115k reduction in costs confirming that well managed tendering can bring benefits of quality and price.

Conclusion

18.15 It was the right decision to tender with Barnet and to avoid the WLA tendering exercise.

18.16 The re-tendering of taxi routes has brought benefits of quality and cost to a transport service that carries some of Harrow's most in-need clients.

18.17 The use of the framework for 20% of Harrow's transport routes sets a positive background for further strategic engagement with the market.

19. Current Cost Control: Reducing Absence

Recommendations

- 19.1 Identify the current day-today and longer term processes involved in managing attendance in the workforce.
- 19.2 Use the outcome of further research to either continue as a work stream individually or if the ROI is insufficient, approach this as an element the LEAN review.

Benefits

- 19.3 The annual spend on agency cover for sickness is in the region of £83k per annum. If attendance was improved by 20% for instance this would generate a saving of £16.5k.
- 19.4 Until the scope and the action plan are agreed it is very difficult to determine the actual financial impact this work stream will have.
- 19.5 Aside from the financial savings the work stream may generate, there will be a positive impact on recognising the impact managing attendance has on the whole team and agreeing the most effective way in which to proceed in future attendance management procedures.

Risks

- 19.6 Identifying reasons for sickness & absence may not be straight-forward and may not deliver a definitive action-plan.
- 19.7 There may not be sufficient return on the investment to continue with the work stream individually.
- 19.8 Culture change is difficult to deliver with long lead-in periods.

Background

- 19.9 The Special Needs Transport Service employs 212 permanent staff, 15 long-term agency staff and 5 short-term agency staff. There are a total of 128.4 FTE within the workforce.
- 19.10 The total staffing budget for both services including on-costs (Superannuation and NI) is £3.1m, further to this there is an agency budget of £138k and overtime provision of £310k.
- 19.11 Due to the nature of the work, duties that are assigned to a particular member of staff (driving or escorting) on any given day are routinely covered by short-term agency staff to cover sickness and absence.
- 19.12 Longer-term agency staff are retained within the workforce as there are planned reductions in demand due to the implementation of the Adults Contribution Policy, Travel Training, ongoing route optimisation and the wider use of personal budgets.
- 19.13 Across the whole Harrow workforce, the average Working Days Lost per FTE in the last quarter of financial year 2011/12 is 7.35. Across the Children's & Families Directorate, there is a sickness figure of 9.59 days lost per FTE.
- 19.14 For the Transport service, the figure was 12.25 days when reported in June 2012, 2.66 days higher than the Children's & Families Directorate, but lower than the Public Realm figure of 14.19 days.
- 19.15 The overall significance of the data is a higher than average sickness level and an agreement that this should be tackled to reduce costs and increase the resilience of the service.

Improving Performance

- 19.16 The nature of the work being manual and with close contact to their clients, increases the likelihood of sickness and muscular-skeletal issues arising.
- 19.17 The causes of sickness have been identified and an action-plan is in-place to ensure that efforts are being made to avoid sickness occurring and reduce the overall need for managing attendance and providing agency staff.
- 19.18 The Transport Service have focussed on improving attendance and over the previous 2 quarters and there has been an overall improvement in attendance against a background of a small number of individuals with longer-term sickness issues.
- 19.19 The project would focus on creating a process that is as effective as possible in managing attendance. Potential outcomes could include revised guide for attendance management, coaching if required support if necessary.

Conclusion

- 19.20 The next steps for this work stream are to scope the project collaboratively with SNT management staff and project team.
- 19.21 Fitting the attendance project within the LEAN review could be a naturally suitable starting position.
- 19.22 With the scope agreed, the SNT3 Board will make a decision on the merits of progressing the work on the basis of tangible aims and positive Return on Investment.

20. Future Cost-Control: Strategic Market Engagement

Recommendations

- 20.1 To continue with a 3 phase-process of market engagement over a three year period starting in 2013/14 and ending in 2015/16.
- 20.2 To use the established Harrow / Barnet Framework to procure the work and as in previous activities use a reverse e-auction bidding process.
- 20.3 The Council will promote the use and of a broad range of suppliers within the future supply details and aim specifically to use local suppliers from social, community and a private provider basis.
- 20.4 To buy-out of long-term Fraikin leases with Capital investment and write-off the penalties due to Fraikin where needed.
- 20.5 The number of staff employed in connection with the service is approximately 200, which includes a high number of part time, term time only staff. 10 staff manage the delivery of the operation and large workforce.
- 20.6 Where any change results in a TUPE transfer the Council will meet all of its statutory obligations provided by TUPE. Under TUPE, existing contractual terms and conditions are protected on transfer. In addition the Council has a protocol for managing organisational change, which includes consultation and union engagement.
- 20.7 The full programme will be delivered over three years, which gives time to the staff affected by the change programme to adapt to the proposals and consider the options available.
- 20.8 Whilst TUPE applies by operation of law, it is possible that circumstances could arise where it would be in the interests of the Council to consider a voluntary severance

or redundancy scheme. If this situation arises a separate report to Cabinet would be made.

Benefits

20.9 Cost-saving benefits are forecast and shown in the table below.

	2013/14	2014/15	2015/16	2016/17	2017/18
Costs (Vehicles)	148,919	165,023	89,317	0	0
Costs (Staff)	209,500	207,870	81,388	0	0
Costs (New contracts)	323,286	943,174	1,401,519	1,563,262	-1,563,262
Savings	-475,420	-1,387,021	-2,061,058	-2,298,915	-2,298,915
Annual Net Effect	206,285	70,954	-488,834	-735,653	-735,653
Cumulative net effect		70,954	135,331	353,502	1,089,155
<i>Figures in GBP</i>					

20.10 The table above shows costs and benefits of this element of the programme based on the actual current spends and on the likely savings from moving to a higher proportion of work delivered externally.

20.11 The total spend on new contracts is modelled from market testing which has been shown to be at least 30% cheaper to deliver than the current cost of delivery. These prices are shown without the effect of TUPE which would increase the costs of the contracts.

20.12 New contracts and other costs are forecast above and are based on a range of factors:

- 20.12.1 Running costs of the operation
- 20.12.2 The costs of lease buy-outs
- 20.12.3 The results of two sets of soft-market testing

- 20.12.4 The precise effects of TUPE on the market could not be included. Potential severance/redundancy costs have been included in financial estimates for prudence
- 20.13 Considerable savings on the current spending pattern are available from the first year, but the net effect of combining the costs and delivery of savings is moving to a positive position for this work stream by 2014/15.
- 20.14 One of the major costs of the programme is the buy-out of vehicles, this will be a capital payment. The amount shown is the written-down amount of loss on Capital assets as they will be bought and sold in the same year, with a penalty of early closure due to be paid to Fraikin. As time progresses the sums payable to Fraikin will reduce, making buy-out payment lower.
- 20.15 This programme work stream provides significant contributing benefit in the years 2016/17 onwards that will assist in supporting other change and invest to save programmes both within Children's Services and across the Council.
- 20.16 Additional benefits of this work stream are as follows:
- 20.16.1 Greater resilience (assurance of supply) in the supply-side
 - 20.16.2 Readiness for anticipated personal transport budgets

Risks

- 20.17 There contract rates will not be as low as modelled as staff may transfer to new providers.
- 20.18 The supply-side may need a longer than anticipated lead-in period before providing transport, this should be mitigated by early supplier engagement activity and a phased approach to engagement.
- 20.19 With a phased approach, Harrow Council are protected from being tied into large supply contracts with long-term agreements and in doing so increase the

resilience of the service. Assurance of supply and quality of delivery are both equally important factors to Harrow Council. Phasing engagement allows the opportunity to work with all suppliers, to understand the strengths and weaknesses with individual suppliers and to use these in future rounds of market engagement.

20.20 The quality of the contract specification that will be used across the engagement activity has been developed by two authorities and has been tested well in that it is currently being used in new both Harrow & Barnet.

Background

20.21 Future cost-control is the last element of the programme to be deployed and by far the most significant.

20.22 Strategic engagement of the market and offering routes to the range of suppliers in the framework is a decision carefully made, on the basis that all other cost-saving opportunities are delivered and that the external provider market can offer the same service to clients at a lower cost.

20.23 In a survey of 11 other London Boroughs, completed in January 2013, the most common arrangement was the use of the wider supply market for the delivery of special needs transport. A summary of the arrangements is shown below:

20.23.1	Lambeth	- All transport provided externally
20.23.2	Haringey	- All transport provided externally
20.23.3	Ealing	- All transport provided externally
20.23.4	Croydon	- All transport provided externally
20.23.5	Waltham Forest	- All transport provided externally
20.23.6	Kingston	- All transport provided externally
20.23.7	Brent	- 90 routes externally provided
20.23.8	Hounslow	- 68% externally provided
20.23.9	Barnet	- 60% externally provided
20.23.10	Enfield	- Split of internal & external

20.23.11 Lewisham - In house

20.23.12 Harrow - In house

20.24 Within the above there are many different approaches to working with external providers. These include single 'strategic partners' and single service providers who would both provide all requirements for an authority under slightly different terms.

20.25 There are also authorities that have taken a broader approach and shared delivery between many providers, increasing competition within their own supply base.

20.26 The broader, more mixed approach is the direction Harrow Council would sue in the procurement exercises. Routes will be advertised on a 'per route' basis in a closed e-auction process.

20.27 This has been successful for Harrow & Barnet in giving assurance and quality and delivering savings for both authorities.

20.28 There are already potential providers that have been accepted onto the Harrow Framework and more can be added as the framework is refreshed. This gives the procurement process some assurance from the outset.

20.29 In all of the authority transport external arrangements listed above, there are common requirements to make the arrangements work.

20.29.1 **Strategy & timing** for the engagement is paramount in priming the market, creating the right conditions, giving a clear direction of travel and reassuring the market that there is sufficient longevity to make new arrangements attractive.

20.29.2 **The contract** and its mechanisms are vital to set the baseline for how it will be delivered. As mentioned above these are being tested already and are in place for when tendering activity begins.

20.29.3 **The client model** and capabilities are important to ensure the new arrangements have sufficient stewardship. This will be developed as an element of the LEAN project, trialled throughout the procurement procedures and formally adopted before the new contracts commence.

20.30 Delivering these well is the basis of the programme phasing, the foundations upon which the framework and the contracts have been developed and a large element of the LEAN project.

Vehicles

20.31 Current delivery arrangements include long-term vehicle leases with Fraikin. In order to benefit from engaging with the market, vehicle leases will need to be terminated.

20.32 The Council will have to pay penalty fees to break the lease clauses , the final payment is dependent on sale prices and Fraikin have expressed a willingness to assist in finding deals that benefit the Council.

Change Management

20.33 There will be arranged communication events to ensure that all staff have a consistent view of the future direction of the service and the time-scales involved, the likely impacts on staff and have the opportunity to ask questions both in open and closed forums.

Conclusion

20.34 With a planned and significant drive towards delivering savings across all of Harrow's services, there is a need to take new approaches and look for savings in all areas that safeguard the quality of services and deliver the benefits required for a balanced budget.

20.35 Harrow Council already use external suppliers to deliver 20% of the transport Harrow arrange. A recent re-tendering exercise of these routes has

demonstrated that even though each supplier is already tightly managed and openly tendered there are still improvements that can be made in the cost of provision.

20.36 The majority of London authorities included in the survey completed in January 2013, were identified as either entirely or mostly delivered by external providers.

20.37 The SNT3 programme takes as broad an approach as is deliverable and leaves no stone unturned in the identification of savings. All potential methods to save that are available to the service have been explored and almost all have been suggested within the programme for further development.

20.38 It is with all the other programme streams in-place and on the basis of two rounds of soft-market testing that the wider engagement the market has been considered and suggested within SNT3.

20.39 Engaging with the market over a planned period and consulting with the service users, staff and trade unions are integral parts of the business case and overall approach. Effective engagement and consultation is designed to ensure a smooth transfer of responsibilities from one provider to another.

20.40 Phasing engagement with the market will give the staff time to adjust to the proposed changes and give the Council the opportunity to test new suppliers and plan each of the next procurement stages.

20.41 Strategic market Engagement offers real cost-saving benefits to Harrow council. These benefits are likely to increase over time as the external suppliers used become better aware of the council and Client requirements.

21. Explored, Inactive & On-hold Programme Areas

Introduction

21.1 These are areas that have been explored and found to be unlikely to deliver sufficient benefits when compared to the investment of resources:

21.1.1 Commercial Opportunities

21.1.2 Time redesign

21.1.3 Shaftesbury High School

21.1.4 WLA Transport Programme

21.1.5 Proactively Sharing Spare Vehicles

Commercial Opportunities

21.2 The Transport Planning team have proactively worked with schools to bring added work to the natural down-time in the middle of the day. There are 7 schools engaged with the service to offer midday transport and this has been extended by including the offer within the Schools Service Level Agreement pack.

21.3 Other areas of Commercial interest are hiring vehicles to other authorities, hiring vehicles in evenings and weekends to private customers, extending the coverage of the service to other boroughs, sharing vehicles & routes with other boroughs, Hospital Transport.

21.4 All of the options above, require revisions to the software system in place and a change in the culture of the team to actively chasing commercial opportunities. These are all potential routes but most have much greater complexity than might be associated with what amount to small gains.

21.5 The most likely opportunity to generate gains is a potential partnership with Northwick Park Hospital. The opportunity would fit well with the natural down-time of the vehicles, the skills of the staff and familiarity with the client base. With specialist training in lifting and handling the partnership could offer some commercial potential, but the price margins of the work would be very tight.

21.6 Given the amount of change that the group will be facing with managing over the next 12 months and the requirements for the team in establishing a greater commercial emphasis, it is decided that the arrangements with schools will be the only areas that is actively pursued at this time.

Time redesign

21.7 A whole-scale redesign of start times for schools and day-care centres would, if implemented, allow for the fleet to be significantly reduced. If all vehicles that could reasonably be double shifted between schools and day-care the fleet costs could be 20-30% lower.

21.8 This would if progressed, most likely require all schools to change their start-times and all day-care centres to do the same. In effect most schools would be asked to start earlier in the day, some would start later and all day-care centres would start later.

21.9 This concept is the basis for Shaftesbury School to take over the operation of the transport service, changing their start times in order to double-shift vehicles and is the basis on which discussions are progressing with Adult Social Care and day-care centres.

21.10 The strategic change of all start & finish times has been stopped as a potential work-stream but has stimulated on-going work with Shaftesbury School and Day-Care provision.

Shaftesbury High School

Proposal

21.11 Shaftesbury School provide special education for Children in years 7-to sixth-form. The school is keen to explore all options that increase the diversity of curriculum and richness of the education experience.

- 21.12 The school currently has three minibuses, these are used to broaden the curriculum offer and at times to provide after school activities, extending the length of the teaching day.
- 21.13 Shaftesbury School identified that having a larger fleet will allow the school to provide an even greater offer to their students both during and outside of the teaching day.
- 21.14 The transfer of the service to the School would have been based on the school switching to a staggered start-time. This may take the form of an 08:30 first start, 09:30 second start with a corresponding change in the afternoon to 14:30 & 15:30 finish.
- 21.15 This change would require consultation with staff, teachers, parents, carers and other stakeholders and the project is based on this being supported by all parties and agreed by the governors.
- 21.16 The change in start-times will allow the schools to use the buses twice in the morning, twice in the afternoon, or 'double shift' the vehicles.
- 21.17 There are currently 12 buses that transport ~100 children from home to school each day and at the times when not transporting, the buses are parked in the Forward Drive Depot.
- 21.18 This change in start times would have been allowed the reduction of vehicle needs and therefore reduce costs by 6 vehicles (or 50%) when compared to the current vehicle costs.
- 21.19 The change would have reduced the staffing time required for the transport of the children transported to the school, reducing the hours needed to complete the work by in the region of 20%.

21.20 The changes have been modelled by the transport team and checked against the curriculum direction for the school. This research has shown that double shifting the start and finish times of the school does not meet with the curriculum aims and cannot be supported by the school.

21.21 For these reasons, the Shaftesbury High School Project is not feasible and has been ruled-out.

Double Shifting Vehicles

Background

21.22 In many authorities the vehicles used for Children's Special Education are also used for Adult Social Care requirements as part of a split-shift.

21.23 Barnet saved £250k through sharing and double shifting vehicles. Lewisham also deliver services in this way and achieved savings as a result.

21.24 In areas including Lewisham and Barnet, vehicles are used first of all to collect and drop-off children at special schools, then collect and drop-off adults at day-care providers. This double-shifting is then repeated in the afternoon, transporting children home first before transporting Adult Social Care clients back to their homes or residential placements.

21.25 Double-shifting allows the provision of the Adult Day-Care Transport without the need for a dedicated fleet as the Children's Fleet is effectively shared.

21.26 In a number of areas where this is conducted, it has the added complication of a split service, commissioned and delivered by two different groups and the need for communicating across the organisation to manage a single operational service.

21.27 However, for Harrow this is not the case and the service has already been stream-lined in both services being organised and delivered by the same Transport Planning Team.

21.28 Discussions with Adults Services Managers have indicated that this may provide benefits in the medium term but cannot disrupt the operation of the day centres.

21.29 Work will continue to ensure that the likelihood and significance of opportunities is calculated and taken forward if appropriate.

WLA Transport Efficiencies Programme

21.30 The West London Alliance Transport Efficiency Programme has produced a detailed business case that includes Harrow's benefits likely to be derived from each strand of activity. There are issues of data quality and significance of savings within the business case, but the options identified do provide a sound basis for exploring the opportunities.

21.31 With a solid rationale for research, a due-diligence exercise has been completed on the WLA business case, to understand the real level of potential benefit that may be derived from full participation in the programme.

21.32 From this four work-streams were most actively progressed and supported by Harrow Council Officers which are as follows:

21.32.1 Fleet Strategy

21.32.2 Joint Policies

21.32.3 Concessionary Transport application processing

21.32.4 Alternative Travel

Regional & Sub-Regional Fleet Strategy

21.33 Brings together a solid rationale for increasing the benefits of combined purchases. It will require a point of contract change to fully utilise the benefits of this work.

- 21.34 Any joint frameworks put in-place will be useful in reducing the non-cashable costs of buying and potentially the overall costs if cross council contracts are date-aligned.
- 21.35 The relationships forged through the early work of the Transport WLA Programme will become increasingly important as Harrow reduces its need for vehicles.
- 21.36 Due to the nature of the Fraikin contract, Harrow may be in a position to release vehicles following service redesign, but will have to either continue to pay for fixed leases or off-hiring costs.
- 21.37 Offering vehicles to other authorities and being a front-runner in the fleet strategy, may be an important part of SNT's efficiency programme, but this strands of WLA activity is dormant until authorities come to a point of change and therefore start fleet management activity.

Adults & Children's Eligibility Policy

- 21.38 Developing standard Eligibility policies for Children's & Adults Services helps when setting-up any route-sharing opportunities and for setting services at common standards across the area.
- 21.39 Having a robust policy reduces the council specific development and management work required in reviewing transport applications and reduce the potential for challenge in eligibility as common standards would be in place across the region.
- 21.40 The area of SNT is specialised and many services are provided very closely tailored to the needs of individual clients that would need to be accommodated in the policy.
- 21.41 The gain from this work could be significant but difficult to realise with long lead-in periods due to the governance requirements of policy setting across the area as opposed to within a single borough.
- 21.42 Adult services in Harrow have already completed the process of agreeing a contributions policy which may super-cede the need for an area policy for Harrow or at the very least would need to fully harmonise with the Harrow Contributions Policy.
- 21.43 Work progresses in consulting on a refreshed WLA Children's Policy.

Concessionary Transport Application Processing

- 21.44 As a group of authorities that complete the same if not very similar application processing procedures, it has been worth-while continuing to explore the potential of establishing a sub-regional processing hub.
- 21.45 Harrow have offered to host the hub due to the efficiencies gained in our LEAN review and the savings made in our policy review.

21.46 The WLA are minded to progress with setting-up a hub within the Transport Bureau which is currently compromised and unlikely to progress until later in 2013.

21.47 Harrow have ceased to have any involvement in this work stream.

Proactively sharing spare vehicles

21.48 If the time-design elements are in-place, there will be a need for further uses of the fleet if return costs are to be avoided.

21.49 Support for sharing with all partners should be given to maximise the potential uses of the fleet.

Benefits

21.50 The costs of the fleet are fixed aside from the ability to de-commission, therefore any income generated will off-set the fixed costs of the fleet.

Risks

21.51 There are Permit 19, Insurance and Licensing issues that will need to be resolved before sharing can continue.

21.52 Sharing agreements and tight logistic operations will be needed to manage the sharing of vehicles.

21.53 Vehicle contract restrictions will need to be explored and negotiated with Fraikin.

21.54 Damage and defaulting processes will be needed.

Background

- 21.55 Using the spare vehicles more proactively and analysing needs on different days and at different times of the year could produce a stimulus for sharing vehicles and potential savings as a result.
- 21.56 There are undoubtedly opportunities likely to arise from this work, but in doing so there are a large number of factors to be considered and issues to be resolved. These issues exist for Harrow Council and for the internal and external relationships of all other boroughs.
- 21.57 The current delivery methods and different starting locations create a market that is embryonic and needs to mature and change before reasonable demand is generated.
- 21.58 Successful trials would help to resolve any unforeseen issues and prove that the sharing infrastructure and processes are effective. The potential for sharing vehicles could be increased if the current depot is shared with other Boroughs (although space would be a limiting factor), thereby producing a bank of co-located spare vehicles that could be used by either provider.
- 21.59 Brent have expressed interest an interest in sharing fleets which would reduce the overall fleet costs but may create space constrictions at the depot. Under the current arrangements, there would be issues with Harrow sharing vehicles as listed below:
- 21.59.1 Vehicle supply & Fraikin contract conditions
 - 21.59.2 Permit 19 Bus operators license & driver's licensing
 - 21.59.3 Insurance
 - 21.59.4 Logistics
 - 21.59.5 Bus Service Operators Grant

Vehicle Supply & Fraikin Contract

21.60 Fraikin Contract provides vehicles for Harrow only. Negotiation or permanent variation would be required before Harrow could supply vehicles for the use of other authorities.

21.61 There are maximum mileages for vehicles within the contract , for the smaller Renault vehicles, the maximum mileage for each vehicle of 12,000 miles per vehicle per year, for the larger Mercedes vehicles there is a maximum mileage of 15,000 miles.

21.62 As a whole there would be mileage capacity within contract, which would carry operational risks. The above considerations do not impede Harrow from using other borough's vehicles if contracts allowed and if vehicles became available.

Insurance

21.63 The Council's insurance service provides to insure all vehicles that are owned by Harrow and also those in Harrow's 'custody and control'. The insurance provisions for other boroughs are likely to be the same but would need to be checked before commencing any new inter-council arrangements.

21.64 Paperwork for transferring vehicles would need to refer to insurance and carry a statement regarding insurance 'custody and control' to make sure this is correctly provided and both parties are suitably protected.

License (Section 19 Permit)

21.65 The License that Harrow operates within to provide transport is a 'Section 19 Permit' which are issued to organisations concerned with education, social welfare or other activities of benefit to the community. The Permit allows certain organisations, including schools, to make a charge for services (not a profit) without having to comply with the full public service vehicle operator requirements, so without the need for the driver to have a PCV license but would need a 'Category D1 entitlement'.

- 21.66 Many community transport organisations and charities now operate minibuses under a section 19 permit which, allows for the service provided to be for the organisations' own members or for groups of people whom the organisation serves.
- 21.67 Such organisations can charge or accept a form of remuneration for providing transport at a level to recover some or all of the costs of running the vehicle, and may even include an allowance for vehicle depreciation but the service must not be provided to members of the general public and the charges made must be on a non-profit basis.
- 21.68 This non-profit requirement extends to cover any direct costs connected with a particular trip such as expenses incurred by volunteers, but not the wages of any staff involved.
- 21.69 Therefore Harrow could charge to provide transport to groups of clients such as Harrow Children, Adults & Staff (outside those receiving a statutory service) within the Permit 19 Rules which includes schools and students.

Logistics

- 21.70 There are a number of logistical requirements that are normal functions of a Hire Company, but new to local authority functions. These include the following:
- 21.70.1 Dropping-off & collecting
 - 21.70.2 Defecting & checking procedure
 - 21.70.3 Deposits & payment for damage
 - 21.70.4 Cleaning
 - 21.70.5 Standardised times for dropping-off & returns
- 21.71 As a group of member boroughs, the WLA Fleet Strategy members have committed to starting to work on these issues and to draft terms that can be agreed by the authorities as a group.

Bus Service Operators Grant

21.72 In order to successfully deliver accurate information for the BSOG Grant, there would need to be records kept for mileage and purposes that are BSOG eligible and other mileage to show the auditors for validation.

Conclusion

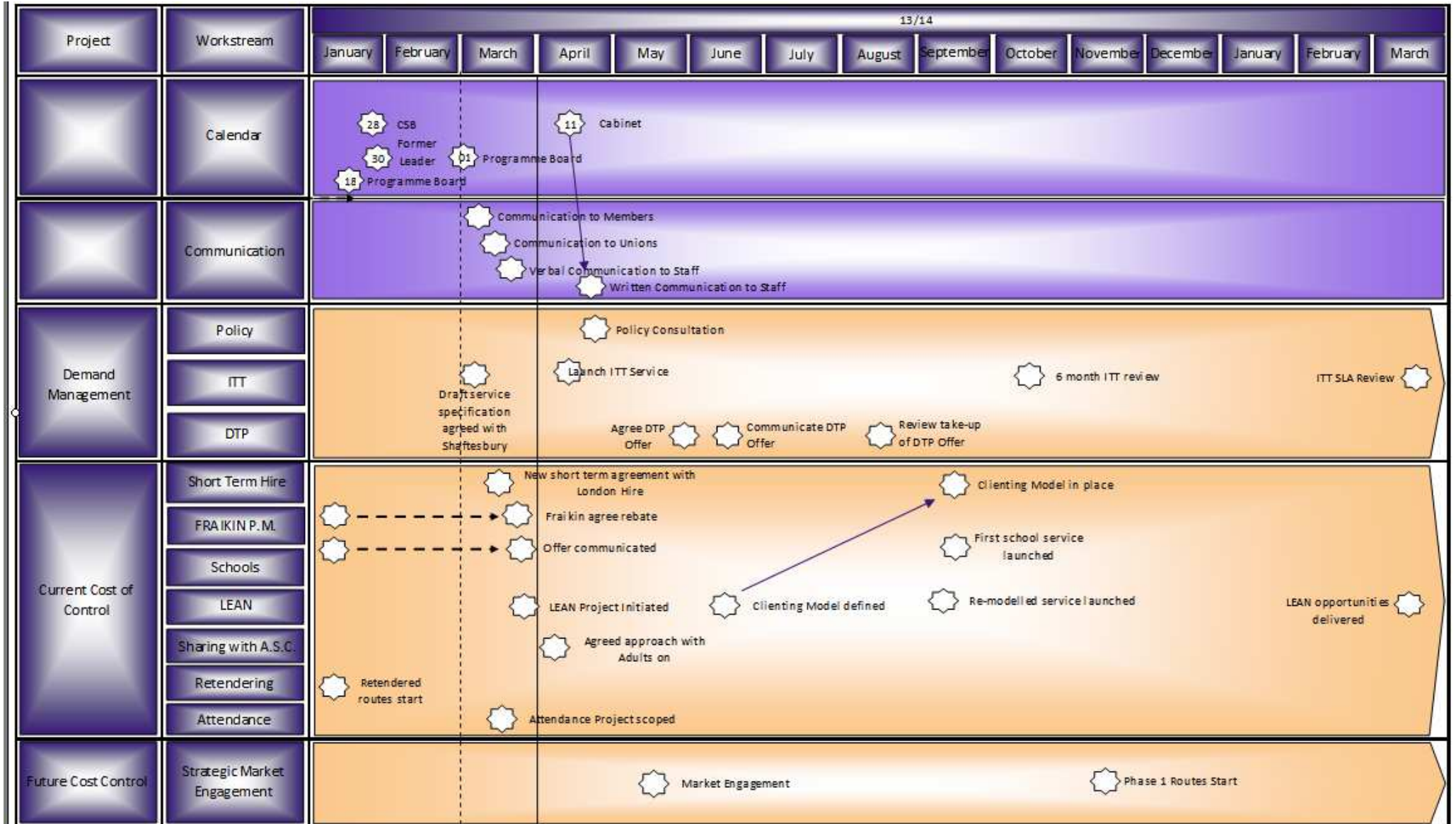
21.73 Whilst each of these areas could offer potential benefits, there are small returns on what could be lengthy and costly investments. In many of these examples there would be a need for changes in the transport planning operation that at this point in time could have an adverse effect on delivering the required changes and have therefore been discounted from the SNT3 programme.

22. Programme Major Mile-Stones

22.1 The research phase of the project is complete. The major milestones for the next 12 months of the delivery phase are shown below. There is greater detail on the draft programme plan on the following page (p86):

22.1.1 January 2013:	Business case to CSB
22.1.2 February 2013:	Business case refinement
22.1.3 March 2013	Cabinet Briefing and all staff briefing
22.1.4 April 2013:	Cabinet Decision, formal staff notice starts, launch LEAN review
22.1.5 May 2013:	Launch Independent Travel Training Service and Communicate DTP offer
22.1.6 June 2013:	Define the client model following LEAN review
22.1.7 July 2013:	Review DTP take-up, Staff consultation ends
22.1.8 August 2013:	Tendering activity
22.1.9 September 2013:	Launch School services and new routes (phase 1)
22.1.10 October 2013:	Review ITT success rate
22.1.11 November 2013:	Launch further tendered routes (phase 1)
22.1.12 December 2013:	Phase 1 review period

23. SNT 3 Programme Plan



24. Governance & Risk

Governance

- a. As for all other Transformation II projects, SNT3 is a corporate project and reports monthly to the T2 Board through VERTO.
- b. The SNT3 Programme reports monthly to a Programme Board that leads and directs the project and manages Programme Risk.
- c. Each project and work stream within the programme is assigned a lead and a scope to allow tighter control on the delivery detail.
- d. Each programme board meeting will have a reports including:
 1. Major risks & management activities
 2. Risks that have become issues & require action or escalation
 3. The events upcoming in the next month
 4. The successes of the last month
- e. The programme is managed by Roger Rickman and also reports to the monthly Children's & Families Service Programme Board. The CFSPB meetings are designed to report on risks or issues that require further escalation and to provide a brief update on both successes and upcoming events.

Risks

- f. All risks in all programme work streams are identified in each chapter of the full business case. All risks will also be recorded with VERTO.
- g. The most significant risks are highlighted to the Programme Board for discussion and management. Any issues are escalated through the same channel and an action plan established to manage them.

25. Equalities Implications

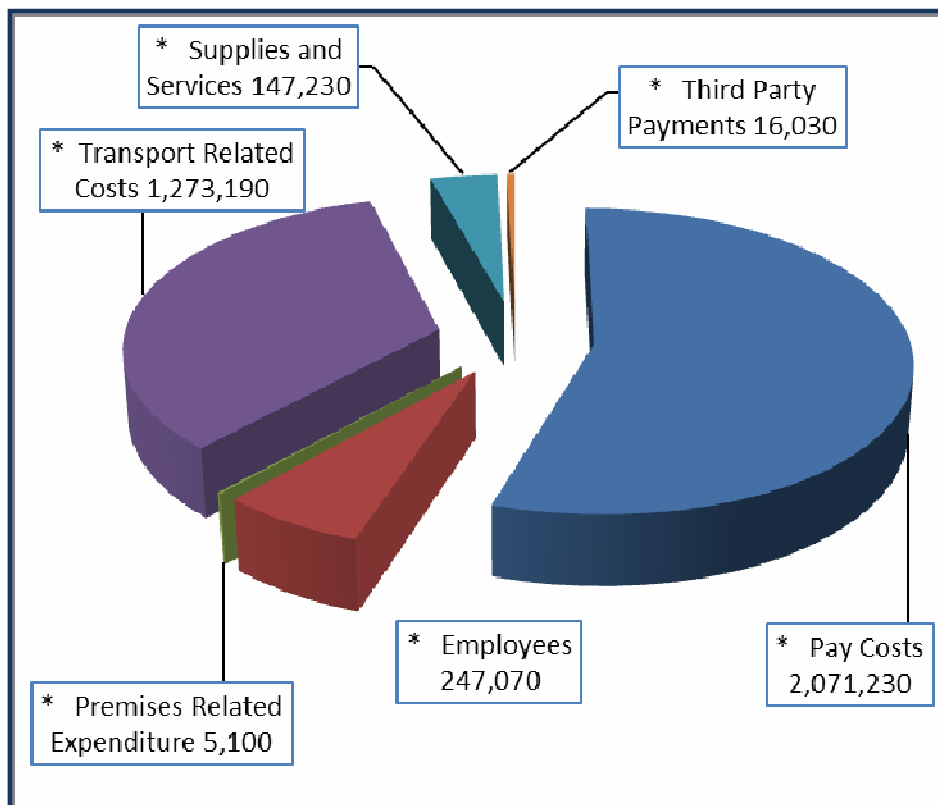
- a. A scoping EQIA has been completed for the project and is attached.
- b. The outcome of the EQIA are that the project may have an effect on the section of the public that receive Transport Assistance, namely the Disabled.
- c. There will be some potential negative impacts related to a changes to the provider of transport and some positive impacts such as would result from ITT, DTP and the closer working of the schools as education and transport providers.

Appendix 1: 2012/13 Budget for Children's SNT (Budget 8150)

Cost Elements	Plan
411100 Basic Salaries,Wages	1,659,130
411200 Employers NI	103,100
411300 Superannuation	309,000
* Pay Costs	2,071,230
411150 Overtime Payments	140,000
411170 Salary Non Payroll	-36,480
411400 Agency Staff	128,380
411900 Expenses(Staff)	1,170
412300 Staff training - G	14,000
* Employees	247,070
Employees & Staff	2,318,300
420200 Building Maintenance	1,000
425040 Cleaning Materials	4,000
429100 Security Costs	100
* Premises Related Expenditure	5,100
430100 Repairs/Maintenance	15,000
430120 Fuel Costs	137,700
432100 Contract Hire/Leas	649,460
433100 Travel Exp (Staff)	460,030
433150 TravelExps (public)	5,000
433190 Contracted Transport	5,000
433300 Mileage	1,000
* Transport Related Costs	1,273,190
440110 Equipment Purchase	2,960
441100 Catering	100
442200 Protective Wear	10,000
443000 Printing/Stationer	1,500
443100 Printing (external	500
444200 Consultants Fees	115,000
444900 Other Professional	14,150
445020 Landline Telephone	300
445030 Mobile Phones	1,500
445050 Computer Purchases	500
445090 IT Development	250
445140 Computer Software	
449200 Licences	370
449210 Material/Consumables	100
449990 Misc Supp & Services C	

Children & Families Services - Future Programme

* Supplies and Services	147,230
456000 Private Contractor	16,030
* Third Party Payments	16,030
** Expenditure	3,743,820
519100 Government Grants	-52,500
519360 Dedicated Schools	-187,330
* Government Grants	-239,830
529400 Recoupment Income	-16,000
559570 Recoverable expens	-120,000
* Other Grants Reimbursement	-136,000
539990 Misc Income	-40,000
* Customer & Client Receipts	-40,000
** Income	-415,830
Balance	3,344,020



Appendix 2: 2012/13 Budget for Adults SNT (Budget 2726)

Cost Elements	Plan
411100 Basic Salaries, Wages	825,000
411200 Employers NI	70,000
411300 Superannuation	145,000
* Pay Costs	1,040,000
411150 Overtime Payments	170,000
411400 Agency Staff	10,000
411900 Expenses(Staff)	1,170
412300 Staff training - G	1,500
* Employees	182,670
420200 Building Maintenance	1,000
425040 Cleaning Materials	1,000
429100 Security Costs	300
* Premises Related Expenditure	2,300
430100 Repairs/Maintenance	5,000
430120 Fuel Costs	80,000
432100 Contract Hire/Leas	325,000
433100 Travel Exp (Staff)	40,000
433300 Mileage	200
* Transport Related Costs	450,200
440110 Equipment Purchase	1,000
441100 Catering	100
442200 Protective Wear	2,500
443000 Printing/Stationer	500
443100 Printing (external	300
444200 Consultants Fees	5,000
444900 Other Professional	14,150
445030 Mobile Phones	120
445050 Computer Purchases	200
445140 Computer Software	
449200 Licences	370
* Supplies and Services	24,240
** Expenditure	1,699,410
519100 Government Grants	-26,000
* Government Grants	-26,000

Children & Families Services - Future Programme

559570 Recoverable expenses	-1,673,410
* Other Grants Reimbursement	-1,673,410
** Income	-1,699,410
Balance	

