



## Appendix 3

Supporting members defending public services

# An alternative to the Special Needs Transport (SNT) III full business case

The in-house approach



## **Acknowledgements**

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<b>Contents</b>	<b>Page Number</b>
<b>Acknowledgements</b>	<b>2</b>
<b>Contents</b>	<b>3</b>
<b>Executive Summary</b>	<b>4</b>
<b>Section 1</b> Background to SNT III	<b>7</b>
<b>Section 2</b> SNT III- Harrow UNISON LG Branch findings	<b>9</b>
<b>Section 3</b> What our members said about SNT III	<b>12</b>
<b>Section 4</b> Alternative approach to SNT III	<b>15</b>
<b>Section 5</b> Benefits and identified risks of mixed provision approach	<b>18</b>
<b>Section 6</b> Conclusion & recommendations	<b>20</b>
<b>Appendix 1</b>	<b>22</b>

## **Executive Summary**

### **A UNISON alternative to the Special Needs Transport (SNT III) full business case**

#### **Introduction**

This report has been produced by Harrow UNISON Local Government Branch in response to the Children & Families Directorate Special Needs Transport (SNT) III Full Business Case.

#### **SNT III summary**

The SNT III business case was commissioned by the Children & Families Directorate to achieve the Medium Term Financial Strategy savings target of £540,000 in the 2014/15 budget year as part of Harrow Council's approach to cope with central government's continued schedule of cuts to local authority budgets.

The business case proposes to externalise 80% of SNT's remaining in-house routes to a position where the whole service is provided by external suppliers composed from private companies, charities and voluntary organisations. This will be achieved through the project's 'Strategic Market Engagement' strategy where the council will engage with the market in a phased manner over 3 years, e-auctioning routes to realise the 30-50% route savings that have been projected. SNT III also proposes to formalise Independent Travel Training and Personal Travel Budgets within the draft West London Alliance's joint 'Policy for Travel Assistance' document. This seeks to reduce service demand and costs by changing service user's behaviour towards independent travel.

#### **SNT 1 & SNT II**

SNT III follows two previous projects (SNT I & SNT II) in which the Transport Service modernised by introducing a new fleet and route schedules, successfully delivering on £1 million of efficiency savings.

The two previous projects actively involved the recognised trade unions involving them from outline business case development to full business case consultation and project implementation. In contrast to the level of engagement the trade unions had previously experienced, it is with regret that SNT III has been developed and project managed without the same level of engagement and consultation required for a project of this size and possible consequence for all stakeholders including our members. In summary, consultation was brief, if non-existent, and did not reflect the concept of meaningful engagement.

As was evidenced in the successful UNISON Call-In of the April 2013 Cabinet decision, it was accepted by the Call-In Sub-Committee and Cabinet that there had been inadequate consultation with staff and services users with little or no evidence to demonstrate that the Childrens & Families Directorate had consulted robustly on its proposals with external stakeholders, trade unions and the community.

#### **UNISON approach**

Following April's Call-In decision, Harrow Council's Cabinet authorised a consultation period enabling all stakeholders, including trade unions, the opportunity to fully engage and consider the business case. The results of consultation with service users and stakeholders will be used in September to inform the re-considered SNT III decision.

UNISON have used this short time by fully engaging with the Childrens Directorate to produce an alternative option which increases the ratio of mixed provision in SNT but rejects full externalisation as proposed in the SNT III business case. This is a flexible and pragmatic approach to a business case that has inherent risks and as a public service trade union we believe that services are best provided in-house ensuring value for money, accountability and flexibility to respond to changing needs and services.

### **The views of our members**

UNISON is a member led trade union and we have sought the views of our hardworking SNT driver and escort members by convening Workshops, feeding their views and suggestions directly into the making of this report. After all, they work day in day out for the service and are the real experts here.

Our members are opposed to total externalisation and firmly believe that the borough's vulnerable service user interests are best served by a well-trained, trusted and experienced in-house workforce who are familiar with Harrow's clients and who understand their challenging needs.

They do not believe that existing quality and service standards currently experienced by service users will remain the same and will be compromised if routes are placed in the hands of a variety of unknown bidders in the open market place. They also reported the view of parents who have conveyed to members that many have a feeling of severe unease about the proposals and are opposed to the idea that their children could be transported by an unknown provider in an e-auctioning process that they have no say or involvement in.

### **SNT 3- Branch findings**

In the time afforded Harrow Branch have attempted to unravel the SNT III business case and our analysis has exposed worrying findings which, acting in the capacity as a critical friend to the Council, we believe must be uncovered and fully investigated before Cabinet decision in September.

Apart from the fact that the business case does not include an in-house alternative (which Harrow Branch have attempted to provide within this report), or even a Service Improvement Plan/Process, UNISON believe the financial case for privatisation is biased, based on wildly exaggerated claims and unrealistic route savings which, when unpicked, actually increase current costs, not reduce them. The effect of the summary headlines below could escalate route costs following transfer thereby compromising the objective to achieve the significant savings the service must find in 2014.

Headline findings which have been grossly under reported in the full business case include the following;

- **Route saving calculations do not include staff transfer (TUPE (2006)) & pension costs – composing 64.35% of actual SNT budget**
- **TUPE/pensions & vehicle exit costs wipe out SNT III savings, increasing costs on 16 routes by over 28%**
- **The 30-50% claimed route savings are unrealizable and mythical**
- **Route cost savings reduced by 10% on current external routes 6 months after being e-auctioned indicating a downward trajectory of envisaged savings**

- **Branch survey finds 52% of London councils transport services favour in-house or a mixed provision of routes- 100% outsource is not the preferred option**

### **UNISON alternative- mixed provision**

Given the gravity and significant savings target, UNISON have endeavoured to formulate an alternative option which seeks to mitigate the impact upon our members/service users and which seeks to protect the local authority from the escalating route costs that are projected above.

We believe we have achieved this through our mixed provision approach. This approach recommends the tendering of 53 routes currently provided out of borough through the e-auctioning process as outlined within the SNT III business case. Out of borough route costs comprise 38% of the SNT Childrens budget and are costly in comparison to Harrow routes. Under the UNISON model the SNT service would focus on Harrow routes only and benchmark the best practice arrangement of other London in-house services that we have researched such as Camden and Tower Hamlets.

Using SNT III projected route savings without the cost of TUPE/pensions and vehicle release costs indicate that the savings predicted on these routes could effectively be realisable. In terms of personnel, our analysis has shown that the service has sufficient absorption capability to swallow staff in the reallocation of work by releasing agency staff and in using the 20-28 service vacancies. We believe redundancy costs will be lower in comparison to SNT III but our proposal allows for possible Severance and or Voluntary Redundancy option.

A streamlined service with the focus on internal borough routes would mean that a reduction in operational management FTE's, agency spend, short hire vehicle releases and consultant fees would be included as part of the UNISON alternative. The anticipated savings over deliver on the £540k savings target by £275k.

### **Risks, benefits & recommendations**

A mixed provision approach increasing the number of routes from 20% to 40% of total route provision, ward off the significant cost escalation risks associated with 100% externalisation to a local market which may never be sufficiently mature enough to meet the council's service demands and achieve the level of cost savings anticipated through SNT III.

The 60-40% ratio favouring in-house provision, retains a well-trained and well trusted workforce that delivers services to users with sensitive needs, and aims to ease the well founded fears of families and services users that have been reported to our members. It also gives the authority and its elected member's democratic control of a public service which has not been completely fragmented and can respond to an ever changing political landscape on a local and national level.

However, the UNISON alternative does rely on SNT III savings to achieve the MTFS target and so it would be contradictory to negatively scrutinise the saving projections on one hand, and then endorse them as part of our alternative on the other. Therefore our recommendations request that our report findings be noted and that independent scrutiny of the route saving claims are obtained before September Cabinet. This would ultimately ensure Cabinet's decision in September and our alternative is based on detailed, high quality cost savings information. If the savings are deliverable, UNISON recommends the adoption of our mixed provision alternative to retain a greater portion of routes in-house and to achieve the MTFS savings target.

## **Section 1**

### **Background to SNT III**

#### **Special Needs Transport service profile**

Harrow Council's Special Needs Transport service is an extremely valuable in-house provider of door-to-door transportation serving the borough's most vulnerable residents, responding on a daily basis to the varying needs of children and adult service users. Key profile characteristics of the service and operating features are as follows;

- 154 Full Time Equivalent (FTE) staff employed on part-time, term time and full time contracts transporting 865 (515 children & 350 adult) service users
- The staffing group is reflective of Harrow's very diverse community with a significant proportion of the workforce, female and from black minority ethnic groups
- Approximately 20-28 FTE vacancies
- Approximately 20 agency staff
- Service operated by a management team of 8.4 FTE
- A fleet of 84 mini-buses on a combination of long and short term hire leases provided by Fraikin
- SNT operates approximately 126 routes, 53 of which are provided out of borough
- 20% of routes are outsourced but are safely operated using SNT escorts employed by Harrow Council

#### **SNT III**

SNT III is the Children & Families directorate response to achieve the MTFs saving target of £540k in 2014/15. It follows two previous projects SNT I & SNT II which modernised the service and delivered over £1million of savings and trialled Independent Travel Training (ITT), a key element of SNT III. Trade unions were engaged and consulted throughout these two previous change programmes that is from initial project inception through to implementation.

SNT III seeks to fundamentally transform in-house service provision by externalising all routes over 2-3 years via its 'Strategic Market Engagement' process using small and large scale private companies, various charities and voluntary organisations. SNT would effectively become a commissioning service with in-house staff being transferred to any of the preferred transport suppliers with service users being transported by potentially unknown contractors using a reverse e-auctioning process.

#### **Inadequate consultation**

The Future Cost-Control element of SNT III has significant implications for service users and UNISON members. In contrast to the level of engagement the trade unions had previously experienced, it is with regret that SNT III has been developed and project managed without the same level of engagement and consultation required for a project of this proportion and the far reaching employment implications for our members.

UNISON believe there has been an under-estimation of the strength of feeling against this project, clearly demonstrated by the weight of over 150 residents who voiced their concern through the UNISON Call-In about the inadequacy of consultation prior to Cabinet agreeing its implementation.

The Call-In Sub-Committee (convened 29<sup>th</sup> April 2013) accepted this union's argument that there had been inadequate consultation with staff and services users with little or no evidence to demonstrate that the Childrens & Families Directorate had consulted on its proposals with external stakeholders, trade unions and the community.

In summary, consultation before SNT III was submitted to Cabinet on the 11 April 2013 was brief, if non-existent, and did not reflect the concept of meaningful engagement as required within UNISON's recognition agreement with Harrow Council. In May's Cabinet meeting Children & Families were asked to go back to unions, service users and other stakeholders and consult using the results of consultation to inform the return of SNT III which is scheduled for September Cabinet.

### **Report layout**

This report is to be considered as UNISON's formal response to the SNT III consultation period. Key findings have been gathered using estimated route costing data for 2013-14 supplied by the Children & Families directorate. It gathers qualitative data in the form of SNT UNISON member views and reports on the findings of a branch survey into special needs transport provision across London boroughs.

Section 2 of this report presents key branch findings regarding the feasibility of 50% route savings, with the focus on the Future Cost Control element of SNT III. Section 3 summarises what our members said about SNT III. Section 4 sketches this union's alternative mixed provision model followed by Section 5 which outlines the key risks and benefits of the UNISON mixed provision approach. Finally, Section 6 concludes the report with a summary and recommendations for immediate Portfolio Holder and Cabinet consideration.



## Section 2

### SNT III- Harrow UNISON LG Branch findings

#### Headline summary of SNT III UNISON findings

- **Appraisal bias – no inclusion of in-house option and/or Service Improvement Plan/Process**
- **Demand Management & Independent Travel Training (ITT) require robust safeguards**
- **Exaggerated route savings & lack of cost transparency**
- **Branch benchmarking survey finds 52% of local authority transport services err in favour of in-house & mixed provision of transport services**
- **Downward cost performance of current external routes**

#### **1. Appraisal bias – no inclusion of in-house option or Service Improvement Process**

The SNT III business case reflects an overly optimistic view of the effect of outsourcing all remaining SNT routes, displaying a blatant appraisal bias in favour of the Strategic Market Engagement process (or the outsourcing of all in-house routes over a phased 3 year process). There is limited information concerning service achievements to date or current performance levels in comparison to other local authorities with an absence outlining the benefits of retaining transport services in-house.

We believe this is a selective approach and has been carried out with the predetermined option to fully privatise SNT. Our members have conveyed strongly to the Branch that the business case is 'anti-competitive' because there is no evidence of any Service Improvement Process before the two soft market route testing exercises took place.

UNISON believe it is a mistake to make cost comparisons with other external providers on current service route costs because the basis of comparison is inherently unfair. A comparison of costs should have taken place after the service had been through a robust and engaging Service Improvement Process looking at the various options of service provision available. UNISON can demonstrate countless examples of in-house services improving themselves before options appraisal exercises are undertaken with in-house provision proving less costly in the long term than full privatisation.

#### **2. Demand Management & Independent Travel Training (ITT) requires safeguards**

Demand Management strategies are being utilised by many local authorities across England with the aim to enable vulnerable students and young adults who require local authority support to travel independently by themselves reducing demand, changing transport behaviour and in turn delivering financial savings to local councils.

However, with the assistance of UNISON's national office and in noting the light-touch risk profile approach within the SNT III business case, UNISON believes that the Council should be cautious in its approach to fully implementing ITT and Direct Travel Payment arrangements.

The approach should be implemented slowly and have sufficient safeguards in place to accept the varying day-to-day needs and conditions of individuals within different client groups.

The approach and roll out should fully involve parents and carers in periodic reviews and evaluations to ward of potential risks. For instance, special needs is a sensitive area and Harrow Council must recognise that needs can change, so a person with autism who may be able to handle independent travel one day, may not cope the day after following a response to stimuli that may not be obvious to everybody else. UNISON is generally concerned that once a person is deemed to be independent, they may find it difficult to re-access Council transport provision when their needs change. This could make it difficult to plan routes and services which could increase taxi routes and cost at a time when the service is reducing.

### 3. Exaggerated route savings & lack of cost transparency

UNISON firmly believe the financial case for a fragmented outsource is based on wildly exaggerated claims, miniscule sampling and unrealistic route savings which, when unpicked, actually increase current costs not reduce them, compromising the business case objective of meeting the MTFs savings target.

The over optimism of route savings should be replaced with explicit, transparent and empirically based adjustments of all project costs including TUPE/pensions so that decision makers and the SNT III Governance Board/Cabinet have all the information to make an informed decision.

Analysis of route costs in comparison to business case savings report the following;

- **Route saving calculations have not included staff transfer costs under the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE). Pay and pensions comprise 64.35% of the actual SNT & Adults budget in 2012/13 giving an indication of the total costs on routes following transfer**
- **Analysis of 16 routes ('Schedule A' Mon-Fri routes) confirm that even after the 30% SNT III route savings has been accounted for, TUPE/pension and vehicle exit costs increase the overall total route costs by a shocking 28.2% proving that routes costs will increase after transfer**
- **The soft market route testing results (shown in the table below) demonstrate that route savings dramatically reduce when TUPE costs are included evidencing a real risk that the 30-50% claimed route savings are unrealisable and mythical**

Route savings adjusted with TUPE costs on market testing sample						
2013-14	Route	Estimated route cost	Labour cost	TUPE cost	% Claimed reduction	Reduction after TUPE
	26	43,560.43	23,288.93	53.00%	55.00%	2.00%
	19	38,252.23	23,288.93	61.00%	53.00%	-8.00%
	46	86,269.39	65,264.13	76.00%	37.00%	-39.00%
	168	12,729.40	3,577.65	28.10%	32.00%	3.90%
	4	38,252.23	23,288.93	61.00%	39.00%	-22.00%
	174	1,480.51	670.81	45.30%	109.00%	63.20%

In addition to the undisclosed route costs, UNISON have established that there is no contractual assurance that the vehicle contractor (Fraikin) will sell leased vehicles at low

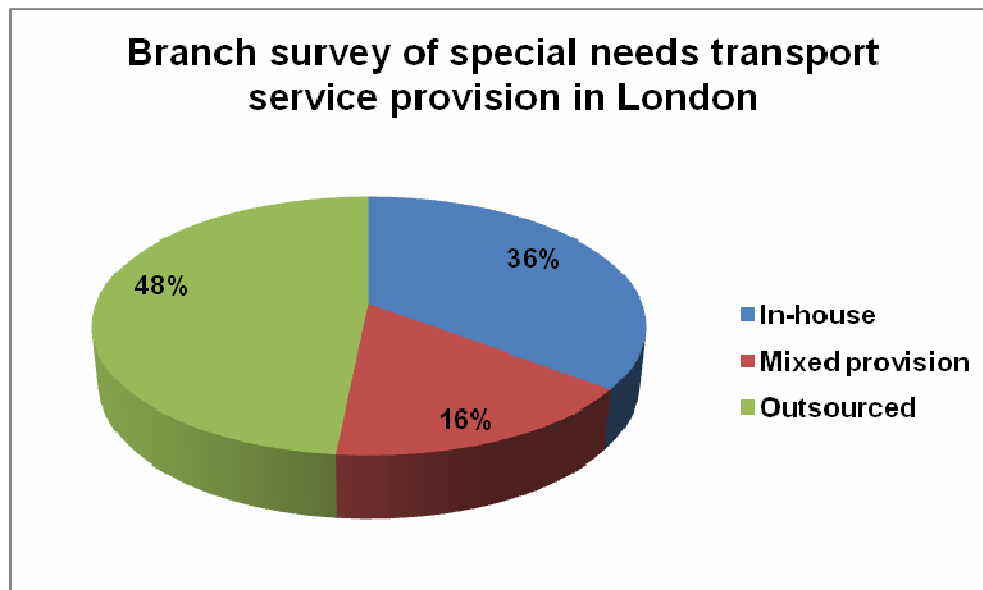
prices to reduce the Council's exit vehicle fees therefore having the potential to increase the cost of overall project delivery.

#### **4. UNISON branch survey finds 52% of local authority transport services err in favour of in-house & mixed provision of transport services**

A Branch benchmarking survey analysing the mode of provision used by London's local authority transport services took place during June and July 2013 interviewing UNISON branches. Harrow Branch commissioned this survey to investigate the claim made in the SNT III business case that 'using external suppliers is the preferred option for the majority of the authorities in the sample' (SNT III, Full Business Case, page 9, 2013).

The Branch required a broader view than the 11 local authorities surveyed in the business case and contacted all 33 UNISON Local Government Branches in order to receive an accurate snapshot.

The full results are found in Appendix 1 but the results summarised in the chart below clearly demonstrate that local authorities err in favour in-house and mixed provision rather than full route externalisation. In fact, Camden UNISON branch reported that Camden Council reviewed special transport services two years ago and found that the wider market place was not mature and could not offer the significant benefits, in terms of customer satisfaction and service quality that the in-house service provided. With no plans to review the matter, all of Camden's transport 60 routes are provided in-house with a management team of 5 FTE.



#### **5. Downward cost performance of current external routes**

UNISON have discovered that the 20% of routes currently externalised (and re-tendered in January 2013 as part of SNT III) have not delivered on the 20% saving expectations projected before tendering via the e-auctioning process.

In fact, and in keeping with the route cost escalation findings above, these routes have seen a 10% reduction in the original saving estimates meaning, perversely, that route costs have actually increased by 10% in just six months and are indicative of a downward trajectory of savings overall.

## Section 3

### What our members said about SNT III

Harrow UNISON conducted two SNT III member workshop meetings in June 2013 to discuss the business case proposals. Members were arranged into groups and asked to give their views about the current benefits SNT offers to service users and alternative ideas to achieve the savings requirement.

Members were also asked to convey their views about SNT III and any issues that they feel may arise if the business case is implemented. Our members are opposed to the concept of further route externalisation and, on the whole, believe that the needs of vulnerable service users are best served by a well-trained and experienced in-house workforce who are familiar with their clients and who understand their challenging needs.

They expressed a view that quality and service standards will be compromised by unknown providers and that parents are feeling uneasy and appear to be generally opposed to the idea of having their child transported by unfamiliar suppliers of transport services in a process that they will have no say in.

The table below themes their numerous and informed responses;

<p><b>What does SNT offer to service users?</b></p>	<ul style="list-style-type: none"> <li>-Consistent staff, with the same driver &amp; escort, very important when transporting autistic passengers because it takes time to adjust and relate to adults</li> <li>-High level of trust from parents with good relations and we understand client needs</li> <li>-We are well trained e.g. health &amp; safety, manual handling, first aid, drug administration, disability awareness, wheelchair trained, fire evacuation etc.</li> <li>-Constantly liaise with teachers, parents and SNT office staff to ensure a good service (“consultants don’t know the half of what we do”)</li> <li>-Special attention to clients when they are unwell and we know what to do if their health changes</li> <li>-We are CRB checked</li> <li>-Customised vehicles which are of the highest quality- all part of the ‘gold service’ we offer</li> <li>-We are rarely late and keep travel times down because long journeys can be uncomfortable for passengers</li> </ul>
<p><b>What are the main concerns with SNT III and the outsourcing proposal?</b></p>	<ul style="list-style-type: none"> <li>-Staff from external suppliers are usually untrained and are not aware of passenger needs</li> <li>-Drivers and escorts from some companies are usually untrained, unchecked and don’t know where they are going</li> </ul>

	<ul style="list-style-type: none"> <li>-The condition of vehicles is poor, they are not maintained to the same standard as in-house because we have specially adapted buses</li> <li>-Health and safety is compromised with some providers using wooden boxes for steps as opposed to fix steps on our buses</li> <li>-Cab drivers often turn up late, are never the same driver and are in such a rush to get to the next job pressuring the service user to get out of the vehicle</li> <li>-Cab drivers turn up on the wrong side of the road expecting the service user to walk across the road</li> <li>-Some vehicles are not suited to wheelchair users and do not have correct harnesses</li> <li>-How can you trust and rely on volunteers to operate safely and to the same standard as us?</li> <li>-Providers will cut corners on health and safety and standards will drop; I have seen it and have worked in private passenger transport</li> </ul>
<p><b>Ideas to achieve savings or any alternative suggestions?</b></p>	<ul style="list-style-type: none"> <li>-Cut down operational management team from 10 to 4 FTE (too many management staff, use standby staff to cover office)</li> <li>-Director and Service Manager position should be shared to cut costs as they are doing in many other London councils</li> <li>-Cut consultant fees</li> <li>-Cut agency staff, we can manage easily</li> <li>-Switch engines off when stationary to cut fuel consumption</li> <li>-Cut routes outside of borough</li> <li>-The Mobesoft routing system is not very efficient</li> <li>-Too many Shaftesbury buses and some are half empty, why?</li> <li>-We can provide Dial-a-Ride during parts of the day to generate income as their buses are always empty. Council should investigate receiving a portion of GLA grant</li> <li>-We could provide transport to and from Civic Centre when parking charges come in for staff</li> </ul>

	<ul style="list-style-type: none"><li>-Provide transportation for school trips, private hire, day trips, after school clubs in Brent etc</li><li>-Charge cancellation fee to service users if they do not notify of change in good time</li><li>-Minor scratches on buses should be polished out</li><li>-Cut down purple paint costs on vehicles and return them to white livery – it was cheaper that way</li></ul>
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## Section 4

### Alternative approach to SNT III

#### Mutually advantageous option

The UNISON alternative seeks to mitigate the impact of SNT III on our members by retaining a greater proportion of routes in-house. It also protects Harrow Council from the financial risk of escalating route cost and achieves the Childrens SNT MTFs savings target.

#### Headline summary of the mixed provision alternative

- § **Externalise all 53 out-of-borough routes using SNT III Strategic Market Engagement realising full route savings without costs of TUPE/pensions & vehicle exit fees**
- § **Special Needs Transport to be the sole provider of Harrow routes**
- § **Promote and focus Direct Travel Payments and/or Independent Travel Training on external routes**
- § **Drivers & Escorts to be reallocated to remaining Harrow routes in the release of agency staff and vacant posts and the opening of a Voluntary Severance/Redundancy scheme for those staff who wish to leave**
- § **Reduce fleet size by releasing 8 short term hire vehicles utilising long lease vehicles to maximum capacity liberated from phased externalisation process**
- § **Leaner management team focusing on Service Improvement medium to long term**

Using the headlines above, the UNISON alternative will be explained in turn below;

#### **1. Externalise 53 out-of-borough routes using SNT III Strategic Market Engagement realising full route savings without costs of TUPE/pensions & vehicle exit fees**

This model adapts SNT III by endorsing the 30-50% route savings projected in the Future Cost Control element. The difference between the UNISON model and SNT III is that market engagement and development would apply to external routes only and would not include TUPE and vehicle exit fee costs achieving the full potential of the savings predicted.

Careful analysis of 2013-14 estimated route cost data has shown a potential annual saving across the 53 external routes to be in the region of approximately £353k or a 30% reduction on current route cost. For example, 16 routes without TUPE/pensions (driver & escorts) and vehicle exit fee costs providing services Mon-Friday would achieve £244k saving alone.

#### **2. Special Needs Transport to be the sole provider of Harrow routes**

Branch analysis has shown that the provision of out-of-borough routes are proportionately more costly than those routes in borough if the allocation of long lease vehicles and 'dead-mileage' time wasted on unproductive return journeys is taken into account.

According to estimated route cost data for 2013-14, external routes account for 38% of the overall SNT Childrens budget. The UNISON route provision proportion equates to a 58% in-house and 42% external route provision mix. SNT would focus on Harrow routes over the MTFs budget period, assisting to mitigate the highly unpredictable nature of annual service

demand and seeking to improve the service so that it can benchmark itself with other providers in the borough to be the Council's preferred Harrow route supplier.

### **3. Promote and focus Direct Travel Payments and/or Independent Travel Training on external routes**

The Direct Travel Payments & Independent Travel Training components of SNT III's 'Demand Management' element should be focused on users who travel externally on longer journeys. This process would involve parents and carers and be regularly reviewed, including the safeguards aforementioned, with the aim of reducing transport costs and taxi journeys on these routes.

### **4. Drivers & Escorts to be reallocated to remaining Harrow routes in the release of agency staff and vacant posts and the opening of a Voluntary Severance/Redundancy for those staff who wish to leave**

Analysis has shown that the service has sufficient absorption capability to swallow staff in the reallocation of work through the release of 15-20 agency staff and in utilising the 28 vacant posts the service is carrying (NB- 28 FTE vacancy level is based on an estimate- there are currently 20 vacant posts at time of writing this report). Route scheduling takes place in August every year and given the demographic demand; new routes are historically added to the schedule effectively requiring more personnel to operate them.

Given the amount of change the service has experienced in recent years with SNT I and SNT II, several of our members have stated an interest in the application of Voluntary Severance or Voluntary Redundancy should the opportunity arise. UNISON believe its redundancy costs will be lower than projected in SNT III but it is prudent to account for a potential severance and redundancy budget. If this cannot be corporately funded, the UNISON approach over delivers the MTFs savings target by £275k which should be sufficient to cover any potential severance/redundancy costs.

### **5. Reduce fleet size by releasing 8 short term hire vehicles utilising long lease vehicles to maximum capacity liberated from phased externalisation process**

Releasing 53 external routes to the open market will free the 11 long term lease vehicles to be utilised by either the Childrens and Adults operating side of SNT. Having these vehicles at service disposal will mean the release of 8 short term hire vehicles saving approximately £88k annually. The leased vehicles can be used to their optimum potential and capacity without the contractual obligation to pay Fraikin the vehicle exit costs as costed in SNT III.

### **6. Leaner management team focusing on Service Improvement medium to long term**

A reduction of routes through outsource requires a leaner management team and would be compliant with operation management levels in other local authorities e.g. Camden Council provides 60 routes operating on 5 FTE's as is a similar arrangement in Tower Hamlets.

This proposal releases one MG post and one operations post equating to a saving of £106k. This serves to protect frontline services and seeks to comply with the council's spans of control criteria, requiring a reorganisation using the Protocol for Managing Organisational Change. The new operation team configuration would plan for Service Improvement using best methods employed by other key, high performing in-house services as mentioned above.

A summary of the financial benefits are detailed in the table overleaf.



### Financial benefit table of UNISON alternative

<b>Saving description</b>	<b>Estimated actual saving</b>
SNT III (estimated external route (53) savings without TUPE & vehicle exit release costs)	£353,042.25
Operational staff release costs	£106,002
Agency staff release costs	£173,625.40
Release of x8 spot hire vehicles	£88,000
Consultants fees	£95,000
<b>Total savings</b>	<b>£815,669.65</b>
<b>MTFS savings target</b>	<b>£540,000</b>
<b>Over delivery total</b>	<b>£275,669.65</b>

## Section 5

### Benefits and identified risks of UNISON mixed provision approach

#### Benefits

There are numerous financial and non-cashable benefits if a greater proportion of routes remain in-house through the UNISON mixed provision alternative. The first table below outlines the benefits of adopting this model with an explanation for each one.

The second table records the risks of this approach and a consideration of mitigating actions to address these risks.

Benefit	Reason
<b>Reduces cost of SNT III</b>	<p>SNT III makes no attempt to estimate the true cost of TUPE. As demonstrated, the inclusion of TUPE/pensions swallow predicted savings and could cost the local authority more per route after outsource.</p> <p>In times of austerity, Harrow Council can ill-afford the undisclosed costs of a badly envisaged privatisation exercise or suffer a 10% drop on saving revisions after they have been externalised.</p> <p>Our approach retains a greater proportion of staff in-house thereby reducing the cost of external routes &amp; vehicle exit costs realising the 30-50% savings as market tested in SNT III.</p>
<b>Reduces contract monitoring costs</b>	<p>UNISON believe SNT III grossly underestimates the cost of contract monitoring and compliance costs. The UNISON alternative increases external route provision by 20% which will mean less contract monitoring costs in the medium to long term.</p>
<b>Retains an in-house service</b>	<p>As conveyed by our members and staff working in SNT, there are many non-cashable and hidden benefits that are provided by retaining the SNT in-house service;</p> <ul style="list-style-type: none"> <li>• Continuity in service provision- service users have a high level of trust in SNT escorts and drivers and are assured by their commitment and understanding of their needs which are at times complex and challenging. This level of knowledge and expertise cannot simply be transposed to a group of disparate private/charity/volunteer run service providers</li> <li>• The workforce is trained to a very high standard ensuring a duty of care to vulnerable children and adults committed to the public sector ethos</li> </ul>

	<ul style="list-style-type: none"> <li>• Although unmonitored SNT consistently delivers excellent customer satisfaction with minimal levels of complaints</li> <li>• SNT is highly flexible and adaptable to change already meeting the Personalisation agenda in Adult services and the demands of its customers</li> <li>• The service regularly goes the extra mile often undertaking extra work to ensure the efficient and safe transportation of service users and being responsive to needs</li> </ul>
<b>Democratic accountability</b>	Harrow's elected Members will have a similar level of democratic control over an in-house service, responding to constituent and service user concerns without having to jump through contractor hoops and the contract monitoring/complaint process.
<b>Political conformity</b>	The mixed model approach (retaining 60% in-house) achieves the current Cabinet's objective which upholds and maintains the Labour Group's 2010 manifesto commitment to protecting in-house and frontline services.

### Risks & mitigating actions

<b>Risk</b>	<b>Mitigating action/s</b>
30-50% external route (out of borough) savings are not realised and subject to a 10% downward revision 6-12 months after being externalised (as evidenced by current taxi routes)	Initiate independent appraisal of the market testing, analysis and feasibility of the SNT III savings realisation before routes are externalised (in accordance with UNISON recommendation page 20)
Routes, agency staff positions and vacancies are not proportionate to those escorts and drivers displaced by out of borough route externalisation.	Seek confirmation of exact vacancy total which should be approximately 28 by September 2013. Voluntary Severance scheme (funded corporately) would ease this pressure and route scheduling in August will give a clearer picture of personnel demand (NB- new routes are usually required and introduced further mitigating this risk)
Service users and their families are opposed to SNT III externalisation evidenced by public consultation.	Greater communication and engagement to convey to the public that this mixed-provision approach is the option that retains in-house services and the familiarity/consistency users expect. An adjusted proposal in the September Cabinet report demonstrates a Council that listens to its residents and service users as is required in a full Equality Impact Assessment.
Financial savings of mixed approach do not meet MTFs savings target.	The route savings will be independently analysed to confirm their validity. The other savings can be confirmed by the Childrens & Families Finance Business Partner.

## **Section 6**

### **Conclusion & Recommendations**

#### **Summary**

UNISON is opposed to full externalisation of the SNT service. The SNT III business case displays an appraisal bias in its recommendation that 100% outsource is the only way in which Harrow Council can meet central government's personalisation agenda and local saving targets.

UNISON have demonstrated that the mixed provision approach can achieve the £540k MTFs savings target by retaining a greater proportion of routes in-house without losing the expertise and significant non-cost benefits services users rightly expect. The UNISON approach reflects the regional picture of other London local authority transport services and reduces the financial risk of route escalation costs which we firmly believe will materialise if full externalisation over the 2-3 year phased period is implemented.

#### **Recommendations**

Below are a series of recommendations to be implemented by the SNT III Project Board, relevant Portfolio Holder/s and Cabinet. These recommendations address the very real issues UNISON have highlighted in this report and are as follows;

##### **1. Independent scrutiny**

An independent and external scrutiny organisation/individual is required to investigate the 30-50% route saving claims and existing market testing results, taking into consideration all costs identified including those related to the TUPE transfer of staff, pensions and vehicle exit fees. The scrutiny review should present its findings to all stakeholders and be included within the SNT III report for September Cabinet to inform Harrow Council's executive decision making body that its decision will be based on detailed and high quality cost/savings information.

##### **2. Consultation findings**

Full consideration of the results of the public consultation which may require adjustments and/or a whole-scale rethink of SNT III in regard to the proportion of routes externalised and project implementation.

##### **3. Service Improvement Process (SIP)**

Initiate a Service Improvement Process (SIP) of the Special Needs Transport Service before routes are outsourced, allowing the service time to adapt and improve to reach the standard of similar high performing in-house services such as Tower Hamlets and Camden council's who benchmark their routes with the private sector and other suppliers.

##### **4. Demand Management & Independent Travel Training (ITT) safeguards**

Council should note UNISON's caution in the expansion of ITT and other personalised travel arrangements allowing sufficient safeguards to accept the varying day-to-day needs and conditions of individual service users with the option of individuals to re-access SNT services should their needs change. Regular and periodic reviews involving parents and carers are required to ward off the potential safeguarding risks.

## **5. Adoption of UNISON mixed-provision approach**

On the basis of the findings of independent scrutiny in recommendation 1 above, UNISON recommend adoption of our mixed provision approach, recommending that all external out of borough routes are outsourced and that staff are retained in-house in accordance with our alternative model.

## **6. Equality impact**

Revise the current Equality Impact Assessment to assess the impact of the mixed provision approach taking into account the results of the staff and service user consultations.

This report has been written without the benefit of any additional trade union facility time and given the nature of its findings Harrow UNISON LG Branch request a full and comprehensive response, and if accepted, further commitment and engagement to make this alternative a reality.

## Appendix 1

UNISON branch survey of transport service arrangements across London boroughs				
London Borough	In-house	Mixed Provision	Outsourced	Comments/Notes
Barking and Dagenham	In house			
Barnet		60% Outsourced & 40% in-house		
Bexley			Outsourced	Staff managed by private company but still council employees.
Brent		90 routes outsourced		
Bromley			Outsourced	
Camden	In house			Camden Council reviewed transport 2 years ago finding that there wasn't a mature provider to provide the quality and level of service currently provided in-house. Have achieved key performance indicators for customer service.
City of London			Outsourced	
Croydon			Outsourced	
Ealing			Outsourced	
Enfield			Outsourced	
Greenwich			Outsourced	
Hackney		50% in house and external		
Hammersmith and Fulham	No response			
Haringey			Outsourced	
Harrow	In house			
Havering	In house			
Hillingdon		90% outsourced		
Hounslow		68% outsourced		
Islington	In house			
Kensington and Chelsea			Outsourced	
Kingston upon Thames			Outsourced	
Lambeth			Outsourced	
Lewisham	In house			
Merton	In house			
Newham	In house			
Redbridge	In house			
Richmond upon Thames	In house			
Southwark			Outsourced	
Sutton			Outsourced	
Tower Hamlets	In house			
Waltham Forest			Outsourced	
Wandsworth			Outsourced	
Westminster	No response			
<b>Total</b>	<b>11</b>	<b>5</b>	<b>15</b>	