

**HERTFORDSHIRE COUNTY COUNCIL
CABINET
MONDAY 18 SEPTEMBER 2000 AT 10.00 AM
EXECUTIVE COMMITTEE
MONDAY 18 SEPTEMBER 2000 AT 2.15 PM**

Agenda Item No

8

REVIEW OF TRANSPORT OPERATIONS

Report of the Best Value Review Group – Transport Operations (TOPS)

Members of the Review Group

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Substitute Members

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Julia Price (Adult Care Services)
Iris Tarry (Environment)
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1. Purpose of the Report

To present the recommendations of the Member Review Group for the Best Value Review of Transport Operations (TOPS).

2. Summary

This report sets out the recommendations of the Member Review Group which was established to oversee the Best Value Review of Transport Operations. The report describes the way in which the Review has been organised and the processes that have been followed to ensure Best Value outcomes. A full copy of the report and appendices have been circulated to Cabinet, Executive, Group Leaders, Select Committee Spokesmen and Best Value Spokesmen. A copy is also available in the Members Lounge or from Committee Services on request.

2.1 Terms of Reference

The Terms of Reference, Objectives, Scope and Definitions for the Review were agreed by the Group on 18 April. Details are set out in Appendix 1.

2.2 Officer Review Team

An Officer Review Team (ORT), to manage and carry out the Review processes has been drawn from across the departments and District Councils. The ORT representatives are:

Spencer Robeson (County Transport Services Manager) – Lead Officer
Paul Drake (Strategy & Consultancy) – Project Manager
Derek Coles (Arthur Andersen) – External Challenger
Kay Povey-Richards (PA to CTS Manager) – Administrator
Keith White (Environment), Bob Clark (Environment), Carol-Ann Collett (Internal Audit), Maurice Halls (County Supplies & Contract Services), Nicky Pace (Education), Peter Brooker (Three Rivers District Council).

2.3 Project Milestones

At an early stage the timescales and milestones for the Review were established and the key elements of this plan are set out at Appendix 2. In practical terms the Review has been organised around a series of workshops feeding into subsequent sessions of the Member Review Group.

The Review has been conducted in two stages. The first has focussed on challenge to the status quo, based upon collection and analysis of data and the views of stakeholders and independent observers. From this has emerged a number of hypotheses which have been agreed with the Review Group. Each hypothesis has been examined and tested and the outcomes are set out as recommendations within this report, together with an implementation plan. The second stage looks at the longer term issues of implementation for which appropriate actions have been devised which will need to be pursued.

2.4 Summary of Recommendations

The Member Review Group, at their meeting of 22 August 2000, recommended that:-

- 1) The Cabinet consider the recommendations of the Member Review Group of the Best Value Review of Transport Operations as set out at A – C below.
- 2) That the Lead Officer for the Best Value Review Programme note that this Review considered vehicle maintenance (which appears in Year 2 of the Best Value Review programme).
- 3) That the savings or costs identified be considered as part of the services budgets for 2001/02.
- 4) That the funding for pursuing the outsourcing proposal needs to be identified.

A. Outsourcing/Management

- (i) A CORPORATE outsourcing strategy be developed (to consider appropriate packages) for the whole or parts of the transport operations including options on management and administration.

B. Service Delivery

- (i) To prepare a priority action programme on physical changes to vehicles and training/education to tackle pupil behaviour on school transport.
- (ii) To provide more training to escorts employed by contractors to improve quality and to meet changing requirements.
- (iii) To establish a common comprehensive database detailing all non-bus/coach passenger transport available.

C. Cost Reduction/Increased Income

- (i) To continue to review the Pindar publicity contract with aim of reducing unit costs and to improve roadside publicity.
- (ii) To develop with District Councils, and to devise protocols to determine the basis on which all development applications are assessed for passenger transport provision.
- (iii) To test the market by trial tendering of mixed transport contract combinations.
- (iv) To update the Dial A Ride membership list to assist with prioritising for those with mobility difficulties and to consider the introduction of a registration fee.
- (v) Renegotiate the renewal of the concessionary scheme for children by April 2002 with the commercial operators based on Herts Smart Scheme reimbursement.
- (vi) To proceed with advertising on County vehicles to generate income by appropriate procurement processes (if wider outsourcing is pursued include in appropriate contract).
- (vii) To integrate Social Services (district areas) taxi contracts with County Transport Services taxi contracts to provide an integrated service.
- (viii) To request a review of the policy on free home to school transport to nearest (available) school.

The full text for each recommendation is set out at paragraph 8 of the report.

2.5 Summary of net benefits

A summary of the estimated financial costs and benefits from these recommendations is included within the report at paragraph 9 below together with a note of expenditure for the Review itself. In summary the net benefit from the review, if all recommendations are pursued and implemented accordingly, excluding for the time being the outsourcing proposal, could reach a cumulative total of over £800,000 by the end of 2004/05 and on an annual basis this could reach over £400,000 by 2004/05. If the outsourcing estimates are included, which are only hypothetical at present, as these will need to be further tested, then the total savings could reach a cumulative total of £2½m-£3m by the end of 2004/05. On an annual basis these savings could reach a total in excess of £1.5m pa by 2004/05 on a gross expenditure of £39m pa and net expenditure of £25m pa.

Initial costs will need to be funded in the first instance before savings can be made which will repay these costs projected over the period. There will need to be some flexibility about these figures as much will depend upon the particular contract negotiations and processes and it is stressed that the overall figures are only guideline estimates.

3. Records and Detailed Information

During the course of the Review a substantial quantity of data and reports have been gathered together but the volume of information is such that it is not possible to set it all out within this report. The report therefore deals with the key points and recommendations only. A number of Appendices are available to provide essential background information but in many cases further information and reports are not included. These details are being held in a central file however and are available for the purposes of inspection which may be required at a later date.

4. The work of the Officer Review Team (ORT)

4.1 Research and Intelligence

A significant period of time has been spent by the ORT in determining the basic data upon which to make judgements about current costs, methodology and performance of the current transport operations in Hertfordshire. This work has been assisted by the previous Corporate Transport Review which had integrated provisions and have made significant savings recently – Appendix 3, Improvement & Review Report, January 2000.

The appropriate Audit Commission reports and DETR guidance notes were collected and viewed to ascertain approaches and latest guidance to Best Value Review processes.

Liaison with other authorities and bodies was undertaken to obtain wider information where available on Best Value and comparative information.

4.2 Best Practice

Hertfordshire County Council has a good reputation for its approach to Transport Operations. The transport implementation and operations flow from its statutory requirements and corporate policies that have been adopted. The approach to sustainable planning and transport with the originating **TravelWise** campaign and our joint collaboration with District Councils and operators have meant that our practices are often ground breaking and are used as model practices by others elsewhere in the UK.

Our award winning **Herts Smart Scheme, Herts Saver Card** schemes and our **Intalink** quality partnerships with operators on publicity promotion have meant that Hertfordshire has been viewed as a forward thinking, innovative authority. The Council's policies and thinking on integrated transport, **TravelWise**, corporate transport reviews have been recognised by the Government Department for Environment, Transport and the Regions (DETR) and indeed Hertfordshire, as part of its LTP 2000 submission, has submitted a Centre of Excellence bid in respect of local transport planning, programmes and operations.

Regardless of this forward thinking reputation, the emphasis over recent years has been on improving quality of services, fine tuning to provide cost effective services and targeting of new innovations to particular requirements.

The previous Corporate Transport Review (1998) integrated various aspects, and brought together the management of transport operations with particular emphasis on value for money and targeted savings. This review has assisted this Best Value Review process and has been presented to other authorities at their request for similar investigation and review.

4.3 Best Value Performance Indicators

The Best Value Performance Indicators for transport operations generally involve the provision of local bus services and passenger transport information. They are as follows:

- BV94 Cost per passenger journey on subsidised (contract) bus services.
- BV101 Total annual distance operated by local bus services.
- BV102 Total number of passenger journeys made annually on local buses within area of the authority.
- BV103 % of users satisfied with local provision of passenger transport information.
- BV104 % of users satisfied with the local bus service.

- 4.3.1 Other performance indicators exist which relate to our Charter Mark award for public excellence and again mainly relate to passenger transport operations. These indicators are reported in the County Council statutory documents which are publicly available; the Local Performance Plan, the Local Transport Plan and in published annual reports on Passenger Transport Services (see Appendix 4 for greater details).

These Best Value Performance Indicators will also reflect the commercial operators'/companies' practices that apply. In respect of local bus services 65%-75% of total operations are provided commercially with the remaining 25%-35% being provided by the County Council under contract. These performance indicators and their trends will reflect these wider commercial concerns, therefore they cannot always be taken at face value as various influences are involved including County Council actions.

- 4.3.2 In summary, since 1993/1994 to 1999/2000
(1993/94 start of **TravelWise** policies)

BV94

- Cost per passenger journey on contract bus services has reduced from 44p to 31p 30% reduction

BV101

- Total local bus mileage increased from 17m miles to 19m miles 12% increase
- Contract mileage increased from 4m to 6.5m 62.5%
- Proportion of contract miles to total miles increased from 24% to 34%

BV102

- Total number of passengers increased from 31.1m to 34.3m an increase of 10.2% (meeting Charter Mark target)
- Number of passengers on contract services has increased from 6.8m to 9.3m an increase of 37%

A recent DETR survey carried out by NOP gives the following results for Hertfordshire:

BV103 - Overall satisfaction with local bus services for information provided – Herts 68% (61% for England);

BV104 - Overall satisfaction rating – Herts 83% (79% for England).

The lowest ratings were for bus service reliability – Herts 61% (65% for England) reflecting Hertfordshire's road traffic congestion levels and for satisfaction with the level of bus fares which was significantly lower at only 28% for Hertfordshire. Further details are in Appendix 4.

From the trends of these best value performance indicators, Hertfordshire's services that flow from the **TravelWise** policies have performed well.

4.4 Organisation – County Transport Services

The Corporate Transport Review of 1998 established new management and staffing arrangements for Transport Services with the appointment of the County Transport Services Manager who oversees all transport operations and acts as head of profession to other services. See Diagram, Appendix 5 – Organisation of County Transport Services.

Service Level Agreements are in place with Children, Schools & Families (Education) for home to school transport, with Adult Services for transporting entitled clients to day and adult training centres, for passenger transport services, and with Community Information Department for delivery of goods services run in conjunction with County Supplies. The County Transport Services Manager is responsible for the fleet replacement programme whilst County Supplies & Contract Services oversee the outsourced Maintenance Contract for the fleet maintenance and repair. Overall some £40m is involved in all transport operations (see Appendix 6). This review has considered and included in its overviews the Vehicle Maintenance operations which are currently provided under contract following competitive tender and appear in the Best Value Review programme for next year.

4.5 Staffing

The total number of professional, technical and administrative staff involved in running the service is 62 together with 246 (96 FTE) part time drivers/attendants/escorts for passenger services and 24 (FTE) drivers/delivery persons for goods and courier services.

The overall professional administration costs are approximately £2m and are included in the total costs of all transport services, some of which are charged back to service departments or District Councils as part of joint working or Service Level Agreements.

The TOPS BVR visits to other authorities have shown, with the exception of Cheshire, that Hertfordshire has integrated further all its transport operations with less staff than Cheshire's 94 FTE and around the same levels as Essex County Council's 67 FTE's for less functions/services. Indeed, Cambridgeshire County Council's Best Value Review (Pilot) on Passenger Transport states that in comparing staff costs pro rata to budget level "Hertfordshire spends the lowest percentage of its budget on staff".

5. Consult, Compare, Challenge, Collaborate and Compete

The Review process has been built around the consideration of the Best Value 4 C's, Challenge, Consult, Compare and Compete, to which the ORT added a fifth C, Collaborate, to acknowledge our current wider collaborative working. The early stages of the Review concentrated upon information gathering and, in particular, the Compare and Consult elements. As the review has progressed the Collaborate and Challenge elements have assumed greater prominence. Consideration of Compete has been dealt with during the later stages as part of hypothesis testing and exploration with the emerging market place.

5.1 Consult

Wide reaching consultation with clients, users, stakeholders, including client departments, staff and contractors, together with other Chief Officers and Trade Unions (Unison) has taken place.

For the most part these consultations have been in the form of structured questionnaires and in market research surveys carried out by professional companies.

Other consultation has been in the form of appropriately formed questionnaires and in some cases particular meetings and face to face discussions/consultations have been undertaken.

The details of these surveys were reported to members in detail at the BVR TOPS June Member Review Group meeting and this has been added to by the following:-

- Best Value PI Surveys (on bus services and information);
- NOP Bus Services Information Surveys (DETR);
- North Herts District Council Concessionary Fares.

Overall these generally show that a relatively good service is being provided to residents and clients, with the exception of concerns over adequate services in rural areas, reliability and traffic congestion, but fare levels are considered to be high in comparison with perceived motoring costs.

5.2 Compare

A significant level of comparison has been carried out based upon Chartered Institute of Public Finance & Accountancy (CIPFA), Association of Transport Co-ordinating Officers (ATCO), Transport Advisory Service (TAS), and DETR statistics together with organisational visits/raids to four other local authorities (Essex, Cheshire, Surrey and Hampshire) and these are written up in detail and are in Appendix 7.

Making direct expenditure only comparisons does not allow for differing policy or service provision aspects which are essential for proper comparisons. The underlying provision in respect of commercial/market conditions are also important in respect of commercial provision of bus and school transport as is the number of schools, available places (SEN) and levels of in/out county provision.

Hertfordshire County Council compares favourably with other county authorities on cost and expenditure grounds and often provides a quality or wider service in comparison with others such as **Herts Saver Card** and higher vehicle specifications for school transport services.

In respect of management and administration cost comparisons, the Cambridgeshire Best Value Review of Transport states Hertfordshire has spent the lowest percentage of its budget on staff.

5.3 Challenge

A key stage of the review was the “challenge” process. We have, together with our external challenger, looked at ways of challenging how we do things and perceived where we can do it differently.

DETR Guidance on Preparing for Best Value states that reviews should take a long term perspective and anticipate future changes in demand and delivery of the services and should look to finding ways of addressing future issues. This review has addressed the future, and in summary the main issue is the significant increase in the cost of maintaining current service provisions.

The overall costs of transport operations for various reasons, legislation, fuel, staff, vehicles, impact of traffic congestion and the current employment environment will mean that significant increases in the County Council’s budgets will be required, if we are to continue to provide a similar quality of service. We need also to appreciate the underlying demographic need for growth on top of these pressures in certain areas such as day care transport, Dial A Ride and school transport which will add to these increasing costs.

We have looked at ways of addressing these pressures other than by increasing County Council budgets and we think an outsourcing option may deliver and manage the service in a different way whilst trying to accommodate some of the above mentioned pressures. Much may depend on the market response, how the contract is presented and the contract contents, terms and conditions.

Whilst there was an element of challenge at every stage, the focus was on the two day Challenge Workshop in May.

The purpose of this workshop was to critically examine all of the services under review in the context of stakeholder feedback and comparison with other organisations. The officer review team were joined at this workshop by a number of representatives of other departments / partner organisations etc.

A full attendance list is included in Appendix 7.

External challenge to the process was provided throughout by Derek Coles from Arthur Anderson.

The first day of the Challenge Workshop was spent on involving the participants in debate about the four distinct elements of the Transport Operations Best Value Review;

1. Education Transport including Home to School and Special Educational Needs transport provision.
2. Social Services Transport including transport of elderly people and adults with learning disabilities.

3. Environment Transport including bus contracts and Dial a Ride.
4. Goods Transport and Fleet Replacement.

All participants were split into syndicate groups and invited to consider the challenges that currently face services. A challenge was defined as ; any issue or concern, area of weakness or example of poor performance that participants were either aware of from personal experience or that were evident from the compare and consult information made available to participants (see Appendix 7).

All challenges were recorded and syndicate participants were invited to circulate amongst the groups in order to provide a fresh perspective to each of the challenge syndicates.

Following this process, participants were involved in a freeform idea generating session. All participants were invited to suggest potential solutions to the comprehensive list of challenges that has been compiled. There were no restrictions placed upon the ideas at this stage in order to ensure that even the most extreme and, at first sight, potentially unworkable solutions were given consideration. This process generated approximately 140 ideas for meeting the challenges facing the services.

The facilitators and the external challenger assumed an independent role throughout the process, ensuring that no ideas were discarded or ignored at this stage.

These ideas were then grouped into clusters and refined by syndicate groups.

The second day of the workshop was devoted to refining the ideas into workable hypotheses. A total of 30 ideas were discussed in detail by the officer review team and of these, 13 were developed into working hypotheses for further detailed testing. An action plan for each hypothesis was developed and a standard reporting format was drawn up.

These 13 hypotheses were broadly grouped into the following categories; cost reduction measures (9); service delivery measures (3); outsourcing / management (1).

Our External Challenger has completed a report on the process and his overview is set out in Appendix 8.

5.4 Collaborate

The County Council actively collaborates with district councils in the joint funding of transport operations and participates in joint partnerships with operators and providers, including the voluntary and community sector.

The County Council has actively collaborated and worked jointly with Hertfordshire District and Borough Councils since 1976 on the joint funding, liaison and provision arrangements for local bus services, concessionary fares, and likewise for Dial A Ride services since the late eighties. It also maintains close working relationships with adjoining authorities, the voluntary sector and operators as well as Parish, Town Councils and other agencies such as Hospital Trusts, Community Trust for

Hertfordshire and Community Development Agency. A joint partnership between DETR, Vehicle Inspectorate and Hertfordshire Police has meant cost effective checking, and solving of problems with a view to maintaining a high standard of vehicle safety and maintenance. Many of these joint arrangements in their full application are unique to Hertfordshire and confirms our collaborating joint working/partnering role.

This is all managed by an integrated co-ordinated group, County Transport Services, which was established following previous County Council reviews, in particular the last Corporate Transport Review.

5.5 Compete

Most of the transport operations, over 85%, are already provided following competitive procurement processes and award of contracts and have therefore been fully market tested in a competitive situation. We have looked at ways of delivering the service to see where greater competition or where the market can be activated to enhance value for money. We believe that any changes are unlikely to achieve further significant savings overall.

There is a wider emerging market now taking shape for the provision of larger outsourcing contracts involving operations, management and delivery of services. Progress has been made in other counties through the necessary procurement processes ie Surrey, Somerset, West Sussex and Lincolnshire where wider outsourced contracts manage and run transport operations for the authority concerned under partnering/output/profit/efficiency sharing type contracts. Within the timescale of this review it is not possible to fully test this although it is a recommendation to pursue this further through an appropriate action plan involving the due processes.

6. Hypotheses

6.1 Development of Hypotheses

The final 13 hypotheses were developed from the Challenge Workshop reported above.

6.2 The 13 Hypotheses

The detail of the 13 hypotheses presented to the Member Review Group are set out at Appendix 9 together with the background information which had led to their development.

6.3 Adoption of Hypotheses

The Member Review Group examined the proposed hypotheses at the meeting on 26 May and asked the Review Team to take the process forward by testing each hypothesis to determine whether the ideas could be turned into practical actions.

6.4 Testing of Hypotheses

The hypotheses were tested to ensure that each could be substantiated and matched with the priorities/objectives for the Review and that they could be converted into meaningful and achievable actions with known costs and benefits. The ORT began the final testing processes by examining all of the evidence produced thus far and where necessary seeking further detail and opinion. This work culminated in a final Recommendations Workshop held on 11 July. Following group discussion a set of draft recommendations were presented to the Member Review Group on 18 July. The final recommendations, taking account of member input, were agreed and are set out in Section 8 of this report (and Appendix 10, Minutes of Member Review Group).

7. **How has this Review addressed the critical (DETR) Best Value Questions?**

The eight questions that must be answered by all Best Value Reviews are listed below:

1. *What is the rationale for this service?*

There is a clear rationale for this service. There are both statutory duties and service requirements to provide suitable transportation for a wide range of client groups.

Further details can be found at Appendix 7.

2. *How is this function/service currently performing?*

Evidence from the consultation, comparison and challenge processes employed over the course of this review indicate that the service is performing relatively well in relation to customer/stakeholder expectations and other providers of similar services.

Further details can be found at Appendix 7.

3. *How should this function/service be performing in the future?*

The main challenge for this service in the coming years is to maintain the quality of service provided in the face of increasing budgetary pressures and increasing demands made on the service arising from, for example, legislative changes and demography.

Further details can be found at Appendix 7.

4. *How significant is the gap between current and expected performance?*

There is little evidence of a gap between current and expected performance, with possible exceptions in the areas of passenger transport information and increasing costs of providing special schools transport. There is however evidence of a potential significant gap which may arise over the next five years due to a variety of pressures on the service. These pressures include increasing

fuel costs, a decreasingly competitive market place, driver recruitment problems and demographic changes within the County.

Further details can be found at Appendix 11.

5. *What action needs to be taken to bridge this gap?*

Action needs to be considered now to mitigate against the expected pressures falling upon this service. Possible solutions include restricting entitlement to some of the service, increasing charges for services and exploring the potential for outsourcing all or parts of the function.

Further details can be found at Appendix 11.

6. *Does the function/service have the internal capacity to bridge this performance gap?*

It is unlikely that the service, as it currently operates, will be able to successfully cope with the mounting demands upon it without significant budget increases or changes in method of service delivery or the policies which determine the level of this delivery.

Further details can be found at Appendix 11.

7. *What alternative methods are available for delivering this service to the expected standard, and what is the best option?*

The Review explored a number of options for meeting increased demands and these are set out in the recommendations included in this report.

Further details can be found at Appendix 12.

8. *What plans and performance management arrangements need to be in place to deliver the improvements?*

A clear implementation plan needs to be drawn up which carries forward the recommendations contained in this report (see section 8).

8. Recommendations and Implementation Plan

The following are the recommendations reached by the Member Review Group after the testing of 13 specific hypotheses set out in Appendix 9. A brief summary of the key factors behind each recommendation is given in this section, together with key dates and targets for implementation. The real detailed reasoning behind each of the recommendations is not included here but is held as part of the total range of information to be available for inspection purposes. Some of the recommendations require additional funding, and some are designed to deliver savings. A full account of the financial implications of the Review are shown in paragraph 9 of this report.

With regard to implementation it is proposed that the County Transport Services Manager with support from others should manage this in accordance with the detail set out in the following paragraphs. The County Transport Services Manager will be responsible for ensuring that relevant reports are made as indicated and that progress is maintained on each Recommendation.

8.1 Recommendation A(i)

- **That a CORPORATE outsourcing strategy be developed (to consider appropriate packages).**
- **That all or most of transport operations should initially be included in any outsourced partnership package including joint working with other authorities and subjected to market testing.**
- **Further work is carried out to identify the most advantageous approach to be taken with goods delivery and CSCS transport functions.**
- **That a client side operation could be developed to suit the final outsourcing operation that may be pursued.**

Summary of key factors

There is some evidence, and practice from other authorities, that support this recommendation. There are significant future budgetary pressures of more than £3m. Therefore it is appropriate to test the market place to see if services can be provided by outsourcing to companies who are prepared to take on these services, the risks involved and with the ability to integrate with other services to provide efficiencies. The outsourcing savings identified in paragraph 9 are hypothetical and cannot be guaranteed and will depend on the overall package involved and market response.

Any outsourcing on a large scale requires due processes and procedures and will involve detailed negotiations. A detailed programme will be developed following agreement to pursue this recommendation which may involve other outsourcing contract/procurements and other existing contracts under review eg highways, transportation services, and vehicle maintenance.

At each stage of the necessary process it will be appropriate to review the situation and in the final event any contract will need to prove value for money.

Implementation Plan

This will be reviewed at all stages before proceeding to next stage.

- Agree package – December 2000
- Advertise OJ – February 2001
- Long List of Companies – May 2001-September 2001
- Shortlist and negotiated contract to commence from April-September 2002

8.2 Recommendation B(i)

- **To prepare a priority action programme on physical changes to vehicles and training/education to tackle pupil behaviour on school transport.**
- **Draw up action plan to resolve procedural, contractual and resource conflicts.**

Summary of Key Factors

The recommendations reflect current problems being experienced which operators and others are concerned with which impact on Health & Safety, contract costs, vandalism, management time and responsibilities. The problems are growing and action needs to be taken to reduce concerns.

Implementation Plan

- Continue discussion and investigation of issues with others – operators, schools, parents and pupils, County Council departments and other agencies (eg police).
- Review existing practice and define procedural responsibilities by September 2001.
- Determine routes with highest behaviour risks by April 2001.
- Implement appropriate trial measures from 2001/02 targeting those routes, especially video cameras and training/education package.
- Review the effects of these trial measures and consider extension of these and other measures to other routes.

8.3 Recommendation B(ii)

- **To provide proper training to escorts employed by contractors to improve quality and to meet changing requirements. (The option of providing a better service if all escorts were employed by the County Council was examined and thought to be too costly to provide).**

Summary of Key Factors

There are concerns about the quality of escorts being provided by contractors for school transport and their level of training. The recommendation addresses these shortfalls which have a growing significance in respect of Health & Safety issues and care for the clients/children on passenger transport services. Improved training is essential and necessary to meet changing demands.

Implementation Plan

- To be carried out in conjunction with Children, Schools & Families service and with appropriate training professionals.
- Develop requirements required and programme of training by December 2000, and implement by July 2001 and keep under review.

8.4 Recommendation B(iii)

- **To establish a common comprehensive database detailing all non-bus/coach transport available. This would enable all agencies to find the most appropriate service for their clients and provide a single reference point. This would be pursued through joint working and with Herts Service Centre and hertsdirect provisions.**

Summary of Key Factors

To improve available information on provision of transport services, particularly those available for wider community use through the Herts Service Centre and hertsdirect. Information on available services would be collected and recorded on a database format for transfer to Herts Service Centre and hertsdirect systems. This would assist in wider provision of information to benefit users/residents in Hertfordshire.

Implementation Plan

- Start collection of available updated data (November 2000) and entry into database system (February 2001) and available for transfer to Herts Service Centre and hertsdirect by April 2001.

8.5 Recommendation C(i)

- **To continue to review Pindar publicity contract with aim of reducing unit costs and improving roadside publicity.**

Summary of Key Factors

To ensure that value for money is achieved through the *Intalink* partnership for the promotion and publicity of passenger transport service in an effective way. To encourage production of smaller booklet and keep information up to date with emphasis on improving the format and quality of roadside information.

Implementation Plan

- To continue the joint working of the *Intalink* partnership with a programme of appropriate travel guides and roadside publicity with a view to improving particularly the roadside information.
- Ongoing work with an enhanced service from April 2001 with backing of LTP funding.
- Review contract and requirements for new contract to start April 2002.

8.6 Recommendation C(ii)

- **To develop with District Councils, and to devise protocols to determine the basis on which all development applications are assessed for passenger transport provision.**

Summary of Key Factors

To pursue this recommendation it is necessary to continue joint working with Districts and promote guidance and training to ensure success. Significant sums can be achieved to provide for services subject to appropriate negotiations and development applications being pursued. Success will reduce future revenue requirements and ensure appropriate services to serve future developments.

Implementation Plan

- Ongoing negotiations and joint working with production of guidance notes/training through Environment Department and District/Borough Councils.
- Inform developers, businesses of approaches/guidance through appropriate channels.
- Develop guidance, publicise and promote by May 2001.

8.7 Recommendation C(iii)

- **The better packaging and planning of contracts would produce lower prices**

Summary of Key Factors

The recommendation will test the market to different contract packages for transport services to ascertain if different approaches will achieve better value for money. The operators and others have suggested that different packages of contracts may produce lower prices and this will be market tested.

Implementation Plan

- Tender additional options in tender programme for 2001/02 and 2002/03 to test hypothesis and evaluate responses.
- If successful extend to future contract programmes.

8.8 Recommendation C(iv)

- **To update the membership list and to consider a membership fee for Dial A Ride.**
- **This will enable priority to be given to those with serious mobility impairment.**

Summary of Key Factors

This recommendation is arrived from the knowledge that the membership list is out of date and a new one needs to be established. This would enable an up to date situation to be achieved, allow introduction of a small charge and enable with new information to prioritise service to those with particular mobility impairment and do not use local bus services.

Implementation Plan

- Consult with District/Borough Councils October 2000.
- Introduce new form for Membership and circulate.
- Consider introduction of Membership fee.
- Prioritise service with updated Membership.

8.9 Recommendation C(v)

- **Renegotiate the renewal of the concessionary scheme for children by April 2002 with the commercial operators based on Herts Smart Scheme reimbursement**

Summary of Key Factors

This recommendation is based upon the **Herts Smart Scheme** which has shown to work effectively and that the transactions recorded have shown that on a countywide application savings would be achieved if reimbursement is based accordingly on smart transactions. The support and co-operation of the bus operators will be required and the current scheme is due for review by April 2002.

Implementation Plan

- Discuss issues raised with operators as part of normal review processes.
- Continue work on implementation of smartcard technology with additional funding in 2001/02.
- Negotiate revised scheme with operators from 2001 to take effect when existing scheme expires in September 2002.

8.10 Recommendation C(vi)

- **To continue to pursue advertising on all County Vehicles to generate income.**

Summary of Key Factors

This recommendation has been established following discussions with market providers who showed an interest with estimates of income if this was pursued through the appropriate processes. Legal advice has been taken to ensure that it is appropriate for this to be pursued.

Implementation Plan

- Formulate documents to advertise contract December 2000.
- Consider responses and negotiate contract with a view to commencement in June 2001.

8.11 Recommendation C(vii)

- **To integrate Social Services (district areas) taxi contracts with County Transport Services taxi contracts to provide an integrated service.**

Summary of Key Factors

The key to this recommendation is the management of all the taxi contracts in one place to provide an integrated and cost effective service to avoid duplication and overlap. County Transport Services already manage over £8m pa of taxi contracts and therefore an additional approx £1m should give better value overall.

Implementation Plan

- Agree approach with Adult Services and include in the current SLA between Adult Services and County Transport Services for commencement in April 2001.

8.12 Recommendation C(viii)

- **To request a review of the policy on free home to school transport provision for mainstream children and young people, to nearest (available) school only and charge for those non entitled, whilst maintaining transport provisions.**

Summary of Key Factors

The reason for this recommendation is that the ORT considered that some aspects of school transport provision, community provision and safe routes could be maintained as they are beyond satisfactory minimum requirements and charges could be introduced whilst transport provision continued to be provided. It was understood that there are wider issues on admissions and school provisions which may influence this recommendation.

Implementation Plan

- Request that the Children, Schools & Families Select Committee to consider.
- If acceptable pursue consultation in 2001.
- New policy introduced from September 2002.

8.13 Overall Implementation

The overall implementation is as shown in the table below. Progress may depend on market responses and negotiations which may involve more detailed procedures and steps than those shown below.

Implementation will be managed by the County Transport Services Manager, reporting as determined to Cabinet and Executive Committee. An overall timetable for implementation has been drawn up as follows:-

TOPS BVR ACTION PLAN

Rec No.	Action/Target	Key Dates
A(i)	Consider corporate outsourcing strategy (ongoing) Decide on elements to be included in outsourcing Consider funding to take forward Advertise to suit final package Long List – Short List (review at each stage). Start (if outsourcing proves Value for Money)	Start Sep 2000 Dec 2000 Dec 2000 Feb 2001 May-Sept 2001 April-Sept 2002
B(i)	Review practice and procedures Determine high risk routes Implement pilot measures Review results and extend if successful	Dec 2000 April 2001 May 2001 April 2002
B(ii)	Develop appropriate training requirements programme Implement a phased programme to suit Keep under review and updated	Dec 2000 Mar-July 2001 Continue
B(iii)	Update data Enter into appropriate databases/systems Transfer to hertsdirect/Herts Service Centre	Nov 2000 Feb 2001 April 2001
C(i)	To continue joint partnership Develop streamlined output including roadside Enhance outputs including roadside Review contract before expiry in April 2002	Sept 2000 Jan 2001 May 2001 Dec 2001
C(ii)	To produce guidance notes, training Liaison with Districts. Inform Developers Publish, promote and pursue onwards	Nov 2000 Jan 2001 May 2001
C(iii)	Develop ideas of packages of services for contract Test market Evaluate market response Extend if successful to future contract programmes	Oct 2000 Nov-Feb 2001 March 2001 June 2001 onwards
C(iv)	Consult with Districts/Boroughs Introduce new registration forms/procedure Establish new Membership List Prioritise service accordingly	Oct 2000 Dec 2000 Feb 2001 April 2001
C(v)	Extend Smart Card operations countywide Negotiate with operators revised scheme New scheme starts	Continue Sept 2001 Sept 2002
C(vi)	Complete documents Advertise as part of contract procedures Consider responses, negotiate and award contract	Nov 2000 Dec 2000 June 2001
C(vii)	Agree approach with Adult Services Include and budget for in SLA (AS/CTS) Commence	Nov 2000 Jan Feb 2001 April 2001
C(viii)	Request CS&F consider recommendation Consider, consult and publicise results Implement new approach	Dec 2000 May 2001 Sept 2002

9. Financial Implications

9.1 Costs and Savings

The following table sets out the costs and savings for the TOPS Review recommendations.

All figures are £000. All figures in brackets represent savings or reductions in costs or increased income, all other figures represent increased costs. They can only be provisional; much will depend on negotiations and contract processes.

Summary of Estimated Costs and Savings Table

Hypothesis	Department	Intro Date	£000's			
			2001/02	2002/03	2003/04	2004/05
Outsourcing A (i)	(Corporate)	1/4/2002	250	(300)	(800)	(1,300)
Service Delivery B (i)	CSF	1/4/2001	150*	50*	(50)*	(150)*
B (ii)	CSF		112	36	47	57
B (iii)	Environment		3	2	3	2
Cost Reduction C (i)	Environment	ongoing	0	0	0	0
C (ii)	Environment	ongoing	0#	(165)#	(270)#	(315)#
C (iii)	Environment	1/9/2001	(20)	(40)	(40)	(40)
C (iv)	Environment	1/4/2001	0	0	0	0
C (v)	Environment	1/4/2002	100 Ø	100 Ø	(200)	(200)
C (vi)	Corporate	1/4/2001	(35)	(50)	(60)	(65)
C (vii)	Adult Serv's	1/4/2001	(25)	(35)	(45)	(55)
C (viii)	CSF	1/9/2002	5	(1)	(9)	(17)

(72)*
in 2007/08

This table shows the overall costs and savings of each hypothesis. They have not been totalled as some require investment (LTP) whilst others are not true savings on current operations but savings on future costs.

* These are not costs or savings but net increases (savings) on future costs if no action is taken (appropriate for LTP funding [two years]).

These are not savings but income which results from this recommendation to finance future service costs related to future developments.

Ø Appropriate for LTP funding.

The above estimated costs and savings are provisional figures; however, they have been totalled in the Table below for the Departments concerned in respect of revenue expenditure only and exclude capital funds for b(i) and c(v) and is aggregated to give totals over the next four years. These include assumptions regarding capital expenditure which could be appropriately funded from the LTP provisions for 2001/02 and onwards.

The outsourcing figures, which are more tentative, are shown separately in the table.

£000's

DEPARTMENT	2001/02	2002/03	2003/04	2004/05	4 YRS TOTALS
Adult Services	(25)	(35)	(45)	(55)	(160)
Children, Schools & Families	117	35	(12)	(110)	30
Corporate Services	(35)	(50)	(60)	(65)	(210)
Environment	(17)	(38)	(237)	(238)	(530)
Sub Total (Excluding Outsourcing)	40	(88)	(354)	(468)	(870)
Outsourcing Proposal	250	(300)	(800)	(1300)	(2150)
TOTAL FOR HCC	290	(388)	(1,154)	(1,768)	(3,020)

The following tables set out the costs for the TOPS Best Value Review:

Cost Element Estimates	£
External Consultancy Costs	9,775
Internal Project Management	16,500
Expenses (travelling, room hire etc)	1,800
TOTAL	28,075

Staff Time Estimates	Hours	Cost £
Officer Time	775	31,000
Support Staff Time	380	5,700
TOTAL	1,155	36,700

Overall Total Cost £64,775

9.2 Treatment of Costs and Savings

The implementation of the recommendations will require financial resources which will need to be provided to proceed accordingly. The funding and savings fall across Environment, Children Schools & Families, Adult Services and Corporate Services and it may be more appropriate that the additional costs and eventual savings are treated corporately initially and held until the funds or savings have clearly been released. This would enable a proportion of savings to be made available as a contribution to the funding of future Best Value Reviews.

The following table sets out what would be more immediate 2001/02 financial issues for departments. This excludes the outsourcing proposal A(i) and the capital for B(i) and C(v) where it should be possible to pursue these proposals through the LTP process. If not, the investment could be sought from the future Environment and CSF capital programmes.

	2001/02	£000's
Adult Services		(25)
C S & F		117
Corporate Services		(35)
Environment		(17)

In respect of the outsourcing option initial staff time and investment is required in 2001/02 and 2002/03 before any longer term savings can be realised. To the extent that this cannot be covered from existing resources, options could include a bid from the central Best Value Review Programme or funding from a separate budget bid in 2001/02. The Lead Officer will agree with the Chief Finance Officer a method to fund and record expenditure.

A covering budget of around £120,000 may be required to fund any shortfall depending on progress and how quickly savings can be realised. In the later years estimated savings will repay necessary investment.

10. **Conclusions**

That the Member Review Group recommend that:-

- 1) The Cabinet consider the recommendations of the Member Review Group of the Best Value Review of Transport Operations.
- 2) That the Lead Officer for the Best Value Review Programme note that this Review considered vehicle maintenance (which appears in Year 2 of the Best Value Review programme).
- 3) That the savings or costs identified be considered as part of the services budgets for 2001/02.
- 4) That the funding for pursuing the outsourcing proposal needs to be identified.

BEST VALUE REVIEW OF TRANSPORT OPERATIONS

**REPORT TO CABINET
MONDAY 18 SEPTEMBER 2000**

List of Appendices

Appendix 1	Scope of the Review
Appendix 2	Timescales for the Review
Appendix 3	Report to Improvement & Review Committee – January 2000
Appendix 4	Best Value Performance Indicators
Appendix 5	Organisation of County Transport Services
Appendix 6	Current Costs of Transport Operations
Appendix 7	Report on Compare, Consult including Statutory Provisions
Appendix 8	Report of External Challenger
Appendix 9	Full Details of the 13 Hypotheses
Appendix 10	Recommendations of the Member Review Group
Appendix 11	Pressures for Funding and Future Growth on Transport Services
Appendix 12	Outsourcing Information collected from Market Visits