

Report to	Audit and Best Value Scrutiny Committee
Date	3 March 2010
Report By	Directors of Transport and Environment and Children's Services Departments
Title of Report	Home to School Transport Budget
Purpose of Report	To advise the Audit and Best Value committee of the current status of the Home to School Transport budget; the measures being taken to reduce the current overspend; and improvements proposed for the 2010/11 budget following the audit report in 2009

RECOMMENDATION: The Audit and Best Value Committee is recommended to note the actions which have been, or are being, taken to improve the management of the Home to School Transport budget.

1. Financial Appraisal

1.1 The current budget (2009/10) for Home to School Transport is approximately £11.5million, and provides transport between home and school for over 7200 students. Last year there were approximately 1040 are students with special transport needs receiving taxi or specialist transport; and 6185 are students in mainstream education travelling mainly on public buses or school coaches.

1.2 The latest accounts (January 2010) forecast an overspend of £465.9k (4%) at the end of this financial year. This overspend is largely attributable to an increase in taxi journeys, which increased by 45 compared to the number envisaged when the budget was set.

1.3 Over the course of the last five years the Home to School budget has grown year on year from £8.2m to over £11.5m, an increase of some 40%. During this same period the Home to School budget has been overspent in four of the last five years with the current forecast overspend the largest at approximately 6%. Much of this overspend is the result of changes to transport arrangements during the academic year that take place long after the budget setting process.

1.4 The analysis detailed in Appendix 1 shows the growth and performance of the Home to School budget over the past five years. Statistical reporting of the number of students only became available in 2008 following the Trapeze database implementation. During this period we have seen an increase in the complexity of transport provision resulting in more solo taxi placements. The number of transport routes, particularly those for special transport needs, has grown by 15% over the past three years.

1.5 The average unit cost of providing taxi or other forms of specialist transport has gone up by 24% between 2007/08 and 2008/09 to £5,886 per student compared to mainstream buses and coaches has remained largely unchanged £726 per student per year.

1.6 There can be no doubt that the budget for home to school transport is extremely volatile, driven largely by the increase year on year in the number of transport runs; but also through a combination of inefficiencies in our admissions and transport processes, as well as the procurement of transport services, and our ability to forecast the number of children eligible for free school transport each year. All of these factors are now being addressed

through the control and governance of the Home to School Transport Board who are overseeing a number of initiatives described in this report:

2. Actions and Initiatives

2.1 A number of actions and initiatives have been put in place to address the shortcomings of the Home to School Transport budget and to ensure an effective and efficient home to school transport service. The following are described in full in Appendix 2:

- Improvements to Budget Management and Governance;
- Forensic Review of Home to School Transport Budget;
- Review of Transport Procurement;
- Review of School Transportation Best Practice;
- Shared Access to Trapeze Transport Management System;
- Review of 16yrs to 19yrs Transport Provisions;
- Review of Business Processes (including earlier notification of Student numbers);
- Customer Communication Improvement Project;
- Review of Solo Taxi Placements;
- Optimisation of Transport Routes;

2.2 All of these initiatives are currently underway, reporting to the Home to School Transport Board on a monthly basis. (The terms of reference for this Board are described in Appendix 3.) All will be completed during this financial year such that improvements in budget management, business processes and transport arrangements can be put in place before the new financial year and before receipt of 2010/11 school transport requirements.

2.3 The Home to School Transport Board has set a target of reducing costs by 10% through the initiatives described above and therefore no increase to the HTST budget in 2010/11. The review of solo taxi arrangements has so far identified approximately £500k (full year) savings, but this work is on-going and a proportion of the new arrangements were introduced from the new school term in January

3. Conclusion and Reason for Recommendation

3.1 The Audit and Best Value Committee is asked to note the progress that is being made to improve the Home to School budget, in particular the initiatives described in this paper, and the tightened governance through the Home to School Transport Board.

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BACKGROUND PAPERS
None

Appendix 1 – Financial Analysis

-	05/06	06/07	07/08	08/09	09/10
Budget including Staff Costs	£8,218,100	£8,462,500	£10,272,900	£10,469,700	£11,502,500
Total Actual Expenditure	£8,278,421	£8,797,039	£9,555,956	£10,873,271	£11,968,400
Over/Under Spend	+£60,321	+£334,539	(£716,944)	+£403,571	+£465,900
Actual Expenditure (Non-Mainstream)	£4,565,258	£4,727,117	£4,988,295	£6,121,419	£ 7,663,895 (forecast)
Number of Students (Non-Mainstream)	-	-	1050	1040	1193
Unit Cost per student (Non-Mainstream)	-	-	£4,751	£5,886	£5,819
Actual Expenditure (Mainstream)	£3,501,363	£3,840,524	£4,340,362	£4,490,653	£ 4,036,105 (forecast)
Number of Students (Mainstream)	-	-	5920	6185	6089
Unit Cost per Student (Mainstream)	-	-	£733	£726	£813
Total Number of Students	-	-	6970	7225	7282
Number of Transport Routes	591	604	622	672	717

Appendix 2 - Initiatives and Actions

2.1 Improvements to Budget Management and Governance

A number of actions have been put in place to improve the budget position for 2009/10 as well as ensuring that next year we stay within budget, likely to remain at £11.5m unless there is a significant increase in the number of school transport requests.

The Home to School budget is now monitored by senior managers and finance officers on a monthly basis to provide the necessary scrutiny of costs and challenge of overspend. This will include improving our ability to forecast changes to budget throughout the financial year based on our experience of student number changes and new requests that might be anticipated throughout the academic year. The current budget forecast makes takes no account of anticipated changes to student numbers or transport arrangements that might reasonably be expected at the start of the January school term. This matter is now being addressed and will be included in future forecasts.

The Home to School Transport Board (HTST Board) monitors performance and budget for the provision of transport for qualifying students. The Board is now chaired by the Assistant Director of Operations (T&E) and to improve the governance arrangements the frequency of these Board meetings has recently been increased to monthly. The terms of reference for the HTST Board have been reviewed to ensure that the right level of governance, scrutiny and challenge is applied to business processes, costs and budget management.

2.2 Forensic Review of HTST Budget

The Children's Services Department senior management team has instigated a forensic review of their Home to School Transport budget to ensure that the budget setting process is robust and appropriate budget management processes are put in place during this financial year. It is anticipated that this review will be completed by January 2010, building upon much of the analysis and review already carried out. The findings of this review will be reported to the CSD Departmental Management Team and also to the Home to School Transport Board.

2.3 Review of Transport Procurement

We currently have some 800 individual taxi contracts/arrangements for the provision of home to school transport. With this number of contracts it is difficult to provide certainty of value for money. There are clear inefficiencies and management issues and although competitive prices are sought for each route, there is an opportunity to review these arrangements, reduce the administration costs and secure more commercial arrangements with a fewer number of transport providers. It is proposed that ahead of the September 2010 new school year a framework contract will be put in place which will streamline procurement and present greater opportunities for efficiencies and cost savings.

2.4 Review of Best Practice

At the same time we will be reviewing best practice from across other local authorities and in particular with those local authorities who have different procurement arrangements, such as Buckinghamshire CC.

2.5 Wider Access to Trapeze

The Trapeze transport planning and information system is now fully functional enabling better management information of transport arrangements, payments to operators and financial reporting. Arrangements have now been put in place for CSD staff to have access to the Trapeze system to allow first-hand management information, particularly when answering queries from parents about transport arrangements.

2.6 Review of 16yrs to 19yrs Transport Provisions

Local authorities currently receive some funding through the Learning & Skills Council (LSC) for post-16 students, specifically for innovative projects, e.g. Pathfinder ticket sales and ID cards for discounted travel and maintenance grants. There is also an LSC grant for payment of discretionary awards for students in hardship. However, with effect from April 2010 the Learning and Skills Council will cease to exist and local authorities will take on responsibility

for planning and commissioning education and training provision for 16 – 19 year olds, and up to age 25 for LLDD, which may increase the costs to the Transport budget.

2.7 Business Process Project (including earlier notification of Student numbers)

T&E and CSD have undertaken a project that focuses on closer working relationships and redesign of key business processes. This project is focused on improving the transfer of information between CSD and T & E as well as promote a broader understanding of budget constraints and costs. In particular we have reviewed the transportation element of the school admissions process so that indicative numbers of students requiring school transport are identified and can be passed to T & E earlier than currently received in August, for start of school in September. CSD and T&E have agreed that from 2010 details of all travel arrangements will be passed to T&E in March when year 6 parents are notified of their secondary school placements. This will give much greater time to plan and procure new transport arrangements and allow for a longer commissioning period and greater accuracy of budget forecasting.

2.8 Customer Communication Project

This joint project, currently under way focuses on customer communication, ensuring that customers' (parents) calls are directed to the right department first time. This will therefore save time, providing greater clarity and avoiding unnecessary changes to subsequent transport arrangements and budget variations.

2.9 Review of Solo Taxi Placements

The Home to School Transport Board recently instigated a high level review of those high cost areas of the budget, principally those students travelling alone in taxis. This review highlighted 294 taxi arrangements currently being occupied by lone students. CSD has since confirmed that only 38 of these students have needs which prevent them travelling with others or on public transport. These other solo routes are therefore being reviewed to combine routes / fill taxis where possible or to ascertain if there is suitable public transport. This review is on-going, but has identified approximately £500k (full year) savings where alternative means of transport might be available. This work has yet to be concluded, but it is intended that revised transport arrangements will be put in place for the start of the new school term in January, subject to there being no objections from students and parents.

2.10 Optimisation of Transport Routes

Having identified single student taxi journeys as an opportunity for cost savings, we will extend this review to include all taxi / transport arrangements to identify other opportunities for cost savings through the combining of routes; use of larger vehicles such as mini buses; and also the provision of new school coach routes / pick-ups.

Appendix 3 - Home to School Transport Board – Terms of Reference.

Overview

The purpose of the Home to School Transport Board is to provide strategic direction in order to deliver high quality flexible home to school travel support for children and young people in East Sussex that both meets their needs and is value for money and within budget.

In order to carry out these functions the Board will:

1. Commission the Children's Service to apply the Council's agreed policy in carrying out their functions in assessing eligibility for travel support in a timely manner.
2. Ensure Transport and Environment make suitable transport arrangements that are safe and cost-effective.
3. Receive information regarding expenditure from the Transport Budget, monitoring any increase and/or potential overspend.
4. To receive audit reports and monitor progress on the actions.
5. Monitor the effectiveness of the Service Level Agreement between Children's Services and Transport and Environment in order to clarify roles and responsibilities and ensure a seamless process and make recommendations for revisions when appropriate.
6. Monitor the effectiveness of any protocols with other stake-holders introduced following the disbanding of the Learning and Skills Council and make recommendations for revisions when appropriate.
7. Ensure compliance with statutory requirements and guidance in relation to home to school transport.
8. Commission specific projects to ensure high quality home to school transport and to reduce unnecessary costs to ensure the provision is made within budget.

This Board is now Chaired by the Assistant Director of Operations (T & E) and the meetings now take place on a monthly basis to improve governance and management of the Home to School Budget and transport provision.