

# Cabinet

## Dorset County Council



<p><b>Date of Meeting</b></p>	<p>26 October 2016</p>
<p><b><u>Cabinet Member</u></b>                  Peter Finney – Cabinet Member for Environment, Infrastructure and Highways</p> <p><b><u>Lead Director</u></b>                  Mike Harries – Director for Environment and the Economy</p>	
<p><b>Subject of Report</b></p>	<p>New Passenger Transport Contract Model</p>
<p><b>Executive Summary</b></p>	<p>The County Council currently provides mainstream home to school transport for approximately 6400 children. There are currently 147 contracted services, the aggregate annual cost of which is £5.3million. Contracts for the majority of these services will expire in July 2017. In addition there are also 35 contracts for supported public bus services with an aggregate annual cost of £2.9million all of which will expire in July 2017. Many public services carry entitled school children. Replacement services must be procured to commence in July (public) and September (schools) 2017.</p> <p>Current contract arrangements have hindered recent efforts to improve efficiency. Replacement services must achieve targeted budget reductions, optimise resource use and rebalance the relationship between DCC and transport operators. New arrangements should enable local bus services and mainstream home to school transport to be co-procured, facilitate the maximum level of independent operation of routes on a financially unsupported basis, and make as much use is made of operators’ skills and facilities as possible.</p> <p>Operators will be invited to take on the responsibility of providing home to school transport through a One School One Operator (OSOO) model whereby a single operator can tender to take on responsibility for all transport to a single school. Supported public transport will be limited to interurban services, with additional services provided at the operators’ discretion through opening to the public many more schools services and making better use of school transport resources. Dorset Travel will continue to support and develop community transport in the county.</p>
<p><b>Impact Assessment:</b></p> <p><i>Please refer to the <a href="#">protocol</a> for writing</i></p>	<p><b>Equalities Impact Assessment:</b></p> <p>Full EqIA and Screening completed.</p> <p>The loss of bus services can significantly impact of those affected. Negative impacts have been identified for younger people, for disabled people and for older people, particularly older women, as people in these groups are more</p>

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<p>reports.</p>	<p>likely to use passenger transport services.</p> <p>Dorset Travel’s proposals seek to mitigate the reduction of public transport subsidy by implementing open schools routes, in-fill services and increasing community transport coverage.</p> <p>Dorset Travel will continue to engage with local communities and with existing community transport schemes seeking to further develop services and to prioritise those areas with unmet needs.</p> <p>The full Equality Impact Assessment is available upon request.</p>
	<p><b>Use of Evidence:</b></p> <ul style="list-style-type: none"> <li>• Public &amp; Schools Transport Review Public Consultation Response Reports – DCC August 2016;</li> <li>• Public &amp; Schools Transport Review Full EqIA – DCC Oct 2016</li> <li>• New Contract Model for Passenger Transport Business Case – TAS Oct 2016;</li> <li>• New Contract Model For Passenger Transport – Procurement Options Report – TAS Oct 2016;</li> <li>• Dorset Travel Market Engagement Event – DCC Hosted Oct 2016.</li> <li>• T102 Contract for Passenger Transport Services – DCC Feb 2012.</li> </ul>
	<p><b>Budget:</b></p> <p>There is no capital funding associated with this procurement. Funding for revenue expenditure is in place.</p> <p>During 2016/17 mainstream home to school transport is projected to incur a revenue spend of £7.2m, £600,000 above budget. Of this total £5.3million is incurred on service contracts that will expire in July 2017. The Cabinet has agreed a further £250,000 reduction in budget for 2017/18. Until tenders are received, it is not possible to say whether these budgetary requirements will be met.</p> <p>During 2016/17 supported public transport will incur a gross spend of £2.9million. The Cabinet has agreed that the budget will be reduced by £1million for 2017/18.</p>
	<p><b>Risk Assessment:</b></p> <p>Having considered the risks associated with this decision using the County Council’s approved risk management methodology, the level of risk has been identified as:</p> <p><b>Current Risk:</b> HIGH</p> <p><b>Residual Risk:</b> MEDIUM</p> <p>Failure to make adequate provision for passenger transport services from Summer 2017 will cause reputational harm due to disruption of school transport and unnecessarily severe reduction in public transport.</p>
<p><b>Other Implications:</b></p> <p>The move to community transport schemes that provide door to door services may have a slight impact on levels of physical activity for users.</p>	

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	Dorset Travel propose to continue to work closely with community transport operators which tend to be voluntary organisations.
<b>Recommendation:</b>	That Members approve reprocurement of home to school transport services for implementation from September 2017 on terms to be agreed by the Director of Environment and the Economy.  That Members approve reprocurement of public bus services for implementation from September 2017 on terms to be agreed by the Director of Environment and the Economy.
<b>Reason for Recommendation:</b>	To meet the authority's statutory duty in respect of home to school transport.  To contribute to authority's corporate priorities of maintaining independence and promote economic growth.
<b>Appendices:</b>	Dorset Travel – Proposed New Contract Model Diagram (DRAFT)
<b>Background Papers:</b>	<ul style="list-style-type: none"> <li>• Public &amp; Schools Transport Review Public Consultation Response Reports – DCC August 2016;</li> <li>• Public &amp; Schools Transport Review Full EqIA – DCC Oct 2016</li> <li>• New Contract Model for Passenger Transport Business Case – TAS Oct 2016;</li> <li>• News Contract Model For Passenger Transport – Procurement Options Report – TAS Oct 2016;</li> </ul>
<b>Officer Contact:</b>	<p><b>Name:</b> Andy Shaw</p> <p><b>Tel:</b> 01305 224237</p> <p><b>Email:</b> <a href="mailto:a.d.shaw@dorsetcc.gov.uk">a.d.shaw@dorsetcc.gov.uk</a></p>

### 1. Background

1.1. The Education & Inspections Act 2006 (Section 508B) requires local authorities to ensure that suitable travel arrangements for “eligible children” in their area are made to facilitate their attendance at “qualifying schools”. Transport entitlement (free provision) is provided to the end of the respective educational year in the following cases:

(i) if the child is in Reception Year to Year 4 (aged between 4 & 9) and lives two miles or more from the catchment area or nearest school;

(ii) if the child is in Year 5 to Year 11 (aged between 9 & 16) and lives three miles or more from the catchment area or nearest school.

There is no automatic right to free home to school or home to college transport beyond the end of year 11.

1.2. The County Council currently provides mainstream home to school transport for approximately 6400 children, the majority by public passenger services or by contracted services and there is a small in-house provision. There are currently 147 contracted services, the aggregate annual cost of which is currently £5.3million. The majority of

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services were procured under the T102 tender commencing in 2011. Following a one year extension agreed this year T102 contracts will expire in July 2017.

- 1.3. Supported public bus services were also procured under the T102 commencing in 2011. There are currently 35 contracts with an aggregate annual cost of £2.9million, which includes approximately £700,000 contribution from the mainstream school transport budget for school transport undertaken on supported public services. All contracts will expire in July 2017. Supported public services account for only 9% of passenger journeys in Dorset.
- 1.4. The county council's legal duty for subsidised buses is to identify where public transport is needed but is not being provided and, once identified, secure appropriate services. The council is not obliged to subsidise services and may take into account the funds that are available to them. The county council is also required by law to:
  - Take into account the transport needs of those who are elderly or disabled;
  - Work with other councils concerned with public transport;
  - Work with other councils regarding school and social care transport, to ensure best value for money for these services; and,
  - Take into account the needs of the public and bus companies.
- 1.5. The Dorset Passenger Transport Strategy (PTS) seeks to transform the passenger transport network within budgetary constraints, whilst delivering corporate outcomes and meeting the objectives of the Local Transport Plan. For the rural areas the PTS envisions a core network of high quality interurban routes linking the market towns, with access from surrounding villages by demand-driven community transport offers, and by integrating some school services into public provision.

## 2. Consultation

- 2.1. A robust consultation was undertaken from 27 May to 22 July 2016. The consultation described the need to reduce the combined budgets for mainstream school and public transport by £1.85million from 2017/18. The consultation also described our approach to this challenge through the following proposals which are based on the PTS:
  - To prioritise remaining subsidy on those core routes that are able to serve the most people and contribute the most to the economic wellbeing of the county. Core routes are the regular interurban services that link Dorset's towns and serve around 80% of Dorset's population.
  - To open many more school services for use by the public, ensuring rural residents can access Dorset's market towns.
  - To work closely with community transport operators, community groups and councillors to develop Dorset's community transport network.
  - To work closely with operators to attempt to secure rural 'in-fill' routes. In-fill routes are rural services that operate between school opening and closing times, making use of empty vehicles travelling to and from schools services.
- 2.2. The consultation generated 2605 responses. Respondents were asked whether they agreed with the proposed approach *to focus on maintaining core bus routes that serve the most people (interurban services) whilst opening up school buses and supporting community transport in rural areas that may lose their bus*. 54% of respondents agreed with this approach compared with 27% who did not agree.

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### 3. Business Case

3.1. The key objectives of the procurement are:

- To achieve the targeted reductions in expenditure, detailed above
- To provide a good service for residents of Dorset, within the constraints of the amount of finance available
- To optimise the use of Dorset County Council resources (including the Dorset Travel team and the in-house fleet operation)
- To rebalance the relationship between Dorset County Council and the operators, to ensure that Dorset County Council, as the commissioner and major customer, holds the balance of power

3.2. Experience with the current contract arrangements shows that the anticipated partnering benefits of the 'prime contractor' model have not been fully realised, while over-reliance on tendering of individual services through the Dynamic Purchasing System (DPS) risks losing efficiencies through 'packaging'. This has hindered recent efforts to improve efficiency and reduce expenditure. Consequently, we need to adopt a service model that delivers the objectives above.

3.3. To achieve these objectives, the service model needs to appeal to the market, to attract and retain good quality operators who can invest in the resources they need to provide a good service to residents of Dorset. The level of investment is not the same for all types of vehicle operation and this impacts on optimum contract length. For public service vehicles a timeframe of 7/8 years would be the optimum; for coaches and smaller vehicles the timeframe is around 4/5 years.

3.4. Given the statutory requirement to provide home to school transport, doing nothing is not an option. In addition, the approved strategy set out in the PTS provides for a core network of local bus services where these are not operated commercially.

3.5. Consideration has been given to a range of procurement options as follows:

- **In House Operation**
- **Outsourcing to a single provider**
- **Outsourcing to a small number of providers**
- **Outsourcing to a large number of providers**

3.6. A key principle for DCC is the interaction between Local Bus Services and Mainstream Home to School transport which suggests that these should be co-procured. A second principle for DCC, particularly given the continuing financial challenges faced by the council is that it should facilitate the maximum level of independent operation of routes on a financially unsupported basis. A third principle is that as much use is made of operators' skills and facilities as possible. This includes their ability to schedule home to school routes taking into account the logistics of the rest of their business.

### 4. Proposed Contract Model

4.1. Supported public transport will be limited to interurban services. Dorset Travel will contract these services by specifying the towns to be connected, not routes and service frequencies. Where possible support will be provided via revenue guarantee rather than a traditional subsidy model which will be paid in return for a number of seats on the service which can be used for mainstream schools transport where possible.

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- 4.2. Where possible, operators will be offered to take on the responsibility of providing home to school transport, within agreed parameters (arrival and departure times, maximum journey times, etc.), for a logical group of students together. The easiest way to do this is through a One School One Operator (OSOO) model whereby a single operator can tender to take on responsibility for all transport to a single school, with the ability to subcontract parts of the operation (subject to the subcontractors meeting DCC quality and safety thresholds) as required.
- 4.3. At operators discretion mainstream schools routes that predominantly carry children aged of 11 and over will be opened to the public, providing additional revenue and improving accessibility for rural residents. Outside of school transport times, these vehicles can be used to deliver in-fill public services during the middle of the day and early evenings. Any additional services will be provided at the operators' risk.
- 4.4. Small vehicle transport, predominantly procured for special educational needs (SEN) transport but also for a small proportion of mainstream routes, will continue to be procured through a dynamic purchasing system (DPS). The DPS may also be the appropriate contract route for requirements that arise during the life of the new contract period. The current DPS expires in May 2017 and a revised DPS must be implemented from that date. This will be the subject of a further Cabinet report.
- 4.5. Dorset Travel will continue to support and develop community transport in the county. Mini-buses used for adult day-care transport services are well suited to community transport. Dorset Travel will work with community transport providers to stimulate the development of services.

### 5. Impact on Dorset

- 5.1. Successful implementation of the proposals will secure a modern transport network for Dorset that meets residents needs while operating within limited financial resources. The proposals to open of schools routes, encourage in-fill services and further develop the community transport network will provide the opportunity to improve rural accessibility.
- 5.2. There are risks to the successful implementation of the services. It is likely that there will be some public resistance to the use of open schools routes and community transport schemes in place of traditional bus services. This is considered to be a transitional issue that will reduce over time..
- 5.3. Provision of public services through open schools routes and making better use of resources will be at the discretion of operators and there is likely to be a time lag as services are developed. Concessionary bus passes are not valid before 09:30 and so will not be valid on open schools routes in the morning.
- 5.4. Community Transport plays a large role in the proposals to modernise services. Further development of community transport services will therefore be essential for rural residents to access interurban services and other necessary destinations.

**Mike Harries**

**Director for Environment and the Economy**

October 2016

**Appendix A – Dorset Travel – Proposed New Contract Model [DRAFT]**

