

REPORT TO: Cabinet Member for Resources Portfolio

REPORT BY: HEAD OF AUDIT PERFORMANCE AND IMPROVEMENT

WRITTEN BY: Janine Bristow, Alan Dickson and Mike Henwood

WARDS AFFECTED: All

SUBJECT: Corporate Transport Efficiency Review

## 1. Purpose of the Report

1.1. To seek approval to implement the findings and recommendations of the corporate transport review. This was carried out as part of the Efficiency Review and reported to the Efficiency Board of which the cabinet member is chair.

## 2. Recommendations

The Cabinet Member for Resources supports the following recommendations:

2.1. The council forms an Integrated Transport Unit (ITU) with responsibility for the management and operation of the city council transport and the set up costs of £3,000 be met from savings in year 1. The term "city council transport" covers fleet, commissioned and grey fleet.

2.2. The ITU develops the outline strategy and policy for the use of transport within Portsmouth City Council (PCC) based on these following recommendations and taking into consideration statutory requirements and other council policies including sustainability and carbon reduction management.

2.3. The purchase of IT software to support the ITU at the cost of £45,500 plus ongoing revenue costs of £6,500 be funded from savings achieved.

2.4. The role of Transport Manager (Band 8) be created and reside within the ITU at a cost of £10,000 in year 1 and then £35,000 per annum, funded from savings achieved from 2010/11 onwards. The role is currently being evaluated and should it be assessed higher than Band 8, the increased cost will be met from the Traffic and Transportation Portfolio cash limit. The duties to include:

2.4.1. That all council vehicles are pooled to maximise sharing opportunities, and managed within the ITU by the Transport Manager.

2.4.2. All vehicle purchasing and leasing arrangements to be subject to a financial appraisal and involve consultation with the Transport Manager.

2.4.3. Rationalisation of the vehicle fleet with the elimination of spare capacity.

2.4.4. Assess the potential income stream from employees and voluntary sector hiring PCC vehicles outside of work hours.

- 2.4.5. Evaluate the feasibility of Social Care utilising bus lanes.
- 2.4.6. Team leader for the ITU.
- 2.5. All commissioned transport requirements to be brought together and procured and managed centrally and the opportunities to generate savings from improved procurement methods noted.
- 2.6. Progress the opportunities for potential cashable savings in Special Education Needs (SEN) transport.
- 2.7. Review the eligibility criteria for children travelling unaccompanied.
- 2.8. Stricter rules and regulations to be implemented for the monitoring and authorisation of employees using their own vehicles and taxi use for work purposes (grey fleet). It is recommended that a policy for staff related travel is introduced.
  - 2.8.1. Guidance should be issued to managers not to authorise employees use of their own vehicles for journeys greater than 100 miles. If employees choose to use their own vehicles for journeys further than 100 miles, then the cheapest alternative should be paid.
  - 2.8.2. A minimum target of a 10% reduction in travel costs for all staff should be implemented.
- 2.9. The approval of the financial appraisal in paragraph 4 of this report.

### **3 Background**

- 3.1 The following section summarises the main findings of the Transport Review. The full detail can be found in the report held by the Efficiency Review Team.
- 3.2 The review has identified that the current approach to transport management, operation and procurement is service led and provides significant opportunities for efficiencies through a more holistic approach. Current transport management is often carried out by individuals with no professional transport management experience and in some areas, the responsibility lies upon one individual with the resultant lack of resilience. The benefits of centralised procurement are not being realised and opportunities exist to explore the use of school transport (SEN) in lieu of private suppliers. Individual service purchase or leasing means that the fleet of council vehicles could be reduced and resultant spare capacity offered to any PCC employee and potentially offset the use of employees own transport. The grey fleet mileage is significant and there is an opportunity to set a target to reduce this through the adoption of a policy that would direct staff to consider greener options before taking their own vehicle.

#### 4 Financial Appraisal

<u>Additional Costs</u>	<u>Year 1</u> <u>(2009-2010)</u>	<u>Year 2</u> <u>(2010-2011)</u>	<u>Full Year</u>
Transport Manager	£10,000	£35,000	£35,000
Formation of ITU		£3,000	£0
I.T. System acquisition		£45,500	£0
Ongoing I.T. costs		£6,500	£6,500
<b>Gross costs</b>	<b>£10,000</b>	<b>£90,000</b>	<b>£41,500</b>
<u>Savings</u>			
School minibus pilot		£30,000	£60,000
Improved procurement		£100,000	£120,000
Rationalisation of fleet 7 vehicles	£2,600	£20,000	£20,000
Rationalisation of 8 more vehicles		£12,000	£23,000
Grey fleet 10% reduction		£20,000	£55,000
<b>Gross savings</b>	<b>£2,600</b>	<b>£182,000</b>	<b>£278,000</b>
<b>Net savings</b>	<b>(£7,400)</b>	<b>£92,000</b>	<b>£236,500</b>

- 4.1 The financial appraisal identifies additional net costs of £7,400 in 2009/10, and net savings of £92,000 in 2010/11 and £236,500 in a full year. The savings will be deducted from the portfolios realising the saving and budget will be allocated to the portfolios incurring the additional costs. Additional costs incurred in year 1 will be offset against savings in later years. The net savings will accrue to the corporate centre.
- 4.2 Further potential efficiencies from the review in future years have been suggested within the report but, at this stage, cannot be reliably quantified (and may require changes in policy). However, the project manager anticipates that these savings may be in the order of £100,000 in addition to those identified in the appraisal. The identified savings will be apportioned and deducted from relevant services budgets in 2010/11 and subsequent years.

## 5 Conclusion

5.1 The formation of an ITU with its collective management and procurement and the creation of a Transport Manager role to manage the council fleet would provide significant opportunities to increase ongoing efficiencies and provide a more resilient and professionally focused service. In addition, widening the scope of transport providers to include schools for the SEN requirements offers further opportunities for cash savings. The opportunities identified are consistent with our commitments to the Carbon Reduction Act and if adopted, would collectively reduce the size of our fleet and aim for a reduction in staff related mileage.

## 6 Legal Issues

6.1 The City Solicitor advises that it is within the Councils powers to approve the recommendations made in this report.

## 7 Equality Impact Assessment

7.1 This report has undergone an effective equality impact assessment and there are no equality issues arising from this report

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Head of Audit and Performance, Improvement.

### Background List of Documents

Section 100D of the Local Government Act 1972

*The following documents disclose facts or matters which have been relied upon to a material extent by the author in preparing this report:-*

*Corporate Transport Efficiency Review                      Location: Efficiency Review  
Team*

The recommendation(s) set out above were approved/approved as amended/deferred/rejected by the Cabinet Member for Resources on 29<sup>th</sup> September 2009.

Signed: .....

Cabinet Member for Resources Portfolio