

ITEM 4

4. RUNNYMEDE TRAVEL INITIATIVE (COMMUNITY SERVICES - DARREN WILLIAMS)

**Synopsis of report:**

As requested by Corporate Management Committee in July 2020, a report on the options for future provision of the school transport service known formally as the Runnymede Travel Initiative has been written for Members to determine whether the service is to be re-provided or whether it is to be permanently discontinued.

The report sets out two options with regard to the resources required for service re-provision on the basis of a service being provided in house by an integrated Community Transport service.

**Recommendations:**

The Committee considers the information provided in the report to Community Services Committee in July 2020 and the further information contained within this report, regarding the Runnymede Travel Initiative (Yellow Bus Service) with the proposal of an in-house service option as a replacement for the current Runnymede Travel Initiative (Yellow Bus Service).

The Committee considers the financial implications of committing to an in-house service against the current financial position of the Council and the impact of Covid-19 on this financial position.

1. A capital estimate in the sum of £135,000 be approved for the replacement of existing Community Transport vehicles, budgeted within the Council's capital expenditure programme; and

**EITHER**

2. The Committee agrees that:

- I. The Runnymede Travel Initiative be continued and a capital estimate in the sum of £315,000 be approved for the purchase of the additional 7 buses to be funded from as yet unidentified capital receipts;

Or

- II. The Runnymede Travel Initiative be continued and approval be given to enter into a lease for seven new vehicles for a period of five years;

Or

- III. Members confirm that that the Runnymede Travel Initiative is to be discontinued as a result of the financial position of the council

3. **If approved, that the commencement date for the new service will be April 2021, given the likely impact of Covid on the Council's ability to deliver the service and subject to the fleet and employees required to deliver the service being available and subject to the ability to provide the service to comply with any relevant Government requirements in respect of the Covid-19 pandemic that may apply at that time.**
  4. **The salaries of Community Transport Drivers be increased from grade 4 to grade 5 and the Community Transport Scheduler salary be increased from grade 6 to grade 7.**
- (To resolve)**

## **1. Context of report**

- 1.1 Community Services Committee in July 2020 and at Corporate Management Committee following this, a report was presented to Members on the option to provide an in-house school transport service to secondary schools within the borough.
- 1.2 The Corporate Management Committee supported the aims of the Community Services Committee in its plans for the Runnymede Transport Initiative and agreed, subject to a budget review and funds being identified, with a referral to a special full council meeting by the end of September 2020.
- 1.3 Whilst the proposed method of service delivery remains unchanged, this report highlights further work undertaken in considering the cost of the service, attempts to work in partnership with Surrey County Council with the aim of reducing the overall cost of the service and presents two options for Members to consider in regards to how the resources required to deliver the service could be obtained and the impact this would have on Council budgets given the worsening situation on the Council's finances.

## **2 Report**

- 2.1 The report to Community Services Committee and Corporate Management Committee outlined how an in-house service could be provided, integrated into the current Community Transport service.
- 2.2 Members are advised that there have been no further amendments or refinements to the service delivery model since the meeting of Corporate Management Committee.
- 2.3 The proposal presented included the requirement to purchase 7 additional vehicles to be added to the Community Transport fleet. This would therefore create a need for a capital estimate in the sum of £315,000 for which there is no budget within the Council's capital programme, nor currently the means to finance it.
- 2.4 In addition, three vehicles would need to be replaced within the existing Community Transport fleet, for which a further capital estimate of £135,000

would be required, but which is included within the Council's capital programme and can be funded.

- 2.5 The previous report highlighted the annual revenue cost of delivering a combined community transport and school transport service in the way, which totalled £529,587, resulting in a saving of £65,106 against the current combined budget of £594,693. As the existing community transport service is not changing this would make the school transport element £231,892. The budget information relating to this can be found in the attached Appendix.
- 2.6 Members are reminded that the revenue cost also includes adding required resources to the wider Community Transport service and also the cost of harmonising pay as deemed appropriate through the work undertaken by Human Resources, in response to the probable transfer of Surrey Heath employees to Runnymede as a result of the Community Services Partnership.
- 2.7 However, since the meeting of Corporate Management Committee, officers have undertaken further work to see if there are potential options to reduce either the capital investment or the revenue costs of the service.
- 2.8 In doing so consideration has been given to leasing vehicles as opposed to purchasing them, prompted initially by the potential introduction of Unitary Authorities in Surrey and therefore the potential time frame for such a service committed to by Runnymede Borough Council.
- 2.9 Therefore, whereas the option one is built on the premise of vehicles being purchased which would have a lifespan of nine years, consideration of leasing vehicles over a five-year term has been investigated. In doing so, initial contact has been made with companies who are listed as lease vehicle suppliers through the ESPO Procurement Framework.
- 2.10 To date, the most favourable indicative price is that over a five-year period a vehicle can be leased for circa £250 per week. In leasing the vehicle, the following is included as part of the cost:
  - 10 weeks safety inspections
  - 300 miles per week allowance
  - Fully maintained
- 2.11 As a result, consideration has been given to the option of leasing vehicles as opposed to purchasing them and the financial impact that this would have on the budgets, as set out for the first option presented
- 2.12 Leasing vehicles would mean that the capital sum required to purchase the additional seven vehicles would not be required. As a result, the capital estimate of £315,000 previously presented for option 1 would no longer be required.
- 2.13 Instead, the cost of leasing seven vehicles would be included within the revenue budget. Leasing seven vehicles would result in the total cost of the service annually increasing from the £231,892 as detailed in option one, to £265,677. This would realise a saving of £31,321 against the current Runnymede Travel Initiative budget but would increase the pressure on the

Council's overall finances compared to the purchasing option. The budget relating to this option can be found in the attached Appendix .

- 2.14 In considering the two options presented, it is important that Members understand the risks involved in leasing vehicles as opposed to purchasing.
- 2.15 Firstly, the indicative quote provides a set number of miles that the vehicle can undertake, with additional miles driven incurring a per mile charge to the Council. At this time the charge per mile is not known.
- 2.16 Whilst the maintenance of vehicles is included within the cost of the lease, in the event of a vehicle being out of service due to a vehicle defect, the timescales for repair or replacement may be longer than the service can cope with. This could be offset if there was agreement from the lease company for the vehicles to be maintained and serviced by our maintenance contractor on site at the Depot, with the lease company paying them directly. However, whilst there is spare fleet capacity built into the integrated Community Transport service, there is still a risk.
- 2.17 Vehicle maintenance is included in the cost of the lease, excluding damage or defects identified as a result of poor driving etc. Whilst it is hoped this would be limited or nil in terms of frequency, there is the potential that some defects and repairs would need to be completed by the Council. Therefore, a budget of £1,000 for other maintenance has been built into the budget.
- 2.18 Thirdly, historically when vehicles have been leased the Council have been subject to additional charges outside of what the lease company considers to be fair wear and tear. This has always proven very difficult to challenge and has resulted in the Council paying the sum billed. Therefore, it would be prudent either in the event of service financial efficiency or as part of the budget from the outset, to build in a contingency of £500 each year per leased vehicle that would then pay for such charges at the end of the lease period. This has not been included in the figures, nor would this be possible in the short term given the Council is likely to use up all of its earmarked reserves in order to offset the ongoing General Fund deficit.
- 2.19 Finally, officers feel it would be prudent to have a lease break clause within any agreement, in case the service is financially unviable in the future, if demand for the service reduces or in the event of Unitary status etc. This would also provide an opportunity to exit the proposed service delivery arrangements should there be identified issues associated with this. However, it is unlikely that this would be offered by lease companies without the introduction of a penalty clause.

### **3 Possible Support from Surrey County Council**

- 3.1 In a recent meeting with Ben Spencer MP, Officers and Cabinet Members of Surrey County Council, attended by the Leader of the Council, Chief Executive and Corporate Head of Community Services, a discussion took place as to the possible support that could be provided to the continued provision of the service.
- 3.2 Members may be aware that central government have made funding available for transport authorities to contract additional transport to assist with school travel at peak times. In this meeting it was confirmed that whilst the

funding period has been extended until the end of December 2020, the money is only able to be used to supplement the public bus network and not to fund other arrangements for providing school transport. As a result, it would not be possible for SCC to provide funding to RBC through this scheme.

- 3.3 However, a proposal was presented to SCC related to other work that is currently undertaken by RBC on their behalf and the long-term aspiration for further partnership working in the delivery of transport.
- 3.4 This proposal focussed around services that have capital funding attached to them (S106 services) but which currently has not been released to spend, with RBC instead delivering the service using two vehicles from the existing Community Transport fleet.
- 3.5 A request has been made that if there is capital funding available for these services and that it is both large enough and able to be used to purchase vehicles, that this is released as soon as possible. In doing so, this would then release the two vehicles currently being used and allow them to be redeployed to other services and therefore reduce the number of additional vehicles required.
- 3.2 If agreed, it would mean that should Members choose to proceed with the service on the basis of purchasing vehicles it would save £90,000 in capital required, whilst if wanting to proceed with the lease option, would save £38,294 annually.
- 3.3 At the time of writing this report, a response has not been received from SCC and whilst officers will continue to pursue this proposal, should it be the decision of Members to provide the service, it is felt prudent to discount the efficiencies outlined at this stage and that inclusion of this proposal is for information only to demonstrate the efforts made by officers to engage with SCC in relation to this service.

#### **4 Commencement of Future Service**

- 4.1 Currently there is no interim school transport service provided and therefore the urgent demand for transport is unknown.
- 4.2 However, in light of the ever tightening grip of Covid-19 on individuals and the increase in infection rates, consideration should be given as to whether the preferable commencement date January 2021 is both realistic and viable.
- 4.3 In regards to the viability, this will depend on the option that is chosen by Members should the decision be to re-provide a service. If choosing to purchase vehicles, the lead time on build and delivery of vehicles will likely be beyond January 2021 and April 2021 would therefore be considered a more viable commencement date. If choosing the lease option, it may be that receipt of vehicles can be delivered for service commencement in January 2021, however these too may need to be built and delivered to the leasing company.
- 4.4 However, there are a number of other service planning aspects that need to be undertaken including the recruitment of staff, set up of financial processes, coordination and booking processes etc. Whether this is all possible to be

completed by January remains to be seen, but certainly in regard to recruitment and training, a three month window may prove challenging, particularly if the Council fails to recruit all the staff it requires in the first instance.

- 4.5 Added to this the impact of Covid and the potential to reduce the numbers of passengers travelling per vehicle to aid social distancing, the financial impact this would have would result in an even greater service subsidy than that of the old service.
- 4.6 Therefore, should Members choose to provide the service, dependent on the availability of vehicles and recruitment of staff, it is proposed that the full service commencement date be moved to April 2021, with an interim service for the at risk or high need pupils provided in early 2021, working in partnership with schools to achieve this.

## **5 Petition Submitted to Runnymede Borough Council**

- 5.1 In response to the announcement of the non-continuation of the school transport service provided by First Beeline, a petition was set up on the Runnymede Borough Council website titled "Petition to: Reverse the decision to abandon the Yellow School Buses serving Fulbrook, Magna Carta, Salesian and Jubilee High". The closing date for people to sign this petition was 12 September 2020.

The petition prayer says

"Without consultation with schools, parents or the wider community RBC has withdrawn funding for the Yellow School Buses. As such parents, schoolchildren and the wider community will be impacted by an increase in peak time car journeys for pupils that will now need alternative means of attending school. This petition calls upon RBC to reverse their decision with immediate effect and to engage in consultation looking at continued provision or alternative travel arrangements that retains the safety of our schoolchildren and encourages the most environmentally friendly approach to school attendance."

- 5.2 At its close the petition had been signed by 479 confirmed signatories, whilst there were an additional 79 unconfirmed signatories.
- 5.3 It should be noted that the petition makes no reference to why the Council withdrew the service and it is possible that those signing the petition were unaware of the costs to the Council of providing this service subsidy. Had this been known, potentially there would have been fewer confirmed signatories. Equally, if the cost of providing the service and subsidy per person had received greater publicity, potentially other residents may have supported the option of discontinuing the service.

## **6 Human Resource Implications**

- 6.1 There are no further human resource implications identified to those which were included within the Committee Report to Community Services Committee in July 2020.

## **7. Financial Implications**

- 7.1 Members will know from the report set out elsewhere on this agenda that the Council needs to make £2million of savings from its base budget by March 2024. For this reason, any avoidable expenditure, particularly that which carries additional risks, should be avoided.
- 7.2 Not re-providing the service would contribute 14% of the savings now needed to fund the budget. Reintroducing the service will save the Council up to £70,000 contributing 3.5% towards the amount of savings now required, leaving the balance to be funded by reductions in other services - many of which will affect far more residents than are affected by the withdrawal of the bus service.
- 7.3 It is worth repeating that estimating the demand for the service at the current time is fraught with danger and the assumptions made in previous reports to generate the figures above rely on the “business as usual” principle and therefore carry a significant risk. It is assumed for instance, that the demand for this service will still be there post Covid19 , that those currently receiving a sibling discount will be happy to pay the full fare and that everyone will pay £4 a day when the local bus service equivalent charge could be as low as £2.50 for advance payment.
- 7.4 The options set out in this report can be summarised as follows:

	Revenue		Capital
	Cost	Saving	Cost
	£	£	£
Former Service	296,998	-	-
Option 1 - Purchase	231,892	65,106	315,000
Option 2 - Lease	265,677	31,321	-

- 7.5 Both options save the Council money over the existing service, but both are equally full of risk. Purchasing the vehicles would mean that they could be redeployed or sold should the service have to be curtailed or cease in the future. However, the Council would need to find the means of financing any new vehicles by deferring other items in the Capital Programme. Leasing with a break clause reduces the savings available and carries many other risks as set out in paragraphs 2.14-2.19 above.
- 7.6 Should ongoing discussions with Surrey County Council as set out in paragraph 3 above prove fruitful, additional savings may be forthcoming through the external funding of two of the vehicles.

## **8. Policy Framework Implications**

- 8.1 The Community Services Business Unit Plan for 2020/2021 includes the requirement for a review of the Yellow Bus Service.

## **9. Legal Implications**

9.1 There are no legal implications further than those identified in the report to Community Services Committee in July 2020

**10. Equality implications**

None

**11. Environmental/Sustainability/Biodiversity implications**

11.1 There are no environmental implications further than those identified in the report to Community Services Committee in July 2020.

**12. Conclusion**

12.1 This report is provided to Members to give options as to how they may wish to proceed in delivering any future school transport service. However, any decision is required to be made in full consideration of the financial position of the Council.

12.2 The report outlines the considerations and planning that would have to be made in the event of the decision being to continue the service and therefore Members are asked to consider the more realistic commencement date for a full service of April 2021

12.3 The report demonstrates that officers have proactively looked for alternative options and also partnership opportunities to support any future initiative with Surrey County Council.

12.4 However, the financial position of the Council remains particularly challenging and therefore this report, together with those presented at the July Community Services and Corporate Management Committee meetings, provide as much information as possible to enable Members to make an informed decision both on the service and the financial constraints of the Council.

12.5 Given so much uncertainty surrounding the Council's budget and the ongoing effects of the coronavirus on society in general, Members will have to make some hard decisions in the months ahead in order to ensure the solvency of the Council over the life of the MTFS. This report is the first of many,

(To resolve)

**Background papers**

None stated.