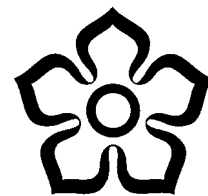


Appendix B

A Scrutiny Investigation into the Council's Operational Transport Service

A report by the Operational Transport Working Party, a cross scrutiny Sub-Group of the Council's former Resources and Equal Opportunities, Education and Social Services committees.

June 2006



Leicester
City Council

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Introduction

This report is the product of an in-depth investigation carried out by the Operational Transport Working Party that was initiated by Members, particularly those on the Social Services Scrutiny Committee, in order to investigate Leicester City Council's Operational Transport Service. This was in response to Members' frustrations and a concern over the effects of the 2004 'Transport Efficiency Review' on transport overspends by the Education and Social Services departments.

It was agreed early on that the Council's transport services could not effectively be scrutinised under existing arrangements, since the main responsibilities were divided between three departments with potentially four-scrutiny committees involved. It was therefore decided to look at the service in the round and develop a new approach to scrutinising a service. Hence, for the first time, in this Council, a cross scrutiny working party, consisting of the triumvirates of three scrutiny committees: Resources and Equal Opportunities, Education and Social Services committees, was convened.

The investigation took as its starting point the May 2004 Cabinet report 'Transport Efficiency Review' that approved the implementation of the proposals from the efficiency review and gave assurances that it would save the Council £0.97 million in 2004/05 and £1.5 million per annum from 2005/06 onwards. The investigation went on to look at the implementation of the recommendations and proposals arising out of the report and the setting up of an Operational Transport Project Team to address the problems with regards to rising costs and efficiency opportunities that were later identified by officers.

Due to the potential sensitivities surrounding this investigation, Members made a great deal of effort to create an environment where officers could feel comfortable in expressing their views. For this reason, Members chose to hold their meetings in private, though it was made clear that the findings would be made public. Members were also given access to reports, including Corporate Directors Board reports and tendering documents, which include matters that are confidential. These were marked 'confidential' and treated in the same way as Part B Agenda items for the Council's main committees.

The conclusions and recommendations in this report reflect the discussions that took place over the period of the investigation and the conclusions we as Members have reached based on that information. Now that the investigation is complete our colleagues and the public have the chance to judge our work, and whether our recommendations will help to bring about a change in Operational Transport Service or the way the Council undertakes its business.

Lastly, on behalf of the working party I would like to thank Members and officers for their cooperation in addressing the issues and providing the working party with the information needed to complete their work.

Councillor Rob Renold
Chair of the Operational Transport Working Party

Terms of Reference

AIM

To scrutinise current and proposed future arrangements associated with Transport Services provided by the Regeneration and Culture Department for children and service users of the Education and Lifelong Learning and Social Care and Health Departments.

To prepare a report to make recommendations about action required to ensure that future provision to the Children's Department and Adults and Community Department are efficient, effective and fit for purpose.

DEFINITION

For the purpose of this investigation Transport Services are defined as services provided by the R&C Department to the Education and Lifelong Learning and Social Care and Health Departments.

AREAS TO BE CONSIDERED AND SCOPE

Investigation of:

1. Historical Situation

- Historical background to the transport arrangements in the Council.
- Action taken by the Council to address issues – including the background to a series of reviews including the Transport Efficiency Review, assumptions of the review and budgetary pressure that the review sought to address.

2. Actions taken

- Planning and implementation of the Efficiency Review – extent of achievements and improvements

3. Current Situation

- Current budgetary pressures in Social Care and Health and Education and Lifelong Learning.
- Outstanding issues/pressures and the measures being taken to address these.
- Quality of Transport provision
- Levels of demand

4. Future Plans

- Future plans and arrangements
- Indication of future transport requirements (service trends) and how they are to be met.
- Location of the Transport Function

MEMBERSHIP & ACCOUNTABILITY

Resources and Equal Opportunities Triumvirate

Councillor Willmott (Chair)

Councillor Renold (OT *Working Party Triumvirate & Chair (from 8.05.06)*)

Councillor Porter

Education Triumvirate

Councillor Johnson (Chair)

Councillor Karim

Councillor Waddington

Social Services Triumvirate

Councillor J Blackmore (Chair) (OT *Working Party Triumvirate & Chair (resigned 24.04.06)*)

Councillor Almey

Councillor Mrs Chambers (OT *Working Party Triumvirate*)

Standing Invitation To Be Given To:

Councillor Suleman

Councillor Gill

Meetings will be held in private in order to promote free and open discussions, but they will not be classified as confidential. The minutes will be circulated to each of the committees involved for information.

The need for political balance on the working group is to be waived and it will be deemed to be quorum if one Member from each triumvirate is present. Members will be asked to send a substitute if they are unable to attend.

The final report shall reflect views of the working party and where one party or Triumvirate holds a different view this will be noted.

METHODOLOGY

The review will be based on a series of themed meetings (*e.g. Actions taken, current situation, Future Plans*) that will provide Members with the opportunity to ask questions of senior managers and receive appropriate and timely information on areas of interest for the investigation.

The process to be supported by:

1. Officer reports on broad areas of interest to the investigation based on the scope of the review. For example. *Planning and Implementation of the Efficiency Review* –
 - What have been the key achievements and improvements derived from the review
 - In light of the pressures on the service departments what action or issues do you feel need to be considered to improve the situation
2. Officers would then be invited to a meeting to answer supplementary questions based on the information they submit
3. Members reserve the option to invite other officers/interested parties to put forward verbal views and opinions on the Council's operational transport service

TIMSCALE

To be completed by 1st April 2006

The number of meetings and when to be determined

PROPOSED CONTRIBUTORS:

Officers of the Regeneration & Culture Department
Officers of Social Care & Health Department
Officers of the Education Department
Any others as deemed necessary

20 January 2006

Date of Meetings

19 December 2005, at 5.30pm

19 January 2006, at 5.30pm

7 February 2006, at 2.00pm

27 February 2006, at 5.30pm

20 March 2006, at 5.30pm

20 April 2006, at 2.00pm

8 May 2006, at 5.30pm

30 May 2006, at 5.30pm

Conclusions

During the investigation of the Council's Operational Transport Service a number of issues were covered. These included the lack of management information and the purchase of the transport software system 'Transys'. The investigation also looked at the role of Members and health and safety (in particular the Council's statutory obligation regarding Safeguarding Children and Adults) concerns. The key points are outlined below.

Management Information and Demand for Service

1. The working party was concerned to find such a lack of management information relating to the running and use of the Council's Operational Transport Service. They found that there was:
 - Little understanding of the number of users and their needs both prior to and since the 2004 efficiency review
 - No way of affirming the views of some officers that there had been an increase in demand for the service and whether this had contributed to the need for more vehicles than anticipated in the 17th May 2004 Cabinet report "*Transport Efficiency Review*"
 - A lack of ability to estimate the actual cost of moving the service from Sulgrave Road to Leycroft Road and the associated increase in refuelling/staff time that was estimated at £200k p.a., and
 - That the paucity of management information made it impossible to demonstrate any presumed savings had been offset by what was reported as the cost of increased service demand.
2. The City Council bus fleet was also a victim of the lack of management information and changes in the requirements/demands from Social Care and Health, leading to a failure to reduce the Council's bus fleet by 10% (8 buses). In fact, only one bus had been removed from service.
3. The commissioning departments were unable to provide solid evidence for the degree to which overspends, if any, were associated with an increase in usage or demand for the service.
4. The efficiency review report in May 2004 stated that the management information held by the service was '*completely inadequate*' and put forward what it saw as a suitable system to help with this, and the other needs of the service. However, though the proposed system was purchased, the need to develop an appropriate management information system was still seen as '*essential*' in February 2005 (Report – Revenue Budget Strategy 2005/06 to 2007/08) but now aligned more closely to the risk of failure in achieving the revised target. The working party accepted that this information had been reported to Members, but queried the level of emphasis that was placed on this crucial aspect of the report in briefings.

5. Members also noted that officers were presently aware of the lack of management information relating to the nature of the transport service. While officers were actively looking at ways in which this could be addressed, no real progress had been made in the previous two years. There is still a fundamental lack of solid information as a basis for operational management control and budgetary control.

Transport Software System – Transys

6. Great importance was stressed on the Council having a fully functional transport system, improved management information, as well as an infrastructure for the service that was fit for purpose if dramatic improvements in the efficiency of the transport service were to be realised. As stated, the working group was concerned at the lack of management information and knowledge regarding the nature of the service, however, it was particularly disturbed with the manner in which the £35k transport software system 'Transys' was purchased.
7. Members were informed that at the time of the 2004 review there was a clear need for a new passenger transport software system that was capable of filling and routing the buses and taxis, interacting with finance and providing the requisite management information for Operational Transport and the commissioning departments.
8. Though 'Transys' was purchased within the Council's procedural and financial rules, i.e. all the right boxes were ticked; a number of issues surrounding its purchase concerned the working party. They concluded that the system was undoubtedly not 'fit for purpose' and that the poor purchase decision was due to a series of events starting with the May 2004 Cabinet Report:
 - At the outset when the system was first cited in the 2004 report its importance to the Council in achieving the stated savings was not suitably emphasised, thus the potential risk of the system not doing what was required was not flagged up,
 - The 2004 Cabinet report further placed pressure on officers to meet particular deadlines, which contributed to them making choices between a limited number of software options and purchasing an unsuitable system without the rigour its possible importance warranted,
 - The pressure of the agreed deadlines led to the procurement process being compressed through the use of 'waivers', the purchase of the system without a service specification and without officers seeing a demo of the routing system because the demo model had no GIS capability,
 - Assumptions were made that if you put information in to the system that it would analyse the data and provide one with the information they required, and
 - Following the purchase of the system there was a failure to adequately provide time and resources for its operation, e.g. training for staff in its use and operation due to the flat management

structure of the service. It is widely understood in IT circles that costs of management time, training and data input for a new piece of software can often exceed the cost of the software itself, which was not appreciated by officers concerned with Operational Transport.

May 2004 Cabinet Report

9. The working party concluded that the May 17th 2004 Cabinet report "Transport Efficiency Review" failed to adequately set out the risks associated with meeting the targets set out in it and that the term 'will save' in relation to the savings being realised was inappropriate. Risks were reported as being 'manageable', though some officers prior to the report going to Cabinet had suggested that the projections were 'ambitious'.
10. Furthermore, it was recognised at the time of the May 2004 report that further work would be required before the total savings could be finalised and the budget changes put into effect for 05/06. A further assessment was undertaken in the autumn of 2004, which resulted in senior officers reducing the projected savings from £1.5m to £1m with consequent changes to the budgets of both the education and social services departments.
11. These measures were, apparently, not formally reported neither to the Corporate Directors Board (CDB) nor to Cabinet and, therefore, should be considered as a serious breakdown in communication.
12. The working party also questioned why the consultant who undertook the transport efficiency review on behalf of the Director of Housing did not produce a report on his investigation. The May 2004 Cabinet report only provided suggested solutions to achieve the savings that the review was set up to identify, but did not provide an analysis on the problem.
13. The working group was informed that the consultants' review consisted mainly of discussions with the staff involved and a detailed exercise to determine the nature of the business and its relationship with its customers. The working group was also informed that there was limited data on the nature of the service and that this is still the case today.
14. Though it was known there could be possible changes to the requirements of the Social Care and Health Department at the time of the May 2004 report no account was taken of this, the consequent possible increase in demand for taxis then contributed to the overall efficiency savings not materialising. The proposed reduction in taxi use represented the largest percentage of the predicted savings and the working party was informed that work was currently being undertaken to reduce there use.

Safeguarding Children and Adults

15. The taxi re-procurement process resulted in some 24 companies being employed, yet there was no monitoring or review of the health and safety requirements for taxi firms between August 2004 (re-tendering of the taxi contract) and April 2005.

16. The working group was particularly disturbed to find that CRB checks with regards to taxis, staff and escorts were not regular monitored during this period. The working group were however informed that a system had been instituted for City Council drivers and escorts in 2005 and was now routine, but that this was not a systematic feature of Operational Transport management with respect to taxi firms. When questions were asked about how regular checks are done to keep the monitoring “fresh”, the answers have been unclear.
17. The working party concluded that CDB should have known about these problems and a paper out-lining the issues and the measures to be taken by officers to remedy the situation reported to Cabinet.

The Role of Members

18. The working group questioned the reasoning behind Members being kept in the dark regarding the problems associated with meeting the budgetary savings agreed at Cabinet in May 2004, or the revised figure of £1m. Officers first became aware of potential problems in November 2004 but Members were not formally briefed until August 2005. However, the working group was informed that pressures on the transport budget were reported to Members via routine “budgetary control reports” and adjustments were made to the projected savings of May 2004 reducing it from £1.5m to £1m in the 05/06 budget.
19. Though Members may have been kept informed via routine “budgetary control reports” (for example, reference was made to potential risk in the Revenue Budget Strategy that went to Full Council in February 2005), the working party were concerned that the serious problems in achieving the predicted savings were not emphasised clearly enough or early enough by officers. The working party felt that greater emphasis should have been given to an item which had previously been agreed at Cabinet to save the authority £1.5m and which potentially would not now deliver a revised target that was more than 33% less.
20. For example, even though the Council had purchased a £35k transport software system in August 2004 to help provide improved management information, the February 2005 report stated that it was essential to develop “an appropriate management information system” and aligned this to the risk of failure in achieving the revised target. There was recognition on the part of the working party that officers knew that Transys was not ‘fit for purpose’ and the importance of such a system to any savings ever materialising, yet Members were not made aware of this until recently.
21. The manner in which officers kept their respective scrutiny committees informed of budgetary concerns in their department was also of concern. The Social Care and Health Department informed the working party that they had kept their committee informed of the impact of the efficiency review. Though this was the case the Chair often found it difficult to get answers to secondary questions. Members of all Committees concerned felt that they had not been made aware in an effective manner of the serious lack of progress in achieving the expected savings.

22. 'Budgetary control reports' to scrutiny were often received as 'information' to be noted and the content often under-played. One such report to the social services scrutiny committee predicted an end of year overspend of £600,000, but when pressed on this, officers finally suggested that the transport element of this overspend could be as high as £700,000.
23. The 2004 efficiency review involved important organisational changes and, as such, should have been regularly reviewed and monitored by the CDB and reported back to the Leader of the City Council and to Cabinet. We understand that, since August 2005, this is now the case.

Data and Software

24. Despite the fact that it has been clear for over a year that Transys is not 'fit for purpose', no progress has been made by officers in finding a more suitable software system until recently. It is only in the last couple of months that possible alternatives have been identified. Without a suitable software system it is most unlikely that effective control of Operational Transport can be achieved. This lack of progress is most unsatisfactory.
25. It is also a matter of concern that there has until recently been no progress on sorting out a variety of issues with processes and databases associated with the Operational Transport service. Without these items being sorted out no software system, however good, will be able to manage the service.

Infrastructure Changes

26. Due to problems in disaggregating costs relating to the overheads of running the service, e.g. the school postbag service, the Education & Lifelong Learning Department was found to be at a disadvantage in realising the full potential of any potential savings.
27. Problems with the Operational Transport Service flat management structure were raised with the working party. Members noted that changes would be required to provide sufficient management time to manage strategic issues including the implementation of new systems and structures required to deliver the predicted savings. Until recently there has been a serious lack of effective management able to make changes to Operational Transport that would provide management information and control and the predicted savings.

Other Issues

28. The working party found that the lack of both financial and human investment following the 2004 efficiency review, and previous reviews did not help in the achieving the results that were envisaged. There was also a desire amongst members for recommendations forthcoming from future reviews to be fully implemented or at least appropriate adjustments made where resources were identified as insufficient.
29. The effect of standardising the pay and conditions of the Council drivers was not anticipated in the 2004 efficiency review and ended up costing the service a lot more than was foreseen.

30. Though the proposed reduction in taxi use represented the largest percentage of the predicted savings the working party was concerned to find that the cost had increased substantially following re-tendering and that the assumptions regarding what would be required in terms of health & safety and future demand was way off the mark. Members would have expected that they would be informed when it became clear that the tenders showed an increase in costs in an area that was key to the expected savings.
31. Throughout the last two years responsibility for Operational Transport has passed through several officers and several reviews. This has contributed greatly to the lack of progress and the failure to make some £2.5 million of expected savings. It is a matter of concern to Members that insufficient management resources were applied to this significant problem over a substantial period of time. The working party was unimpressed by this state of affairs.
32. The future location of the service within the Council's management structure was discussed, though not in any detail, with the working party forming the view that it would be better to have the whole service located in and managed from one department.
33. Finally the working party noted the hard work that has gone into addressing the problems with the Council's Operational Transport Service, particularly the work undertaken in the past 12 months, including putting in place an Operational Transport Project Team. The team should be reporting in September 2006 on firm proposals for addressing the rising costs and efficiencies identified.
34. Members noted that the Operational Transport Project team had begun to unpick many of the issues surrounding the management and future efficiency of the service and had in place a team of officers working to Prince 2 project management principles. This includes a qualified work placement analyst whom the working party noted had contributed significantly to stage 1 of the project and who is currently discussing his future on the team.
35. The working party were informed that some of the areas being investigated include getting a clearer understanding of the user profile for the service, developing cost comparisons for both in-house and external transport provision and potential fuel saving initiatives.

Timetable of Events

The following table sets out the sequence of known key events surrounding the 2004 Operational Transport efficiency investigation.

Frazer Robson (FR) inherits the Operational Transport (OT) service	January 2004	
	February 2004	Mike Forrester (MF) asked by Leader (R Blackmore) to undertake Operational Transport efficiency review
MF takes his report to Cabinet	17 May 2004	Report identifies potential savings: £966k 04/05 £1.5m 05/06
FR implements a number of tasks as agreed in May Cabinet report	2 July 2004	1. Organisational Review
2. Taxi service re tendered	August 2004	3. Computer system in place
Mark Noble (MN) reviews the projected savings from the operational transport review as part of the 05/06 budget process	Autumn 2004	
	15 Oct 2004	MN recommends a revised target to the three dept's of £1.28m (<i>actual as set out in the budget 05/06 was £1.03m</i>) and confirmed steps needed to ensure savings realised for 05/06
Regen & Culture – problems with hitting efficiency review budget targets first registered	November 2004	
	January 2005	Cllr R Blackmore (while in opposition) became concerned OT review not meeting savings target
Dept Efficiency Savings for 2005/06: E&LL delete £616k from budget SH&C add £450k and delete £430k from budget. Net increase of £20k	February 2005	<i>Pressures in the transport budget were reported to Members during routine budgetary control reports during 05/06</i>

Andy Keeling (AK) takes report on OT to Corporate Directors Board (CDB)	3 May 2005	CDB gives David Oldershaw (DO) responsibility to oversee an improvement plan for OT and a Officer management group is established
<i>Liberal Democrats/Conservative took back control 19th May 2005</i>		Leader of the Council Councillor Blackmore, became aware of difficulties with the review in May and the outcome of CDB
Cabinet Agenda meeting: DO agreed future briefings to Leader on the issues regarding OT	23 August 2005	
	24 August 2005	Leader had a meeting with DO and AK. Thereafter regular meetings
<i>AK inherited OT at the beginning of September</i>	September 2005	
	6 Sept 2005	Update report by DO to CDB
Leader and Councillor Grant Briefed by Chief Executive	12 Sept 2005	
	15 Nov 2005	Update provided to CDB by DO
Leader and Councillor Grant Briefed again by Chief Executive	21 Nov 2005	
	24 Nov 2005	AK, DO and John True gave a briefing for the Leader on the full position regarding Operational Transport
Operational Transport Project Board agreed there PID	January 2006	
	February 2006	Update by DO to CDB and AK confirmed as the Project Director for OT Project
Operational Transport Project Board: To put forward firm proposals for addressing problems with the service	September 2006	

Recommendations

The Operational Transport Working Party puts forward the following recommendations for consideration by the relevant scrutiny committees, Cabinet and Full Council.

It is recommended:

1. That in the future when Members are asked to endorse substantial savings to the Council's budget that they are provided with a balanced picture regarding the nature of any savings and the background to them.

This should include both the findings and recommendations from any reviews, the key areas of risks along with what action is being proposed to minimise their impact, the proposed monitoring and evaluation system for the savings and the inclusion of appropriate periodical updates to Members. Furthermore, such information should be couched in realistic terms, e.g. could, may, etc. save...

2. That where budgetary changes are made, following an organisational review, these changes and the reasons for such changes are formally reported to the CDB, Cabinet and Scrutiny.
3. That the Council takes greater care in the future when purchasing IT software, or any resource, especially when they are associated with major budgetary decisions.

In the case of software, comprehensive specifications agreed with users are required, and suppliers should be required to demonstrate that they meet the specification. If they cannot, an explanation of whether the package can be modified to meet the requirements should be provided, together with costs and timescales. Officers must ensure that software and other equipment does in fact deliver the performance that is required.

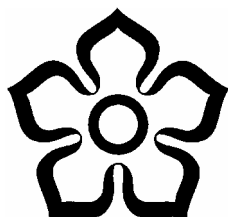
4. That the officers involved the Operational Transport Project Team outline how they intend to address the management information needs of the transport service and the weaknesses in its management structure when they present their proposals for the service in September 2006.

In particular, officers should carry out an exercise as in recommendation 3 as a matter of urgency to identify suitable software to provide the basis of the management and cost information and control that is fundamental to making effective progress.

5. That Cabinet receives a report from the Corporate Director of Regeneration and Culture concerning the Council's duties and responsibilities regarding 'Safeguarding Children and Adults' with proposals for tightening up their systems for monitoring the enforcement of health & safety procedures for taxi firms and escorts so that this becomes a systematic feature of Operational Transport management and that consideration be given as to whether further training is required for officers.

6. That Cabinet considers placing the management and location of the operational transport service within one department.
7. That Cabinet ensures any recommendations coming out of the work by the Operational Transport Working Party, that are later endorsed, are fully implemented and appropriate adjustment made to take account of any shortfall in resources that are identified. In addition, Cabinet should take all necessary action to ensure the serious corporate failings outlined in this report are not repeated.

Minutes of Meetings



Leicester
City Council

NOTES OF THE MEETING OF THE OPERATIONAL TRANSPORT WORKING PARTY

Held: Monday 19 December 2005 at 5.30pm

PRESENT:

Resources and Equal Opportunities Triumvirate
Councillor Renold

Social Services Triumvirate
Councillor J. Blackmore

Education Triumvirate
Councillor Johnson
Councillor Waddington

Officers Present

David Oldershaw	Interim Corporate Director (Social Care and Health)
John True	Interim Service Director Resources (SC&H)
Andy Keeling	Service Director Resources – Regen & Culture
Paul Livock	Service Director Student and Pupil Support – ELL
Janet Shaw	Education Officer – ELL
Roy Roberts	Policy Officer (Scrutiny) – CXO

1. APOLOGIES

Received from Councillors Willmott, Porter, Almey and Mrs Chambers

2. CHAIR OF MEETING

It was agreed that Councillor J. Blackmore would chair the meetings of the Operational Transport Working Party.

3. DECLARATIONS OF INTEREST

None.

4. TERMS OF REFERENCE

The term of reference presented by the Policy Officer were agreed subject to the following changes and agreements:

- i) That meetings be held in private but not being confidential as to allow open and frank discussions
- ii) No need for meetings to be politically balanced
- iii) Meeting deemed to be quorum if one Member from each triumvirate is present. Substitutes should be sent if a Member is unable to attend
- iv) Final report to reflect views of the working party and where one party or Triumvirate holds a different view that this be noted in the report
- v) Councillors Suleman and Gill to have a standing invitation to the meetings
- vi) The methodology set out as option one to be adopted with the option of being able to invite interested parties to put forward their view regards the Council's transport service
- vii) That the review works to a deadline of 1st April 2006. The number of meetings to be as required and based on the themes set out in the draft terms of reference
- viii) 'Any other as deemed necessary' to be added to the list of proposed contributors

5. BACKGROUND BRIEFING ON OPERATIONAL TRANSPORT

Andy Keeling presented a report that provided an overview on the history of Operational Transport, the reviews undertaken and the issues relating to the delivery of the service. Stated that the reviews in the past were either undertaken to improve the service or save money, and that other local authorities were also facing similar problems. Since taking over the responsibility for transport services recognised that if the service was to improve that we would need to adopt an improvement plan and act fully upon its recommendations.

David Oldershaw provided a background to Social Care and Health. In 1997 the transport fleet was brought over to the City Council as part of unitary status and combined with the then in-house fleet to be managed centrally. Brokering remained with Social Care until 1999. The services came over with a deficit so funds have always had to be found to meet the needs of the service.

Paul Livock painted a similar picture for Education in terms of having to identify additional funds to meet the demands of their service.

Members sought clarification on the numbers being transported by both Education and Social Care and the availability of good management information. Officers informed the working party that limited information was currently available on the numbers using the service, and that this would also have been the case at the time of the last efficiency review. An approx figure was given by Education of 700 users per year.

A bus routing system was proposed as part of the last efficiency review in 2004. Transys, the database, was introduced following the review but was unable to meet the needs of the service. A CIPFA trainee (with a systems background) is currently looking at the computer system to improve the process for managing transportation of users.

David Oldershaw informed the working group that a lot of the issues discussed by the group have been raised in the past, but that we had failed to put in place the investment required to improve the service.

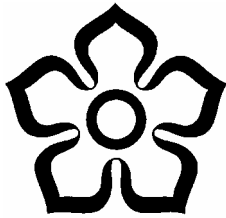
RESOLVED:

- i) that the working party is provided with data regards the numbers of people transported by both Social Care & Health and Education & Lifelong Learning via the operational transport service for the next meeting
- ii) that commentary on the Transys system and its procurement is provided for the next meeting
- iii) that the working party is provided with May 2004 Cabinet report and supporting papers for consideration at the next meeting, and
- iv) that the working party is provided with an update from the Operational Transport Project Board as its next meeting.

6. DATE OF NEXT MEETING

It was agreed that the next meeting of the working party would coincide with the Project Management Board on 19th January 2006

Date of meeting: Thursday 19 January 2006 at 5.30pm



06.06.2006

Leicester
City Council

NOTES OF THE MEETING OF THE OPERATIONAL TRANSPORT
WORKING PARTY

Held: Thursday 19 January 2006 at 5.30pm

PRESENT:

Resources and Equal Opportunities Triumvirate

Councillor Willmott
Councillor Renold (*Working Party Triumvirate*)
Councillor Porter

Social Services Triumvirate

Councillor J Blackmore (*Working Party Triumvirate & Chair*)
Councillor Almey
Councillor Mrs Chambers (*Working Party Triumvirate*)

Education Triumvirate

Councillor Johnson
Councillor Karim
Councillor Hall (representing Councillor Waddington)

Also Present:

Councillor Gill
Councillor R Blackmore

Officers Present

David Oldershaw	Interim Corporate Director (Social Care and Health)
John True	Interim Service Director Resources (SC&H)
Andy Keeling	Service Director Resources – Regen & Culture
Paul Livock	Service Director Student and Pupil Support – ELL
Janet Shaw	Education Officer – ELL
Liz Reid-Jones	Head of Policy and Performance – CXO
Roy Roberts	Policy Officer (Scrutiny) – Chief Executive's Office
Mark Noble	Chief Finance Officer
Frazer Robson	Service Director Environment – Regen & Culture

7. APOLOGIES

Received from Councillor Waddington

8. DECLARATIONS OF INTEREST

None.

9. TERMS OF REFERENCE

A further amendment was made to the terms of reference presented by the Policy Officer and agreed:

Under Membership & Accountability “to provoke free open discussions” replaced with “in order to promote free open discussions”.

10. MINUTES OF THE LAST MEETING

Agreed as an accurate record of the meeting

11. MATTERS ARISING FROM THE MINUTES

It was confirmed that following the last meeting a triumvirate for the working party was agreed as follows:

Councillor J Blackmore (*Chair*)

Councillor Mrs Chambers (Conservative Spokesperson)

Councillor Renold (Liberal Democratic Spokesperson)

12. TRANSPORT EFFICIENCY REVIEW (CABINET REPORT 17 MAY 2004)

Members invited the following to the meeting to address questions relating to the following areas:

Councillor Blackmore, Leader of the Council

To inform the working group on the purpose behind the commissioning of the 2004 transport efficiency review.

Mike Forrester, Corporate Director of Housing

To present the report that went to Cabinet on 17th May 2004.

To explain the process utilised by the review and how the proposals set out in the report were arrived at.

Following agreement by Cabinet what further work was undertaken or commissioned to ensure the total savings outlined in the report were met.

Mark Noble, Chief Finance Officer

To explain the basis of the Chief Finance Officer's financial assumptions made in the report.

To explain what further work the Council prior to the budgetary changes to the Education and Social Care Departments undertook for 2005/06 were put into effect.

Mike Forrester was unable to attend and Frazer Robson, Service Director – Environment, attended to answer questions relating to work undertaken or commissioned to ensure the total savings outlined in the Cabinet report were met.

Councillor Roger Blackmore: informed the meeting that around 5/6 years ago became concerned over the growing cost of operational transport, in particularly the rising cost and use of taxis and whether there could be efficiency savings through the redesign of the three fleets, improved use of IT, new ways of utilising the need for taxis and improved management of the service.

The political drive behind the review in 2004 was to bring about a single operational fleet and cost savings to the Council.

The Corporate Director of Housing was commissioned to undertake this review around February 2004 and a report setting out proposed savings presented and agreed in May. It was stated at the time that there were a risks associated with not meeting the targets, but that these were manageable.

Through informal discussions (while in Opposition) around the beginning of 2005 became concerned as to whether the savings proposed by the review would materialise. Later became concerned that effective management systems were not in place and that the IT system purchased was capable of doing what was required to improve the service. Of the 10% (8 buses) reduction in busses predicated only one had been removed from service. Recognised that the Council had inherited an antiquated service and that much more work would be required to bring it up to an appropriate level. Was dissatisfied that the savings had not been achieved, but still hoped that they could be.

The officers David Oldershaw, Andy Keeling, and John True are now taking a firm grip of operational transport and giving thought to any savings that could be achieved. Agreed that it is difficult to make sound decisions if good management information was not available, and that he hoped to be in a position to meet the savings first envisaged sooner rather than later.

Frazer Robson: Inherited the Operational Transport service in January 2004. Informed the meeting that he had flagged up concerns regarding the assumptions made in the report to Cabinet in May 2004. Felt the assumptions were a little ambitious, but that the comments by the Chief Finance addressed these to his satisfaction. As far as was aware the needs of the service were assessed through discussions with staff and utilising the skills of an external consultant. Became aware in the autumn of 2004 that the savings were not materialising.

Informed the meeting that the Operational Transport Team were very tied up with the day to day running of the service and that they had limited time to take a step back and consider some of the strategic issues or deal with

information collection, monitoring and analysis. For example, finding the resource to get the Transys system up and running was difficult until extra resources were made available from Andy Keeling's Division. The officer stressed, however, that the actions required in the Cabinet report had all been implemented within the required timescale. An organisational review had been requested - this was completed and signed off by the Corporate Director Regen & Culture in a report dated 2 July 2004. The taxi service had been retendered - this was completed by August. The new computer system was assessed and purchased during the summer although it has taken a lot longer than expected to get it fully operational. All the new working arrangements needed to be in place, tested and operational by towards the end of August - this was done.

The Council's Procurement Team advised that ESPO be used to procure the new taxi contracts. This exercise did not result in the savings envisaged - this was a reflection of the way the market operates. The officer gave other reasons as to why the savings target had not been met. There was a lot of evidence that the demand for the Operational Transport service had increased. This resulted in a need for more vehicles than anticipated in the Review. Standardising the pay and conditions for the drivers had not resulted in the full-anticipated savings. The movement of the depot from Abbey Meadows to Leycroft Road had resulted in substantial increased costs through increased use of fuel and staff time in getting from the Sulgrave Road base to Leycroft Road for re-fuelling or maintenance. An estimate of an extra £200K per annum has been mentioned as this cost but this has not been verified. It was important also to remember that although far less than envisaged, the Review had nevertheless resulted in some savings.

A dearth of information on what was happening around the delivery of the service also hampered the achievement of cost savings, though this was improving.

Mark Noble: Informed the meeting that it was always the intention to review the savings projections in Autumn 2004, as part of the budget process for 2005/06. Some recommended actions had been implemented by then, and more precise figures could be established (which were less than previously estimated in the May report). Some savings, particularly reductions in taxi use, remained projections. Recommended to members that a figure be deducted from the budget for 2005/06 as this best ensured accountability for delivering the savings. The figure deducted was £1m (less than the Autumn estimate) and the associated risk was explained in the budget report that went to council on 23 March 2005. Believed he would make the same recommendation again in similar circumstances.

Did not believe the review had achieved no savings at all, but believed the savings were offset by the costs of increased service demand. Paucity of management data made it impossible to demonstrate this.

Pressures in the transport budget during 2005/06 were reported to members through routine budgetary control reports.

Andy Keeling: informed the meeting that many of the issues raised in the debate were now being considered by officers (Operational Transport Project Board) using 'Prince' project management principles. The boards project plan will be brought to the next meeting for information, but in summary it was stated that the group has made no assumptions regards possible savings and will develop a management system to obtain routine and reliable data for the service.

David Oldershaw: reminded Members of the issues raised at the last meeting and that this was a complex issue that was being faced by local authorities around the country, and that finding 'good practice' was difficult. Furthermore, that previous reviews recognised the complexity and dynamic situation, but that the full impact had not been realised, investment and time needed not provided and that the world had changed. Regarding the impact of the efficiency review on Social Care and Health stated that scrutiny was kept informed.

In summary - the key issues raised by Members throughout the meeting centred on the lack of management information regarding the service that was available to officers, concerns regarding the level of risk set out in the May 2004 Cabinet Report, effectiveness of the IT system purchased, that the assumptions made in the report were written in very positive terms 'will save', and the Taxi contract procured through ESPO.

RESOLVED:

- i) that the working party is provided with a copy of the project plan for the Operational Transport Project Board for a future next meeting
- ii) that officers investigate the possibility and cost of inviting to the next meeting the consultant that supported the Transport Efficiency Review in 2004
- iii) subject to commercial sensitivities that working party be provided with a copy of the specification for the tendering for the taxi requirements of the City Council

13. TRANSPORTATION FIGURES FOR EDUCATION AND SOCIAL CARE

Officers from Education and Lifelong Learning and Social Care and Health Departments provided a report outlining data regarding the numbers of people transported by both departments via the Operational Transport service.

Officers informed Members that data presented was the kind of information that they would wish to present on a regular basis, but that they were not sure of its reliability due to the manual collection of the data and a lack of appropriate management systems in place.

14. OPERATIONAL TRANSPORT PROJECT BOARD

John True, Interim Service Director Resources (SC&H), provided the meeting with an update on the boards' meeting that had taken place earlier that day.

Informed the meeting that the group was taking a 'Prince 2' approach to the issues pertaining to operational transport and will have firm proposals in place by September 2006, plus that resources from a number of departments, including an experienced analyst on work-placement, were supporting the work. It was also acknowledged that if this person was to leave prematurely that it would pose a significant risk to the project.

Andy Keeling reported that the board had been set-up in response to concerns raised at Corporate Directors Board in the summer of 2005. Members requested a copy of the report for the next meeting. The Policy Officer agreed to investigate the status of such reports and if practicable to bring it to the next meeting.

RESOLVED:

- i) subject to management practices and workings of the Council that copies of the reports regarding operational transport presented by officers to Corporate Directors Board be made available to the working party

15. THE TRANSYS SYSTEM

Andy Keeling provided Members with an overview of the Transys system and its procurement using a report prepared by Jan Dudgeon.

Members were informed that an evaluation was carried out and Transys was determined to be the better one out of two systems, for the following reasons:

- Easier to use
- Visually better
- Cheapest

Transys cost £35,000 and the Council did not go through the full tender process because the cost was below the limit to trigger that.

The meeting was informed of the following current issues relating to running and procurement of the system:

- routing system was not tested at the time of purchase due to no GIS capability in the demo model
- an assumption was made that if you put information in to the system that it would analysis it and provide you with the information you require

- minimum training was given before the system was installed
- the operational transport section currently does have capacity for development time

Members raised concerns regarding the process that was followed, which allowed a system that was identified as being unsuitable for the purpose to have been purchased, and were informed that the Council's rules were followed. Officers informed Members that Bristol had just purchased a system for £250k but had no details on what it was capable of doing.

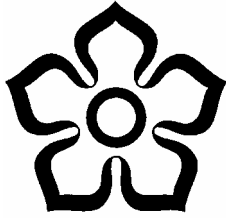
Members requested a copy of the procurement specification and details on who had made the decision to purchase the Transys system. The Policy Officer informed Members that this would be subject to any commercial sensitivity that may exist.

RESOLVED:

- i) subject to commercial sensitivities that working party be provided with a copy of the specification for the tendering for the passenger transport system in 2004

16. DATE OF NEXT MEETING

Date of meeting: Tuesday 7 February 2006 at 2.00pm



06.06.2006

Leicester
City Council

NOTES OF THE MEETING OF THE OPERATIONAL TRANSPORT
WORKING PARTY

Held: Monday 27 February 2006 at 5.00pm

PRESENT:

Resources and Equal Opportunities Triumvirate

Councillor Renold (Working Party Triumvirate)

Social Services Triumvirate

Councillor J Blackmore (Chair) (*Working Party Triumvirate & Chair*)

Councillor Mrs Chambers (*Working Party Triumvirate*)

Education Triumvirate

Councillor Karim

Councillor Waddington

Also Present:

Councillor Gill

Officers Present

David Oldershaw Interim Corporate Director (Social Care and Health)

John True Interim Service Director Resources (Social Care and Health)

Paul Livock Service Director Student and Pupil Support (E&LL)

Janet Shaw Education Officer (E&LL)

Frazer Robson Service Director Environment (Regeneration & Culture)

Roy Roberts Policy Officer (Scrutiny) (Chief Executive's Office)

Sarah Eastwood Policy Assistant (Chief Executive's Office)

Others Present

Brian Jarman Consultant

17. APOLOGIES

Received from Councillor Porter, Willmott, Almey,

At the start of the meeting no Members was present from Resources and Equal Opportunities Committee. Councillor Renold attended the meeting at 6pm. The meeting went ahead as Councillor J Blackmore was also member of REOPPs and represented Councillor Willmott.

18. DECLARATIONS OF INTEREST

Councillor Gill declared a personal and prejudicial interest in Taxis.

19. MINUTES OF THE LAST MEETING

Confirmed as a true record.

20. MATTERS ARISING FROM THE MINUTES

Councillor J Blackmore queried the reference in the minutes that members of the Social Services Scrutiny Committee had been kept informed regards the impact of the efficiency review on the department as he had found it difficult to get responses to questions. He suggested that a different way needed to be found to keep Members informed.

21. TRANSPORT EFFICIENCY REVIEW

In the first part of the meeting Members sought to conclude their questioning of officers regards the historical context of the operational transport efficiency review and the actions that were taken following the report to Cabinet in May 2004.

David Oldershaw kicked off the meeting with a presentation on the background to the operational transport service leading up to the 2004 efficiency review, the 2004 review and outcomes, and the current situation and future plans.

David Oldershaw: informed Members that most authorities experience similar difficulties, relating to operational transport services. Research in other authorities had failed to identify examples of 'good practice'. Problems arise from the complexity of the service, which provides transport for a large number of vulnerable (and some less vulnerable) service users. Finding empirical evidence of expenditure in other authorities for comparative purposes was difficult, as each tends to record information in a different way. However, it is clear that Operational Transport costs in LCC exceed the budget.

In response to Member's questioning about changing the nature of Social Care & Health requirements in order to comply with planned changes to the transport timetable, the officer explained that service users *were* consulted. No changes were made unless they were considered acceptable and journey times were only altered by 1 hour, where appropriate. It was further reported that the nature of the service had changed following the closure of a number of day centres and that this may have affected the cost of the service. This shift towards provision of individual care packages meant that service users now require transport to

a number of different locations. It is unlikely that this was factored into the 2004 review.

Absence of accurate management information means that it is not possible to evidence the increase in SC&H demand for transport that has been made on a number of occasions.

Historical Context up to May 2004

Brian Jarman: described his role in the Operational Transport review and the production of the report that went to Cabinet on 17 May 2004. Mike Forrester, the Corporate Director of Housing was commissioned to undertake this review in January 2004. Mr. Jarman, a former employee of LCC (now retired), was employed as a consultant in an information-gathering role. He started work to ascertain the base position in Operational Transport on 11 January 2004. The terms of reference for this work may be found at Appendix A of the report to Cabinet, dated 17 May 2004. Although Mike Forrester was provided with verbal updates 2-3 times per week, no written reports were produced during the course of the review (with the exception of the final report to Cabinet on 17 May 2004). The cost of this consultancy support was confirmed at £25,000 for a 6-month period (as detailed in para. 4.5 of Cabinet report, dated 17 May 2004).

Owing to the lack of reliable data, a detailed exercise was undertaken to determine the nature of the business and its relationship with its customers in SC&H and E&LL. It was decided that that the in-house fleet was the most cost-effective and efficient mode of transport and therefore ways should be sought to better utilise the fleet and thus reduce the need for use of taxis. E&LL and SC&H both required transport at the same times, resulting in a split of the fleet (55 buses for E&LL; 25 for SC&H). It was calculated that usage of fleet vehicles could be increased by 100% if SC&H altered their peak time requirements for transport. Calculations based on existing requirements indicated that the number of fleet vehicles could thus be reduced from 80 to 72. The resulting reduction in taxi use represented the largest percentage of the predicted savings. SC&H did change their peak time requirements, but Operational Transport actually filled more than the anticipated number of buses. Though this should have reduced the need for taxis even further, the ensuing change in SC&H requirements for transport actually resulted in an increase in taxi use and the predicted savings consequently failed to materialise. It was not possible to forecast requirements of the social care & health at the time of the report and with the benefit of hindsight the figures could have been weighted to take into account these changes.

There was a clear need for a new passenger transport software system that was capable of filling and routing the buses, interacting with finance and providing the requisite management information for Operational Transport and Social Care & Health. It was anticipated that this would reduce staff overtime and the use of agency drivers. Transys' was

determined to be the better one out of the two software systems considered. As the cost of the system was less than £35 000, it was not subject to the full tendering process. Mr. Jarman informed Members that it was probably 'inappropriate' piece of software, as it proved unable to fill and route the buses in the required way. He acknowledged that the report to Cabinet (dated 17 May 2004) failed to fully emphasise the importance of having a meaningful system. The specification for the system was drawn up in conjunction with all departments. Frazer Robson stated that IT Services were also involved in the procurement process, however, the Policy officer informed the meeting that officers were unable to find the said specification as requested by Members at the last meeting. Appendix F (User Requirements from Integrated Computerised Transport System) provided Members with an indication of IT requirements of the service and the shortcomings of Transys. However, Members noted that this was completed after the procurement of the system and requested that they be provided with the original specification.

The requirement for use of taxis was also expected to decrease with the concomitant increase in the use of the in-house transport fleet. It was thought that the section would be able to negotiate a more equitable contract with the taxi firms as a result. The report to Cabinet (dated 17 May 2004) indicates that the taxi procurement process was already underway. Mr. Jarman informed members that this was necessary in order to implement the service by September (the closing date for tender was 01 July 2004). He agreed that it was premature to state that savings could be made before the procurement process was complete, but commented that there were indications that this was correct. However, the tendering process proved difficult and the predicted savings did not materialise.

Frazer Robson: commented that the Operational Transport service is very much 'demand-led'. The section is also responsible for providing other functions such as 'Meals on Wheels' and postal drops and this must be factored into service provision. Service quality must be maintained even though demand has increased.

It was confirmed that of the 2 software packages considered (each of which were market leaders), 'Transys' appeared to be the better option. Following the introduction of 'Transys', difficulties were encountered relating to the ability of the service to undertake data inputting and undertake staff training.

The re-location of the Council fuel depot from Abbey Meadows to Leycroft Road had resulted in substantial increased costs through increased use of fuel and staff time in travelling from the Sulgrave Road base to Leycroft Road for re-fuelling or maintenance. Historically, vehicles could re-fuel at selected garages across the city, but this was open to abuse and subsequently stopped. It was suggested that this could be revisited with specific sites possibly being used.

The Council's Procurement Team advised that ESPO be used to procure the new taxi contracts. It was reported that Health & Safety aspects were given a high priority during the tender process and this contributed to an increase in costs.

In summary: the key issues raised by Members centred on the lack of management information; lack of evidence in relation to the perceived increase in demand for transport; claims that savings could be made *before* the taxi procurement process was completed; effectiveness of the IT system purchased and the absence of the specification for the system and the need to ensure they get answers so lessons can be learnt.

Historical Context – Actions Following May 2004 Cabinet Report

Frazer Robson informed the meeting that it had become apparent in November 2004 that the required savings were unlikely to be achieved. Meetings took place in February and April 2005 to try to identify the reasons for this. However, there was a wide range of issues that took some time to 'unpick'. It was this complexity that caused a delay in producing the report for Corporate Directors Board until May 2005.

In response to Members' questioning about what action has been taken to address issues raised in the report presented to Corporate Directors Board (03 May 2005), David Oldershaw agreed that not all the problems have been resolved. He informed the meeting that the PID (Appendix 2 of the report to Corporate Directors Board, 06 September 2005) details project management procedures put into place to address this, and that as Project Director for the Operational Transport Project, Andy Keeling would be better placed to address such issues at the next meeting.

There was discussion on the apparent lack of monitoring and enforcement regarding taxi firms compliance with health and safety requirements (para 3.4.1 of the Corporate Directors Board briefing paper, 22 April 2005). Officers informed Members that health and safety was given a very high priority during the tendering process. Members requested clarification on the current position.

In summary: the key issues raised by Members centred on speed and lack of action to address issues identified by officers and to deliver savings; the apparent lack of monitoring of taxi firm compliance with health and safety requirements; failure to accurately predict costs on demand-led budgets; the possibility that the overspend could result in budget cuts elsewhere.

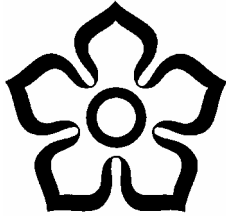
RESOLVED:

- i) that the working party is provided with a copy of the specification used in the tendering process for 'Transys'.

- ii) Members ahead of the next meeting are provided with information on the process for monitoring and enforcing the compliance of taxi firms with health and safety requirements.
- iii) the Triumvirate in consultation with the Policy Officer to plan the approach to be adopted at the next meeting in light of the meeting not being able to complete the agenda.

22. DATE OF NEXT MEETING

Date of meeting: Monday 20 March 2006 at 5.30pm



06.06.2006

Leicester
City Council

NOTES OF THE MEETING OF THE OPERATIONAL TRANSPORT
WORKING PARTY

Held: Monday 20 March 2006 at 5.30pm

PRESENT:

Resources and Equal Opportunities Triumvirate

Councillor Renold (*Working Party Triumvirate*)
Councillor Porter

Social Services Triumvirate

Councillor J Blackmore (Chair) (*Working Party Triumvirate & Chair*)
Councillor Mrs Chambers (*Working Party Triumvirate*)

Education Triumvirate

Councillor Johnson (Chair)

Officers Present

David Oldershaw	Interim Corporate Director (Social Care and Health)
John True	Interim Service Director Resources (Social Care and Health)
Janet Shaw	Education Officer (E&LL)
Frazer Robson	Service Director Environment (Regeneration & Culture)
Roy Roberts	Policy Officer (Scrutiny) (Chief Executive's Office)
Sarah Eastwood	Policy Assistant (Chief Executive's Office)

23. APOLOGIES

Received from Councillors Willmott, Waddington, and Gill and from Andy Keeling.

24. DECLARATIONS OF INTEREST

None.

25. MINUTES OF THE LAST MEETING

Confirmed as a true record.

26. MATTERS ARISING FROM THE MINUTES

The Chair apologised for the use of the term 'guarantee' when referring to systems in place to protect the safety users via transportation by taxis.

It was resolved at the meeting on 27 February 2006 that a copy of the specification used in the tendering process for 'Transys' should be provided to members. Councillor J. Blackmore commented that this request had now been outstanding for some time and that more effort should have been made to ensure that it was provided for the meeting.

In consultation with members of the triumvirate, a number of questions has been prepared and circulated in order to conclude the investigation into the 'historical context' of the review. Responses will be circulated before the next meeting for Members' information.

27. FINANCIAL IMPACT OF THE TRANSPORT REVIEW

Officers provided the meeting with an update on the financial impact of the Transport Review on the Education and Lifelong Learning Department and the Social Care and Health Department.

The predicted overspend for Education and Lifelong Learning Department (E&LL) is £500 000 (Appendix B, para. 3.2). Janet Shaw informed the meeting that this figure is derived from the amount that is recharged to the department by Operational Transport. It has somewhat limited meaning, as it is not currently possible to identify charges for component parts of the service and it is based on existing figures. As the department has been working to decrease expenditure, it is likely that the actual overspend may be less than predicted.

Updated figures from Regeneration and Culture Department have led to an increase in the predicted overspend for the Social Care and Health Department (SC&H) from £720 000 to £1.3 million (Appendix C, para. 3.3). John True informed members that there was no hard evidence for an accompanying increase in usage. Requests for transport from the Adults Division of SC&H are logged internally, and it is felt that the requirement has actually decreased. The lack of reliable historical data makes it impossible to carry out a comparative study.

Although the budget sits in two departments (E&LL + SC&H), it is the Operational Transport unit that controls costs. Revisions to the budget have resulted in the apparent leaps in overspend. The two departments are recharged per taxi journey and so any figures relating to this should be more accurate. Both departments are charged for the running costs of the fleet.

Requests for transport are initiated by the relevant department and there has already been some discussion on establishing an agreed / regularised

format for monitoring and control purposes. Frazer Robson informed members that when the Operational Transport section was based within the Environment division, there was some uncertainty surrounding the level of demand. There was anecdotal evidence of an increase in demand for the service, particularly following the closure of a number of day centres. However, lack of reliable management information was a major issue.

Janet Shaw informed members that it is not possible to obtain disaggregated costs relating to the overheads of running the Operational Transport unit. It is also not currently feasible to identify integral expenses such as the schools Postbag Service. Consequently, the relevant E&LL sections effectively receive this service for free as it is not possible to recharge the appropriate amount. Until such issues are resolved, it is not practicable to provide realistic figures. The officer agreed that if reliable management information were available, E&LL would be in a stronger position to reduce expenditure.

In response to questions about Andy Keeling's briefing for Members (dated 14 March 2006), officers explained that the average cost for taxi journeys was only indicative as there are numerous variables involved e.g. some journeys only require a driver, others cannot be undertaken without an escort, distances may vary etc. It would seem that a 'ball-park figure' has been obtained simply by dividing the recharge cost by number of journeys. Departments have little discretion regarding the type of transport assigned to service users and the use of taxis inevitably increases costs.

Frazer Robson informed members that service-users are only permitted to be 'in transit' for a specified length of time. This acts as a major constraint on the number of service-users that can be transported at any one time. In response to Members questioning about taxi costs, the officer said that difficulties stemmed from the increase in fuel costs and in required H&S standards.

Operational Transport is a very complex service with a number of variables to take into account. The perception is that 99% of clients are transported in the right way, to the right place at the right time. The Transport Review focussed on savings, not issues of need. Changing the eligibility criteria is a more radical way in which savings could be maximised. Another suggestion is that carers could be paid for transporting clients. It was agreed that whilst it is the Project team's remit to consider such options, the starting point *must* be the individual. Officers emphasised the need to protect vulnerable service-users and the importance of providing continuity, particularly for special needs clients.

Councillor Renold informed officers that he had identified a potential IT system for the Transport Service and that he would pass on the details to them to assess if it will meet the needs of the Council.

In summary: discussion centred on the apparent discrepancy of anecdotal evidence from departments in relation to the demand for transport; the continuing dearth of reliable management information; concerns regarding the capacity of management resources to make the necessary changes; implementation of an effective software system.

28. OPERATIONAL TRANSPORT PROJECT INITIATION DOCUMENT

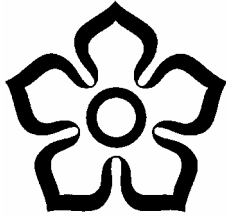
This item was deferred to the next meeting, as Andy Keeling was not available to present the paper, his apologies were received. Members however raised a number of queries including the cost (real or notional) and the role of Sarbjit Dhillon, the meaning of the term 'Project to operate on Prince 2 principles', and the potential levels of savings versus investment that the project envisages.

RESOLVED:

- i) that the Triumvirate in consultation with the Policy Officer to plan the approach to be adopted at the next meeting in light of the meeting not being able to complete the agenda.

29. DATE OF NEXT MEETING

Date of meeting: Thursday 13 April 2006 at 5.30pm.



06.06.2006

Leicester
City Council

NOTES OF THE MEETING OF THE OPERATIONAL TRANSPORT
WORKING PARTY

Held: Tuesday 7 February 2006 at 2.00pm

PRESENT:

Resources and Equal Opportunities Triumvirate

Councillor Renold (*Working Party Triumvirate*)

Officers Present

David Oldershaw	Interim Corporate Director (Social Care and Health)
Andy Keeling	Service Director Resources – Regen & Culture
Paul Livock	Service Director Student and Pupil Support – ELL
Janet Shaw	Education Officer – ELL
Mike Forrester	Corporate Director of Housing
Jan Dudgeon	Head of Operational Transport
Liz Reid-Jones	Head of Policy and Performance – CXO
Roy Roberts	Policy Officer (Scrutiny) – Chief Executive's Office
Sarah Eastwood	Policy Assistance – Chief Executive's Office

Others Present

Brian Jarman Consultant

30. APOLOGIES

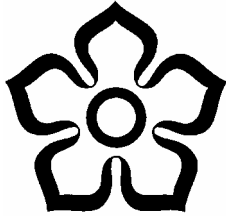
Received from Councillor J Blackmore, Willmott, Chambers, Gill and Suleman.

31. MEETING ABANDONED

The meeting was abandoned due to it not being quorum.

32. DATE OF NEXT MEETING

Date of meeting: Monday 27 February 2006 at 5.30pm



06.06.2006

Leicester
City Council

NOTES OF THE MEETING OF THE OPERATIONAL TRANSPORT
WORKING PARTY

Held: Thursday 20 April 2006 at 2.00pm

PRESENT:

Resources and Equal Opportunities Triumvirate

Councillor Renold (*Working Party Triumvirate*)

Social Services Triumvirate

Councillor Mrs Chambers (*Working Party Triumvirate*)

Education Triumvirate

Councillor Johnson (Chair)

Also Present:

Councillor Gill

Officers Present

Jan Dudgeon	Head of Operational Transport (Regeneration & Culture)
Rob Hincks	Strategy & Performance Officer (Regeneration & Culture)
Sarbjit Dhillon	Analyst (Regeneration & Culture)
Janet Shaw	Education Officer (Education & Lifelong Learning)
Roy Roberts	Policy Officer (Scrutiny) (Chief Executive's Office)
Sarah Eastwood	Policy Assistant (Chief Executive's Office)

33. APOLOGIES

Received from Councillors J Blackmore, Karim, Porter and Willmott.

34. DECLARATIONS OF INTEREST

Councillor Gill declared a personal and prejudicial interest in Taxis.

35. MINUTES OF THE LAST MEETING

Confirmed as a true record.

36. MATTERS ARISING FROM THE MINUTES

None.

37. THE TRANSYS PASSENGER TRANSPORT SYSTEM

The meeting began with some discussion on the briefing note detailing the steps that led to the purchase of the 'Transys' system in August 2004. The Policy Officer emphasised that the Council's procedural and financial rules were followed even though no specification for what the Council would require of the system was produced prior to purchase.

In response to Members' questioning about possible modifications to the existing 'Transys' system, Jan Dudgeon commented that this is a question that will be considered in the future. Sarbjit Dhillon explained that the mismatch at first sight appears beyond the level of 'tweaks'. Whilst 'Transys' does function, we (LCC) actually do more than it is capable of. It is not a particularly large system and there are unlikely to be features that we have not yet discovered. The Project Team will, however, pursue relevant lines of questioning with regards to possible modifications to the existing system and a structured checklist will be produced detailing how 'Transys' fits into the service life-cycle. Historically, the focus has been on scheduling, but there is arguably a more significant need to consider enabling and executing the scheduling rather than just the scheduling alone.

Janet Shaw said that at the time of commissioning 'Transys', officers were not in a position to effectively define the terms of reference. In addition, the turnover of staff at this time was considerable. Sarbjit Dhillon reported that anecdotal evidence suggests that speed and pressure of deadlines contributed to officers being 'shepherded' into making a choice between a limited number of software options.

Councillor Renold had previously identified a potential alternative piece of software called REACT that is produced by a company called, 'MJC²'. Sarbjit Dhillon informed the meeting that based on their website 'MJC²' appears to provide mainly bespoke logistical software, whereas LCC has a requirement for a package that can also process financial and invoicing data amongst others. As part of any future investigation of possible software, the Project Team will approach the company, but is not optimistic that this will be fruitful. They will also look again at 'Transys', a package called 'Trapeze' which is a bigger, more 'mature' system and any other possibilities that may be identified from a more comprehensive review of the market.

In summary: discussion centred on the functionality of 'Transys'; the need to consider all options, including possible modifications to the existing system; the importance of 'learning from past experience'; the requirement to approach future purchase and implementation of software with the necessary rigour, and the need for ask the right questions when purchasing specialist software.

38. OPERATIONAL TRANSPORT PROJECT INITIATION DOCUMENT

Rob Hincks provided the meeting with an update on the progress of the Operational Transport Project, which began in January 2006. Stage 1 is now nearing completion. The analysis comprises 2 main strands: analysis of current systems (client and provider) and analysis of business processes. 40-50 process maps have been constructed, detailing workflows for the various functions, invoice processing, requesting transport etc. and a report is due to be issued w/c 24 April 2006.

Section 4.4 of the Project Initiation Document (PID) states that a success factor for Stage 1 would be revised maps showing efficiencies. The officer explained that at the outset of the activity a projection had been made that efficiencies might be gained by revising the current processes, however it has become clear that although efficiencies are to be had, they will require automated support in the form of a new/improved IT application.

Along with revising the business maps it had been proposed that the project would look into the high-level design of a new system with the possibility of developing it in-house. However, based on investigations into internal IT capability and favoured approach, it is now likely that a decision will be taken to tender for a new system. This has changed aspects of revising the process maps. The officer reported that there are definitely opportunities to make some efficiency gains, owing to the current level of duplication of work. There are currently lots of systems that are neither integrated nor synchronised. Automation of the service should generate efficient and reliable management information. This, in turn, will enhance the visibility of any savings.

Sarbjit Dhillon confirmed that there is potential for improvement and that the Project Team should be able to revise the process maps. However, a change in infrastructure would have to occur to enable this improvement. The officer explained to Members that the processes are currently partially fragmented, not well supported and in different communications formats. Whilst streamlining is achievable, an automated service would be most beneficial. The dialogue between client and supplier has improved and it is now possible to rationalise the workflow e.g. by standardising paperwork. However, officers stressed that no dramatic improvements could be made without changes to infrastructure and improved management information.

The officer proceeded to explain the project finances detailed in sections 12.4 and 12.5 of the PID. It was initially thought that additional IT resources may have to be engaged but this has not yet been the case. A 'notional' day rate has been applied to each role / resource. However, the 'notional' use of the 'notional' budget has proved to be much less than anticipated.

There is no current projection for the cost of Stage 2 deliverables (*N.B. Section 3.2 of the PID: 'A significant checkpoint will occur between Stage 1 and Stage 2, when a re-planning exercise will confirm the detail, cost*

and schedule of Stage 2 deliverables allowing the organisation to decide on continuation and precise scope.’).

The Project Team has not yet approached other local authorities, but team members have conducted research on the Internet and contacted the Core Cities Group and SOCITM (the Society of Information Technology Management). Thus far, work has focussed primarily on internal issues. If the project proceeds to Stage 2, it will assume a more rigorous and structured approach to external involvement in forthcoming work.

The officer commented that at this stage it would be important to focus on the open question i.e. “Is there a piece of software that might be of use?” rather than presuming that there is. In response to a question about the possibility of in-house development, it was stated that currently the expertise and resource is not available in-house to create a similar piece of software and to develop this could take up to 7 man-years. For illustrative purposes, a ‘Transys’ look-alike would cost an estimated £30,000+, plus approximately £60,000 for associated processes such as training, data migration etc. Purchase of a ‘Trapeze’ system would attract the following estimated costs: up to £150,000 for the license + up to £150 000 additional costs.

To further illustrate the range of the scope of systems support needed, a brief overview of the current situation was described. LCC currently uses 30 taxi companies, each of which may provide 20 taxis per day. The Operational Transport section tracks in the order of 950,000 passenger journeys per year. There are 300+ requestors of transport, this is an expansive area and to progress it will be necessary to look at a web-enabled, multi-user system. Whilst in-house development could provide support for some aspects of the Operational Transport process, it is not so straightforward for the ‘end-to-end’ process. In addition to timescales, there are associated risks with developing a system in-house and it is important to remain cognisant of the operating environment.

Sarbjit Dhillon provided Members with clarification of his precise role in the Project Team and the term ‘Prince 2 principles’. It was stated that as LCC had adopted the Prince 2 project methodology and that the project complied with these principles. Furthermore, Sarbjit informed Members that he had assumed the role of analyst in a work experience capacity, had previous experience of project management and systems analysis and that he was committed to staying until completion of Stage 1 of the project. In response to members concerns as to his significance to the project, it was stated that it had been recognised and discussions relating to any extension had been taking place with Andy Keeling.

Officers also drew Members’ attention to an error in the Project Organisation Diagram (p15 of the PID), where John True should be replaced with Andy Keeling on the Project Board.

39. OPERATIONAL TRANSPORT IMPROVEMENTS

Jan Dudgeon updated Members on a number of improvements in the Operational Transport Service. The following areas were emphasised:

a) Reducing Taxi Spend

The service will be aiming to further decrease taxi spend in the next few months. They are looking at alternative scenarios, but will have to go through a full tender process. Although this is not a requirement, ESPO will ensure that the documentation is legally accurate. Contracts can be awarded within 4 weeks, rather than the standard 52 days (taxi procurement has a 'PIN' attached to allow this). The possibility of the section working in partnership with other single transport providers is being investigated and something may be instigated by the beginning of August 2006. By going to tender so quickly, there is the intention of achieving a 'quick win'. When this particular option was considered in 2003 the costs proved prohibitive, as there were not many single contractors capable of providing such high volumes of transport. It now seems probable that a cheaper option will be available. Any vehicles used will be, by necessity, similar to the in-house fleet i.e. buses with tail-lifts. There is the longer-term aspiration to have an in-house fleet, but it must be appreciated that there are currently occasions when a taxi is actually the cheapest option.

b) The Depot

It has been agreed that the service will remain in its present location at Sulgrave Road. Recent surveys indicate that the roof of the depot at Sulgrave Road is in need of urgent repair and it is hoped that this will be completed this year. There is no accurate estimate available, but it is thought that the repairs to the roof alone would cost in the region of £80,000. There are also ventilation problems with the office staffs current location in the depot, there are negotiations underway to change this location and take over the offices currently occupied by SC&H staff, so as to improve the working environment for the Operational Transport staff. Members were very concerned with possibility of staff having to function in an unfit working environment and the speed at which developments were taking place.

c) Health and Safety

Other improvements include the establishment of a steering group of drivers and escorts that meets on a monthly basis and the conduction of CRB checks prior to the commencement of employment of taxi escorts.

In summary: discussion centred on reduction of taxi spend, health and safety issues and the location of the Operational Transport section. Issues raised by Members included discussion of the advantages and

disadvantages of moving the Operational Transport section to a different department; the possibility of efficiency savings by moving away from the use ESPO; acknowledgement of the work undertaken by the Project Team.

RESOLVED:

- i) that a written note detailing the costs of repair to the depot at Sulgrave Road and the possible barriers to progressing with the required works, should be circulated to Members before the next meeting.

(Please note minutes regard item (b) reflects officers response to Members concerns and has been collated since the meeting)

40. SUGGESTED LAYOUT OF FINAL REPORT

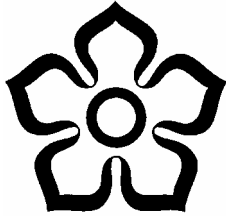
The Policy Officer provided the meeting with a suggested layout for the final report (Appendix E).

RESOLVED:

- ii) that the flowchart entitled 'Sequence of known events surrounding the 2004 Operational Transport Efficiency Review' (Appendix D of papers circulated to Members for the meeting of the Operational Transport Working Party dated 27 February 2006) should be included in the final report.
- iii) that the Policy Officer produce a draft of the final report, incorporating points that Members have made during the course of the Working Party meetings for the next meeting.

41. DATE OF NEXT MEETING

Date of meeting: Monday 08 May 2006 at 5.30pm.



06.06.2006

Leicester
City Council

NOTES OF THE MEETING OF THE OPERATIONAL TRANSPORT
WORKING PARTY

Held: Monday 08 May 2006 at 5.30pm

PRESENT:

Resources and Equal Opportunities Triumvirate

Councillor Renold (*Working Party Triumvirate*) (Chair)

Social Services Triumvirate

Councillor Mrs Chambers (*Working Party Triumvirate*)

Education Triumvirate

Councillor Waddington

Councillor Karim

Officers Present

David Oldershaw Interim Corporate Director (Social Care & Health)

John True Interim Service Director Resources (Social Care & Health)

John Thatcher Principal Transport Officer (Education & Lifelong Learning)

Roy Roberts Policy Officer (Scrutiny) (Chief Executive's Office)

Sarah Eastwood Policy Assistant (Chief Executive's Office)

42. ELECTION OF CHAIR

Councillor Renold was elected as Chair of the working party following the resignation of Councillor J Blackmore

43. APOLOGIES

Received from Councillors Johnson, Willmott, Porter and Gill.

44. DECLARATIONS OF INTEREST

None.

45. MINUTES OF THE LAST MEETING

Confirmed as a true record.

46. MATTERS ARISING FROM THE MINUTES

None.

47. A REVIEW OF THE COUNCIL'S OPERATIONAL TRANSPORT SERVICE – DRAFT REPORT

A discussion took place on the draft report. Members agreed with the layout and content of all the sections of the report as presented, excluding the 'Introduction' and 'Conclusions'. Furthermore, it was noted that additional information would need to be added to some sections as a factual representations of the business from the investigation, e.g. minutes, and that officers should be free to include these.

The following reflects the discussion on the those parts of the report that were contested under the 'Conclusions' section in the report:

a. Management Information and Demand for Service

Officers felt that this section might need amending as the phraseology implied that Members were solely responsible for highlighting the deficiencies for management information. D Oldershaw commented that this paucity of management information was one of the fundamental flaws in the original review and that officers had been clear that this was an area that needed to be addressed in the improvement project. Members agreed to amend the report to reflect this.

b. Transport Software System Transys

The Chair said that some 'fairly pointed' comments were made at the last meeting (20 April 2006) in relation to the purchase of 'Transys'. It was felt that even though the requisite 'boxes were ticked' during the procurement process, the software was not 'fit for purpose'. J Thatcher re-iterated that only two software systems were considered ('Transys' and 'Trapeze'). The process of selecting the software was somewhat rushed and this contributed toward the decision. 'Trapeze' was discounted because it was a completely automated system i.e. no option for manual intervention. It was felt that manual systems with electronic assistance would be more accurate. Members agreed to amend the section to reflect these views.

c. Email from the Chief Finance Officer

The Policy circulated an email from M Noble outlining his views on the draft report, along with extracts from the report 'Revenue Budget Strategy 2005/06 to 2007/08' Full Council agreed February 2005:

- Initial report in May 2004. At this point the projected savings did not form any part of the Council's budget, and could not do so until 2005/06. I consciously decided to defer decisions about the budget

until they had to be made that Autumn, to give time for the review to be implemented and to test the assumptions when there was some real experience;

- At this point (Autumn) I formed the view that £1m was a more reasonable figure to deduct from the budget than £1.5m;
- The deduction, and the risks associated with it, were explained i.e. the 2005/06 budget report (it is not true that members were not advised of the risks until August 2005);
- Once part of the budget, the budget was monitored and issues identified through budgetary control reports in the normal manner. This is normal practice.

The working group noted the points in the email and the contents of the budget report. However, Members felt that the issue of notification on risk was a matter of 'emphasis' at the point on notification by officers. For example, through officers had purchased the 'Transys' system in 2004 the budget report stressed the need to develop an appropriate management information system, which would seem to infer that the that 'Transys' was not functioning effectively. Members agreed that they did not recall being made aware of any significant risk. Likewise, the comments of Councillor R Blackmore and Councillor Willmott would seem to reflect this.

Members agreed to reflect these views as well as the comments of the Chief Finance Officer. They also agreed to seek the views of the Councillor Willmott, Draycott and R Blackmore on the email.

d. The Role of Members

Councillor Waddington commented that para. 13 required further clarification in order to fully explain the extent of monitoring and enforcement of the health and safety requirements and CRB checks relating to Operational Transport. J True replied that although this is really a question for A Keeling (Project Director), monitoring is reported as being ad-hoc than systematic. Although it was broadly agreed that taxi drivers are now CRB checked upon commencement of employment, there remains some uncertainty surrounding the councils monitoring and enforcement. As this paragraph covers two separate but linked topics (CRB checks and monitoring and enforcement of the health and safety requirements for taxi firms), it was agreed that para. 13 should be split.

Para. 14: The Chair of the Social Services Scrutiny Committee had found it difficult to get answers to questions relating to the impact of the efficiency review. The Chair noted that there was some divergence of opinion as only one of the relevant Scrutiny Committee Chairs had claimed this. D Oldershaw commented that such matters are often partially based on perception and the extent to which the Chair feels

that they have, 'got to the bottom of the issue'. Councillor Waddington did not feel that the matter had been brought fully to the attention of the Education Scrutiny Committee. The Chair concluded that information about a problem of this magnitude should have been made available to Cabinet and Scrutiny Committees far earlier. It was agreed that the section would be amended to reflect the views rose.

e. Infrastructure Changes

Para. 15 referred to problems in disaggregating costs relating to the overheads of running the service. Officers felt that this paragraph did not add any particular weight to the report. Officers informed the meeting that there were real difficulties in apportioning costs and that there were wide variations across the different periods. The Chair proposed that it might actually be simpler to accept that the Council spends a total amount on Operational Transport, rather than to attribute costs to individual departments/sections. However, Members hoped that costs might be allocated in a more precise manner in the future.

Para. 16 described how the flat management structure of the Operational Transport Service might have exacerbated problems. J Thatcher explained to Members that the Head of Service is directly responsible for large number of staff and is unavoidably occupied with the day-to-day running of the service. The Chair agreed that it was not possible to make strategic decisions in such circumstances and that the situation had not been helped by management responsibility for the service transferring through a number of officers over a short period.

f. Other Issues

Members discussed the increase in cost following the taxi-re-tender process and queried whether this was a result of the use of ESPO. J True explained that there is often a concomitant price increase when re-tendering, as contractors use the opportunity to cover cost increases. The Policy Officer also referred to the perceived increase in demand for the service that may have contributed to rising costs.

D Oldershaw raised the prospect of a potential relocation of the Operational Transport Service into a different department at some stage in the future. It was confirmed that Children and Young People's Services would be the primary user of the service. Members felt that it would be better to have the whole service located and managed from one department.

RESOLVED:

- i) Members agreed the draft report subject to the re-drafting of the 'conclusions' as agreed in the meeting and any further comments from Members and officers,

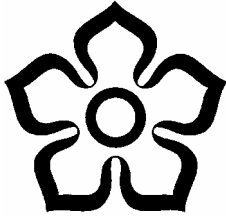
- ii) that a final meeting be arranged to consider re-drafted report and the first draft of the groups recommendations,
- iii) that Members provide the Policy Officer with any comments on the conclusions and any suggested recommendations before the next meeting,
- iv) that officers forward their comments on the draft report to the Policy Officer,
- v) that the note from the Chief Finance Officer be circulated to Councillor Willmott, Councillor Draycott and Roger Blackmore for their comments, and
- i) that Andy Keeling be invited to attend the next meeting.

48. A.O.B

The Policy Officer informed the meeting of the proposed questionnaire to collate feedback on the Review. This will be circulated after the next meeting.

49. DATE OF NEXT MEETING

Date of meeting: Tuesday 30 May 2006 at 5.30pm.



06.06.2006

Leicester
City Council

NOTES OF THE MEETING OF THE OPERATIONAL TRANSPORT
WORKING PARTY

Held: Monday 30 May 2006 at 5.30pm

PRESENT:

Resources and Equal Opportunities Triumvirate

Councillor Renold (*Working Party Triumvirate*) (Chair)

Social Services Triumvirate

Councillor Mrs Chambers (*Working Party Triumvirate*)

Education Triumvirate

Councillor Johnson

Also Present:

Councillor Kitterick

Officers Present

David Oldershaw	Interim Corporate Director (Social Care & Health)
John True	Interim Service Director Resources (Social Care & Health)
Paul Livock	Service Director (Education & Lifelong Learning)
John Thatcher	Principal Transport Officer (Education & Lifelong Learning)
Roy Roberts	Policy Officer (Scrutiny) (Chief Executive's Office)
Sarah Eastwood	Policy Assistant (Chief Executive's Office)

50. APOLOGIES

Councillor Willmott and Waddington

51. DECLARATIONS OF INTEREST

None.

52. MINUTES OF THE LAST MEETING

Confirmed as a true record.

53. MATTERS ARISING FROM THE MINUTES

The note from the Chief Finance Officer was circulated to Councillor Willmott and Councillor Draycott for their comments. No comments have been received to date. Councillor R Blackmore was happy with the comments of the working party on the note and had no further comments to make.

54.A REVIEW OF THE COUNCIL'S OPERATIONAL TRANSPORT SERVICE – DRAFT REPORT

A discussion took place on the suggested revisions to the draft report that was put forward by Councillor Renold and Chambers, plus amendments by the Policy Officer that were requested by the Chair.

Members agreed a number of amendments to the report that was originally circulated with the papers for the meeting, including incorporating more information in the 'conclusions' to the work of the Operational Transport Project Team.

Councillor Kitterick raised questions relating to the following issues:

- User profile of the transport fleet
 - Officers explained that this issue has been covered in an earlier report
- Comparative mileage costs of in-house vehicles vs. taxis
 - J. Thatcher advised caution when comparing such costs, as the overheads are not apportioned to the taxi costs
- Potential for payment of 'out of pocket expenses' for volunteer drivers
 - Whilst LCC currently offers 'Parent contracts', other Local Authorities operate 'Volunteer Driver' schemes where more than one service user is transported at any one time, thus making it more economically viable. The Project Team will consider such alternatives as part of its remit.
- Cost of Council fuelling depot
 - Officers are currently considering the feasibility of alternative options e.g. fuel cards.

It was agreed that the above points should be reflected in the points relating to the Operational Transport Project Team.

Regarding the reporting on the groups' final report, the working party recognised that they had strayed from their original timetable and agreed that they would seek to have the final report considered by scrutiny and Cabinet by the end of June 2006. Comments would be

sought from the other members of the group not present at the meeting, though these would be incorporated as the report made it's was through the various committees.

RESOLVED:

- i) Members agreed the draft report subject to the re-drafting of the 'Conclusions' and 'Recommendations' sections as agreed in the meeting,
- ii) that the re-drafted report should be circulated to all Members of the Working Party for comments by week ending 9th June 2006,
- iii) that the working party would seek to have its findings considered by scrutiny and cabinet by the end of June 2006,
- iv) that the Chair of the Working Party would present the final report to Scrutiny and Cabinet.

55. A.O.B

None

56. DATE OF NEXT MEETING

No further meetings planned.

Appendix 1

Reports considered by the Working Party

Those reports marked 'confidential' deal with issues associated with the potential identification of individuals, commercial and service confidentiality and are not intended to be made public.

19 December 2005

The Historical Background Of The Operation Transport Review,
Appendix B

19 January 2006

Transportation Figures For Education And Social Care, Appendix C

The Transys System, Appendix D

Transport Efficiency Review (Cabinet Report 17th May 2004), Appendix E

27 February 2006

Report Of The Interim Director Of Health And Social Care and Health,
Appendix B

Background papers (confidential), Appendix C

Specification for the tendering of the Taxi Services for the City Council
(confidential), Appendix E

User Requirement for an Integrated Computer Transport System,
Appendix F

20 March 2006

Financial Impact Of The Transport Review On Education And Lifelong
Learning, Appendix B

Financial Impact Of The Transport Review On Social Care And Health,
Appendix C

20 April 2006

The Transys Passenger Transport System, Appendix B

Operational Transport Project Initiation Document, Appendix C

Operational Transport Improvements, Appendix D

8 May 2006

Revenue Budget Strategy 2005/06 to 2007/08, Council 23 February
2005 (extract - pages 10,11 & 15)

Letters and Briefings to questions received

Andy Keeling, Response to Health and Safety concerns raised at the meeting
20 February 2006, 3 March 2006

Appendix 2 – Questions to Members & Officers and Responses

Questions

Rodney Green, Chief Executive

The report by the Corporate Director of Regeneration and Culture to Corporate Directors Board 3 May 2005 first highlighted the problem with meeting the operational transport efficiency review budget targets as set out in the Cabinet report May 2004 to Corporate Directors, though the report highlighted that officers first became aware of a potential problem in November 2004. Can you please inform the Operational Transport Working Party when Members were informed of the problem.

Mark Noble, Chief Finance Officer

In the procurement of the Council's Taxi contract ESPO officers were advised by the Procurement Team to use ESPO. Can you please explain the benefits to the Council in using organisations such as ESPO as opposed to undertaking this work it self.

Furthermore, can you explain how the Council ensures it receives value for money through its current procurement policy that ties officers to using particular organisations, either in-house or external, and whether in your view the policy is working effectively.

Councillor Willmott and Councillor Draycott

As the Leader/Deputy Leader of the council between November 2004 and May 2005 did you at anytime become aware of any problems with meeting the operational transport efficiency review budget targets as set out in the Cabinet report May 2004. If yes, what action did you take.

Councillor R Blackmore

As the Leader of the Council up to November 2004 and from May 2005 can you clarify when you where informed by Chief Executive that there was a problem with meeting the operational transport efficiency review targets as set out in the Cabinet report May 2004, and what action did you take.

Responses

Please ask for: Rodney Green
Direct Line: 0116 252 6000

Our ref: RARG/mag-cx1155

Date: 7 April 2006

Roy Roberts
Policy Officer (Scrutiny)



Leicester
City Council

Chief Executive

New Walk Centre
Welford Place, Leicester
LE1 6ZG, East Midlands

www.leicester.gov.uk/cxo

Chief Executive: Rodney Green

Dear Roy,

OPERATIONAL TRANSPORT EFFICIENCY REVIEW

Thank you for your enquiry on behalf of the Operational Transport Working Party. The chronology of events leading up to and including my briefing of Members is as follows:

- 1) On the 3 May Corporate Directors' Board 2005 considered a report from the Service Director Resources in R and C and a briefing from The R & C Head of Finance. These papers set out concerns about the transport review, its implementation and the budget position. It was clear that the review was encountering difficulties. That meeting therefore identified a new lead for the Review – David Oldershaw, to give a sharper service perspective and to clarify the extent of the operational difficulties. Corporate Directors' Board asked for a report back in July.
- 2) This report was prepared by David Oldershaw and was considered by Corporate Directors' Board on the 6th September 2005. That report looked into the recommendations originally agreed by Cabinet in 2004 and gave progress and reasons for the non-achievement of budget savings against those recommendations. At this meeting the CDB were informed that the extent of the difficulties made it unlikely that the savings could be achieved. A range of issues had by then been identified that needed further detailed exploration. The Board agreed that Departments should take steps to absorb the cost pressures, and commissioned a further report to bottom out the remaining issues.
- 3) The Leader and Councillor Grant were briefed by me on the 12th September 2005 at the next weekly briefing meeting.
- 4) On the 15th November Corporate Directors' Board considered a further paper by David Oldershaw that made it clear that the savings as adjusted by the Council's Revenue Strategy for 2005/6 were not going to be met, giving reasons. It was clear from this report that the problems first highlighted in May were considerable and new improvement measures should be drawn up.



• 2000/01 Improving Housing Maintenance
• 2001/02 Maintaining a Quality Environment • 2002/03 Promoting Racial Equality
• 2003/04 Tackling Homelessness • 2003/04 Community Cohesion
• 2004/05 Housing Renewal • 2005/06 Sustainable Energy

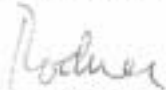


INVESTOR IN PEOPLE

- 5) On the 21st November I briefed the Leader and Deputy Leader at the next weekly briefing. In view of the extent of the problem and details involved, a thorough briefing was commissioned for the Leader involving Andy Keeling and David Oldershaw. By this time the growing concerns over the past six months had reached the point where it was clear that the major problems facing the review were not going to be reversed.
- 6) On the 24th November 2005 Andy Keeling, David Oldershaw and John True attended and delivered a briefing for the Leader on the full position regarding Operational Transport.

I hope this is helpful.

Yours sincerely,



CHIEF EXECUTIVE

5 0 MAR 2006



Leicester
City Council

Resources, Access
& Diversity

Memo

TO: Roy Roberts - Policy Officer Scrutiny
Operational Transport Working Group

FROM: Geoff Organ
Head of Corporate Procurement, Support & Income
Financial Services Division

YOUR REF: ot/noble/01

OUR REF: GO/AL/4403/8.24

DATE: 30 March 2006

EXT: 6014

FAX: 223 0464

RE: OPERATIONAL TRANSPORT EFFICIENCY REVIEW

In your letter of 20 March 2006 regarding the above review you posed two questions, the responses to which are below.

Q1 In the procurement of the Council's Taxi contract, ESPO Officers were advised by the procurement Team to use ESPO. Can you please explain the benefits to the Council in using organisations such as ESPO as opposed to undertaking this work itself?

The Eastern Shires Purchasing Organisation (ESPO) is a Joint Committee of seven local authorities which has been set up specifically to improve the procurement of its members. It is therefore part of the Council and not a supplier organisation. The Corporate Procurement Team advise that where in-house capacity and expertise is an issue, ESPO are able to undertake this work if commissioned by the Council. We will still need to specify the service we require before asking ESPO to undertake the project. It does also mean that ESPO can consolidate our requirements with other Consortium members and ensure that the Contract, once awarded, is available to the wider Consortium, if it is appropriate. Using ESPO enables us to tap into wider expertise than we have.

Q2 Furthermore, can you explain how the Council ensures it receives value for money through its current procurement policy that ties officers to using particular organisations, either in-house or external, and whether in your view the policy is working effectively?

The purpose of the Council's procurement policies includes making use of our size and buying power to best effect. As part of ESPO, this can be further combined with other authorities. We have negotiated a number of contracts where we have got keener prices on the basis that the Council as a whole is the buyer, and therefore, it is anticipated that these contracts will be used throughout the Council.

Roy Roberts – Policy Officer (Scrutiny)
RE: Operational Transport Efficiency Review
GO/AL/4403 – 30/03/2006
Page 2

The Council undertakes value analysis in several ways. A 760 product-line review of ESPO prices was carried out in 2004. This demonstrated that the whole benchmarked basket of supplies was on average 19.95% cheaper from ESPO than from the comparator suppliers (358 suppliers were used). This is further reinforced annually by the price increase report the Director of ESPO provides to the Management Committee each year. Over the past six years, this has shown ESPO's prices have been lower than the previous year and therefore, well below inflation. This is a significant value for money test.

The rules governing procurement (EU and our own) do place certain requirements on all buyers. Large contracts, which are subject to a Europe-wide contracts supplier base, are time limited and are therefore regularly re-tendered. The EU Directives force us to aggregate expenditure of a similar nature and if the pre-determined thresholds are likely to be reached, tendered in accordance with the Directives. For purchases of a lower value, a value for money test must be applied.

I trust these answers your questions. Please do not hesitate to contact me if you require further information or additional clarification.

A handwritten signature in blue ink, appearing to read 'Mark Noble', with a horizontal line drawn underneath it.

cc: Mark Noble

Emails

From: Ross Willmott

To: Roy Roberts

03/26/06 11:27 am

Subject: Operational transport review

Dear Roy,

To best of my recollection and knowledge I was not aware that as the Leader of the council between November 2004 and May 2005, of any problems with meeting the operational transport efficiency review budget targets as set out in the Cabinet report May 2004.

Regards

Ross W

Clr Ross Willmott (Labour)
Leader Opposition
Leicester City Council
0116 252 6729

From: Mary Draycott

To: Roy Roberts

03/29/06 1:58 pm

Subject: Operational transport review

Roy,

I have checked in my records at NW and confirm that at no time was I told about any thing going wrong with the review, during my time as Deputy Leader of the Council/Cabinet Lead for Finance.

29.3.06

Please ask for: Councillor Roger Blackmore
Direct line: 0116 252 6041
Our ref: RB/HH/01052
Date: 10 April 2006

Mr Roy Roberts
Policy Officer (Scrutiny Support)
Chief Executive's Office
B& NWC



Leicester
City Council

Leader's Office

New Walk Centre
Wellford Place, Leicester
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Dear Roy

Operational Transport Efficiency Review

Having checked my records I can confirm that I became aware that the Transport Review might be encountering difficulties in its implementation back in May 2005 and that David Oldershaw would become the new lead for the Review and that he would be reporting back further later in the summer.

My first full meeting with Mr Oldershaw and Mr Keeling was on 24 August 2005. Thereafter I held regular meetings with them to try to ensure that the Review could get back on track to provide the maximum possible savings within Operational Transport. I was further briefed by the Chief Executive, together with Councillor Grant, on 12 September. On 24 November I received a full briefing on progress to date delivered by David Oldershaw, Andy Keeling and John True.

Throughout this entire period my concern was to ensure that the Review identified all the current issues with the hope that the scale of savings originally envisaged could be delivered, even if not within the timescale originally envisaged.

Yours sincerely

Councillor Roger Blackmore
Leader of the Council



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• 2001/02 Maintaining a Quality Environment • 2002/03 Promoting Racial Equality
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