

# Southend-on-Sea Borough Council

Report of Corporate Director for Corporate Services  
to  
Policy and Resources Scrutiny Committee  
(a pre-scrutiny item)

On  
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Agenda  
Item No.

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**Dial-a-Ride – the way forward (a pre scrutiny item)**  
**Policy and Resources Scrutiny Committee: Councillor Andrew Moring**  
***A Part 1 Public Agenda Item***

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## 1. Purpose of Report

1.1 The purpose of this report is to:

- advise Members of the interim steps that have been taken by the Council to ensure the short term viability of the Dial-a-Ride service following the unexpected withdrawal by the third party contract provider on 31 March 2013 and
- to present Members with options for the way forward.

1.2 Essentially, there are 3 key issues to be considered for the future of this service:

- (i) Does the Council want to continue to provide this service at all given that there would appear to be adequate provision in the private hire sector to meet both group and individual needs albeit at greater cost to the fare paying user?
- (ii) If the Council wishes to retain this service then does it want to do so as a direct service provider (which offers the potential for greater flexibility in the use of the vehicles used by the service) or, as commissioner ?
- (iii) If the Council seeks to retain the service either as direct provider or commissioner then to what extent does it want to define its nature and contain it to prevent growth in revenue expenditure through a subsidy going forward?

## 2. Summary

2.1 It is the case that the Dial-a-Ride service is highly valued by those who use it. Consequently, when the former third party provider served notice on the Council in January 2013 to pull out of its 4 year Contractual Agreement to provide the service after only 18 months the council took immediate steps to maintain service continuity.

These steps included:-

- the 'internalisation' of the service in April 2013 including the transfer into the employ of the Council the 4 staff formerly employed by the contractor
- the return of the two vehicles transferred to the provider at the start of the contract
- communication with service users on what was happening

2.2 Since bringing it back in-house in April 2013 the service has been run much as it was run by the third party provider. Exception to this has been the cessation of the service provided on Saturday morning; a new offering introduced by the former provider for which there was minimal demand and, to a lesser extent, the grouping of journeys of a like kind (high street shopping for example) and a rationalisation of the management arrangements to reduce costs.

It is also the case that there have been times since the beginning of April when the service has been under resourced but this has been due to specific time limited incidents as opposed to any fundamental change in the service.

2.3 Analysis of working practices by the former provider has revealed elements of inefficiency stemming from poor journey scheduling which has resulted in vehicle under-utilisation and down time with consequential high costs in relation to income. So, given that the service:

- is currently inefficient and a draw on increasingly scarce financial resources
- cannot become revenue growth
- not statutory but
- highly valued by those who use it

It is imperative that the Council identifies a means of running the service which closes the gap between costs and income, ensures the service can be delivered within available budget and thus secures its long term viability.

2.4 Ultimately, given that the provision of Dial-a-Ride is not statutory, Members can opt to terminate the service.

2.5 Given the above the Council is faced with options detailed in Section 4.

### 3. Background

3.1 In April 2013 the Council's Dial-a-Ride service was re-internalised following the third party provider serving notice in keeping with the terms of the contract. The service had been provided by the third party since July 2011 but by January 2013 the provider had determined that the provision of the service was, from its perspective, financially unviable and served notice. Although in contractual terms 3 month notice was required, a 2 month termination period was mutually agreed at the end of January with the contract formally coming to an end and the service being brought back into the Council at the beginning of April 2013.

3.2 This involved the transfer into the Council of 4 of the staff (3 drivers and 1 office administrator) formerly employed by the provider in providing this service in accordance with Transfer of Undertakings Protection of Employment (TUPE) Regulations. The 2 vehicles transferred to the third party provider in July 2011 were also returned.

3.3 There are currently

- circa 400 registered users of whom circa 200 use the service regularly
- 14 group runs per week (2 each Monday / Thursday / Friday and 4 each Tuesday / Wednesday)
- 60 to 70 single journeys per week spread quite evenly but with a shopping peak each Thursday

3.4 For the past 18 months the service has been promoted by the former provider as serving 3 categories of user:-

- (1) groups which use the service to transport a party of say 6 to 8 people to and from a single location all at one time (Mecca Bingo would be an example)
- (2) individuals who use the service to get to and home from work (currently there are no registered users who request this service)
- (3) single journey users who use the service for specific journeys to and from specific locations at times convenient to themselves

3.5 Hours of operation are cited as:-

Monday to Friday: from 08:00 to 17:30

Saturdays: from 08:00 to 13:00

(For those needing transport to work) Monday to Friday: from 07:00 to 09:00

(For those needing transport from work) Monday to Friday: from 16:00 to 18:00

- 3.6 Eligibility criteria stipulate that to be eligible for the service an applicant must be:
- over 16 years of age (or be accompanied at all times by an adult if under 16) and have difficulty using public transport because of disability/physical infirmity
  - automatic qualification is granted to those who are:
    - registered blind
    - registered partially sighted
    - registered deaf
    - registered physically disabled
    - in receipt of the higher rate Mobility Component of Disability Living Allowance
    - in receipt of high rate Attendance Allowance
    - in receipt of War Pension Mobility Supplement
    - aged 75 years or over
- 3.7 Published conditions stipulate that users:
- can go anywhere within the borough for a wide range of purposes may be accompanied by a friend or family member (for whom an additional fare will be charged)
  - may be accompanied by an assistance dog which travels free
- 3.8 Subject to adequate demand and booking in advance, the service also provides extraordinary trips at weekends or during the week; visits to Lakeside or Margate for example for which an additional fare is charged. Such offerings are promoted through a Members monthly newsletter.
- 3.9 Analysis of use of the service by the exiting customer base has revealed
- groups using the service are largely static in their needs with the same pre-planned runs being provided each week
  - there are no users on the 'to and from' work service outside the suggested core hours
  - inefficiency in the delivery of single journeys resulting in multiple journeys to like locations; high street or out of town shopping for example
  - some single journeys taking place to locations outside the borough
- 3.10 The financial circumstances of Dial-a-Ride at April (i.e. the post TUPE Transfer in April) were that it required a subsidy from the Council of circa £27k pa. Note – current costs exclude the provision for vehicles as these are currently owned by the Council but will need to be replaced in 2015/16.
- 3.11 Immediate steps have been taken to reduce costs including the cessation of the underutilised Saturday morning service and the grouping of journeys to like locations.

#### **4. Options Going Forward**

- 4.1 Option 1 -- do nothing – continue to offer the service as now which largely provides service on demand across 6 days mainly single journeys, low occupancy and under utilisation of vehicles and associated high cost. This will require an ongoing and increasing revenue subsidy as vehicles will need to be replaced in 2015/16.**
- 4.2 Option 2 – retain but contain the service offer to gain greater efficiency in the use of vehicles which meets the needs of the majority, reduce the gap between cost and income and provide a sound financial platform for the longer term viability of the service.**

**Containment of the service could reduce the subsidy required from the Council while continuing to meet the needs of the vast majority of service users. Pre-conditions for success include:**

- its hours of operation be contained and re-defined as being between 09:15 to 17:00 Monday to Friday; a 09:15 start enables the vehicles used for the service to have undertaken home to school runs prior to providing Dial-a-Ride duties thus optimising the use of the vehicle assets and reducing overall transport costs to the Council.**
- the service delivers organised group travel and multi passenger trips only (i.e. single journeys to like locations; Southend High Street for example be combined)**
- the service users be encouraged to book their journey 7 days in advance wherever possible**

**The implications of agreeing these changes in Terms and Conditions to the service are provided at Section 6 of this report.**

- 4.3 Option 3 - go back out to market to find an alternate third party provider. This action would, in effect, be a repeat of the steps taken by officers in the lead up to externalisation in July 2011. Exploratory talks have revealed that there is likely to be capacity within the private hire sector to deliver this service although not at the current fare rates charged for Dial-a-Ride which is subsidised by the Council. Should this course of action be pursued a determination would have to be made on the extent to which the Council would wish to subsidise the service and what part of the cost should be paid for by customers through membership and fares.**
- 4.4 Option 4 – cease to provide the service. Such action would impact circa 200 regular users and compel them to find alternate means of transport. It would remove the necessity for the Council to provide a subsidy and yield an overall saving of £30k in the immediate future but also avoid growth into the future as existing vehicles are retired and not replaced. (It would cost the Council an additional £12k per annum to lease new vehicles from 2015/16 when the current fleet is no longer road worthy).**

## 5. Other Actions

- 5.1 Pending guidance from Members, other than the cessation of the under used Saturday morning service and the gradual move to grouping journeys of alike kind, it is proposed that any other changes for existing members not be introduced until April 2014, thus giving all concerned plenty of time to adapt.
- 5.2 New successful applicants would be bound by the changes with immediate effect.
- 5.3 Across the remainder of 2013/14 officers of the Council's Passenger service will continue to review other potential service delivery possibilities as well as the structure and function of the staff who work within it this being an integral part of the transport review already underway as part of the Contracts Rationalisation Workstream.

## 6. Implications of the Options

- 6.1 **Option 1 - do nothing** – the implications of retaining the existing offer means that the service would require continuing subsidy from the Council. While the Dial-a-Ride service does not aspire to make any surplus of income over expenditure, it is vital that in these times of austerity that it does not become an increasing draw on decreasing revenue resources. Doing nothing would also mean that the service continues to operate with low occupancy level and underutilisation for significant periods of time. Estimated Cost £30k per annum rising to £45k. in 2015/16.
- 6.2 **Option 2 – retain but containing the service**

**Start time moving to 09:15** - There are currently 7 service users who request a service before the proposed 09:15 start time:

- 4 of whom attend Learning Disability Day Centres **on Thursdays only** (3 currently get picked up at 08:30 and 1 at 08:45)
- 2 of whom attend aqua classes on **Tuesdays and Thursdays** commencing at 09:30 (currently get picked up at 09:00)
- 1 of whom who attends a gym in central Southend on 3 mornings per week on **Monday, Wednesday and Friday** (currently gets picked up at 08:30)

Dialogue with the two Learning Disability Day Centres of concern has revealed that there are no issues with attendees arriving later. Indeed, activities at both centres do not commence proper until 09:30 so from the service users perspective at least the later pick up time would not be problematic.

For the service users who attend the aqua class starting at 09:30 a change in start time to 09:15 would impact. However, there is second aqua class starting later on in the day at 12:00 noon.

The service user who attends the gym three mornings per week prefers to get there early; as a user of crutches it is preferable to avoid crowds. Arguably being picked up at 09:00 as opposed to 08:30 is marginal change.

The benefits to the Council and the longer terms economic viability of the Dial-a-Ride service of moving its start time to 09:15 are considerable. Should this approach be chosen then it would be possible to use the vehicles to undertake some home to school runs first thing in the morning in advance of them then being redeployed onto Dial-a-Ride duties during the day. It is calculated that using vehicles in this way would save the Council in the order of £32k pa from what would otherwise be home to school run commissioned from external third party providers.

**Option 2 - grouping journeys of a like kind for shopping, bingo etc...** - this process has already started with users asking for specific pick up and collection times being included in wider group runs. Other than some service users being on the bus for up to 20 minutes it would not appear that the this action has proven particularly problematic.

**Option 2 - cessation of the Saturday morning service** - there is only 1 occasional user of the Saturday morning service who uses Dial-a-Ride to undertake shopping trips to various locations around the borough (Aldi, Waitrose, Marks & Spencer High Street are typical destinations). Moreover, this occasional user does not use the service every Saturday but intermittently; more often during the summer months.

Should the Dial-a-Ride service continue in the future, shopping trips Monday to Friday will continue to be key feature of the offer.

6.3 **Option 3 retendering the service** - from the moment the former third party provider declared its intention to terminate the contract, Officers have been investigating alternatives.

- Dialogue with Castle Point District Council and their Dial-a-Ride provider to explore the potential for this service to be extended into Southend. However, the cost of a two vehicle service (i.e. a lesser service than currently provided) was estimated to cost £71k with the provider also seeking to retain 100% of the £50k income from fares and membership. Officers will continue to explore joint working with Castle Point as their service currently provided by a third party Wyvern Community Transport is scheduled to be retendered in March 2014.
- Dialogue with Age Concern to explore the extent to which the single journeys as provided by Dial-a-Ride could be replaced by their 'Give a Lift' service whereby service users ring Age Concerns registered and vetted drivers directly and make the payment on the day to the voluntary driver at rate of 42 pence per mile. However, Age Concern's scheme is not currently geared to high volumes neither is it able to cope with wheelchair users.

- Exploratory dialogue with a local private hire providers to determine the potential for the private for profit sector to deliver this service has revealed that there is capacity within the sector to pick up these journeys but the fares that would need to be charged are significantly higher than that charged by Dial-a-Ride. For example
  - A single journey of between 4-6 miles on Dial-a-Ride is £4.50. the private sectors comparator is circa £8.00 increasing to circa £18.00 for a wheelchair user.
  - Dial-a-Ride return journeys for groups comprising between 4-8 typically costs between £36.00 and £54.00. If local private providers (private hire and taxi companies) were used these would typically rise to between £100 and £120.

The option of retendering remains a distinct possibility but in pursuing this course of action the Council would need to determine whether or not the fares/service would continue to be subsidised (which would undoubtedly result in a revenue growth in the cost of provision) or what part of the total cost of provision should be met by service users. Costs range from £0 per annum if services users are required to meet the full costs, to £30k. plus per annum if the subsidy is to be maintained.

6.4 **Option 4 - Stop providing the Dial-a-Ride service.** – the service is not statutory and it remains at the Council’s discretion to either continue or discontinue the service. Cessation would undoubtedly affect the 200 or so regular users. The impact of this action is akin to that described in 6.3 above. Service users would simply have to make their own arrangements with private hire companies/taxis and pay the prevailing rates in terms of fares. Savings to the Council of £30k. immediately with an additional avoidable spend of £15k. in 2014/15 when the existing vehicles used on the service would require replacement.

## 7. Corporate Implications

7.1 Contribution to Council’s Vision & Corporate Priorities – the existence of this service supports the Council safe, healthy, prosperous and excellent ambitions.

7.2 Financial Implications – the re-internalisation of the service has meant that the Council will benefit from

- income from fares
- income from membership
- income from the Bus Service Operators Grant (BSOG). Formerly the ‘Fuel Duty Rebate’ which is a scheme that refunds some of the Fuel Duty incurred by operators of registered local bus services in the United Kingdom.



However, the service still requires a subsidy from the Council in both the short and long term which will increase over time as the existing vehicles age and need to be replaced.

- 7.3 Legal Implications – Dial-a-Ride is not a statutory obligation but a discretionary offering.
- 7.4 People Implications – having completed the TUPE transfer of 4 staff from Access Anyone into the employ of the Council, the intended reduction in the resource dedicated to providing this service may mean a reduction in staffing level required. However, this can now be managed using the Council's regular restructure, talent pool and redeployment policies. Given that the Passenger Transport as a service is already under review as part of the Contracts Rationalisation works programme, the review of Dial-a-Ride will be an integral part of the bigger picture. At this stage no redundancies are envisaged.
- 7.5 Property Implications – not applicable.
- 7.6 Consultation – subject to the guidance from Members on the preferred way forward consultation would take place with existing Dial-a-Ride users affected by these proposals to help minimise their impact.
- 7.7 Equalities and Diversity Implications – Any proposed changes to the services would need to be subjected to an Equality Assessment. This has yet to be undertaken.
- 7.8 Risk Assessment - there is a risk to the Council's reputation through negative publicity should changes to the service happen abruptly or without due consultation. The service is greatly valued by its user base many of whom may suffer undue hardship should it be significantly altered or removed.
- 7.9 Value for Money – changes to prevailing terms and conditions as described in this report would make the service as efficient as it could be although further efficiencies would continue to be sought as officer of the Council's Passenger Transport Service seek to dovetail the Dial-a Ride service with other passenger transport operations.
- 7.10 Community Safety Implications - the existence of this service does support the safety of those who have particular needs to travel safely around the borough.
- 7.11 Environmental Impact – there is no differing impact on the environment resulting from proposed changes.

## **8. Background Papers**

- 8.1 There are no background papers associated with this report.

## **9. Appendices**

- 9.1 There are no appendices associated with this report.