

Operating Model Options Explored

Initial investigation by the Passenger Transport Review showed that there were five potential operating models for delivering passenger transport services:

	Option	Impact and Issues
1	Stay as now and renew contracts like for like	Not considered sustainable and would not resolve current issues i.e. this option does not present the ability to integrate services, more resources are required for managing multiple contracts, inflexible contracts which would attract additional costs through contract variations and currently does not demonstrate best value for the Council. Costs are likely to continue to increase with this inflexibility and is unlikely to provide an improved and efficient service.
2	Use of a traditional 3 rd party supplier/outsource provider	Viable option - Whilst this option could offer streamlined contract management and the ability to integrate the services there are still concerns regarding transparency of costs and it would not resolve current issues with inflexible contracts which would attract additional costs through any contract variations. It also demonstrates it is not best value for the Council and is likely to result in similar issues to those outline in option 1 above.
3	Use of a Joint Venture	Recommended option – This option ensures the Council would have a say in how the services are delivered, offers full transparency of costs and operates on an ‘open book’ model. This model provides the opportunity for streamlined contract management for a fully integrated service to deliver more efficiency and an improved service that demonstrates best value to the Council.
4	Development of an SBC trading company	Not considered a viable option as this option includes a substantial investment in terms of set up costs and this option would take a longer period of time for the Council to see a return on its investment. SBC does not have the knowledge or experience of running this type of service in a trading company model in comparison to an established JV partner.
5	Bring everything in-house	Not considered sustainable as it overturns established practice in transport delivery and is likely to require a significant increase in the transport budget. This option would also demonstrate the same issues identified for in option 4, i.e. a longer period of time for the

		Council to see a return on its investment as well as having additional costs to acquire the required knowledge and experience to run this type of service.
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The transport review initially identified options 2, 3 and 4 to be taken forward and a more detailed analysis and verification of the potential savings each option could yield.

As detailed below further analysis eliminated options 2 and 4, leaving use of a Joint Venture as the most sustainable and viable option.