



Mainstream Home to School Transport – Update

Committee Operations

Date of meeting 27 January 2023

Date of report 11 January 2023

Report by Chief Executive

1. Object of report

To update the Committee in relation to Mainstream Home to School Transport. Members are advised this report does not relate to Additional Support Needs (ASN) school transport.

2. Background

Under agency agreements with 11 councils in the west of Scotland, SPT manages, monitors and maintains provision of Mainstream Home to School Transport (HST). This is achieved through the procurement of contracted services from commercial bus & coach operators, taxi and minibus providers. This combination of operators is required as the complexity of school travel takes account of distance travelled, location of pupils to specific schools, and number of children to be collected on specific routes. In addition, each council considers non-eligible entitlement on varying criteria.

To that end, SPT typically has approximately 1,200 contracts in place at any one time, ensuring circa 36,000 primary and secondary children get to school and home again, completing around 72,000 journeys per day. In 2021/2022 the total budget for HST was circa £27 million. In 2022/2023 the total budget for HST increased to £35 million. In 2023/2024 initial estimates suggest the HST budget may well be higher still, reflecting the significantly increased costs arising from tendering exercises.

The performance of operators in providing services in fulfilment of these school contracts is actively monitored by our team of compliance inspectors, whose role it is to ensure that the vehicles and service provided meet the safety requirements, contract specification and quality criteria stipulated by each council (again, which differs across councils).

As previously reported to the Committee, in 2022/2023 a significant HTS procurement exercise was undertaken by SPT on behalf of our partner Local Authorities¹. This highlighted that SPT secured transport for more than 95% of pupils across the 11 council areas ahead of the 2022/2023 school term commencing. It also documented a number of difficulties experienced in North and South Lanarkshire specifically, due primarily to operators withdrawing their contract offers, and the steps taken to remedy these issues. Operators cited lack of driver availability, fuel price volatility and wider inflationary pressures amongst reasons for declining contracts, many doing so only in the days before the school term commenced.

¹ https://www.spt.co.uk/media/i05mhlqs/ops260822_agenda6.pdf

Looking ahead to the 2023/2024 school year, SPT expect to advertise circa 450 contract renewals (to provide HST for around 11,600 pupils) on behalf of our partner Local Authorities. Details on the anticipated contract volumes by council are detailed in Appendix 1 for reference. Additionally, the key draft Project Milestones in respect of Tendering, Evaluation, Approvals, Award and Mobilisation are set out in Appendix 1 for reference.

Pupil eligibility for Home to School Transport Eligibility is based on a pupil's home address being further from school than the designated Walking Distance for the respective Local Authority, as detailed in Appendix 3 for reference.

3. Outline of proposals

The scope of works for the 2023/2024 Mainstream HST delivery encompasses circa 450 contract renewals (to provide HST for around 11,600 pupils) on behalf 11 Local Authorities including EAC, EDC, ERC, GCC, IVC, NAC, NLC, RC, SAC, SLC, and WDC. The key stages in the contract renewals process are summarised as:

- Tender Specification
- Tender Advertisement
- Tender Evaluation
- Notification of Most Economically Advantageous Tender
- Contract Approval(s)
- Contract Award(s)
- Contract Mobilisation
- Contract Monitoring

In terms of progress to date, SPT Schools Team have completed 400 tender specifications for issue to the market targeted w/c 16 January 2023 via SPT's Dynamic Purchasing System (DPS). The remaining 50 contract specifications are now being finalised for advertisement in due course

Following Tender Evaluation, SPT expects to be in a position to notify Local Authorities of the Most Economically Advantageous Tender(s) targeted w/c 10 April 2023, operators will also be notified of preferred bidder status at this point.

It is important that thereafter SPT receive timeous approvals from Local Authorities to proceed to contract award, noting that a number of Councils require specific committee approval to implement the contract award. Any delay in contract approvals may increase the risk of operators withdrawing their contract offers, as witnessed in 2022/2023.

Given pressures on HTS transport budgets, and further initiatives including the Under 22 Concessionary Bus Travel Scheme, SPT is aware that a number of local authorities may be considering their policy in terms of designated Walking Distance. The statutory minimum designated walking distance is 3 miles for Secondary Schools and 2 miles for Primary Schools, with HTS transport typically provided out with these distances. Any such changes are likely to require extensive consultation by local authorities. Prospective savings may also be limited, given most eligible pupils reside out with the statutory minimum designated walking distance. SPT officers therefore continue to engage with respective local authorities in this regard and any implications for contract renewal durations, and will assist local authorities in assessing the benefits and risks of any policy change.

Notwithstanding the above, the key ongoing risks to HTS delivery include the following factors:

- Inflationary pressures, including in relation to fuel price volatility and wages
- National shortage of bus & coach drivers continues
- Lack of certainty on ongoing government support for bus & coach
- Concerns over the ongoing viability of bus, coach and taxi operators in the HTS market

SPT officers provide regular updates to the Education Transport Liaison Group attended by the 11 partner Local Authorities on matters such as above and actions to mitigate such risks, where possible.

Given the HTS transport difficulties encountered in Lanarkshire during 2022/2023, additional engagement meetings between SPT officers and colleagues from North and South Lanarkshire were established and remain ongoing, at an operational level. These discussions have informed the Key Milestones set out in Appendix 2 and will continue throughout the duration of the project as necessary.

In terms of North Lanarkshire Council (NLC) specifically, formal confirmation received from the council that they wish SPT to continue to manage Mainstream Home to School transport for 2023/2024 and going forward is both welcomed and noted. The market failure experienced in Lanarkshire in 2022/2023 being clearly documented in previous reports to the Partnership. Both SPT and NLC respectively have also undertaken internal reviews focusing on their own processes and arrangements to ensure these are as robust and as effective as possible and take account of the complexity of delivering a school transport service. Members are reminded that NLC deliver ASN transport directly and SPT has no input or locus in this.

The previous Partnership report intimated that a joint review identifying key learnings about the interface and the market conditions would also be undertaken, and this was included in a recent more fulsome report by NLC officers to the Council on 15 December 2022. SPT involvement in the full report was limited to the joint exercise only, and Members are advised that SPT has made NLC officers aware that SPT does not agree with some of the content of the report. The joint report clearly demonstrates the market failures leading to the HTS transport issues encountered. The NLC report also references similar market failure issues encountered by the council on Additional Support Needs (ASN) school transport contract renewals 2022/2023.

Members are advised that the report states *“notwithstanding the review process, the Council’s position remains that SPT are in breach of their obligations under the agreement between SPT and the Council and that SPT are liable for these failures. Consideration is being given to the legal remedies available to the Council to recover costs. Such remedies include raising court action proceedings for damages. Such action could be taken in tandem with the ongoing review”*

As members would anticipate, and as reported by both SPT and NLC, market conditions including the lack of suitably qualified drivers, increased costs etc were at the heart of the issue, and SPT has no control over such matters. SPT do not agree that there has been breach of the agreement and have responded accordingly, and will continue to do so. SPT cannot be held liable for market conditions which it does not control, and all contracts, permanent and temporary, were entered into with the agreement of the Council.

Given the importance of key Partnership working and in line with the Agency Agreement, SPT has written to NLC offering escalation discussions at Director and Chief Executive Level, aimed at resolving any dispute raised by the Council and avoiding any further unnecessary Legal Costs. To date, this offer has not yet been taken up by NLC, however SPT remain hopeful the Council will do so.

Further updates will be provided to the committee in due course in terms of the 2023/2024 HTS contract renewals and ongoing communication with our partner Local Authorities including North Lanarkshire.

4. Conclusions

Mainstream Home to School transport provision is essential in supporting and facilitating the education of children across Strathclyde. SPT has successfully managed, monitored and maintained provision of mainstream Home to School Transport on behalf of 11 of our partner councils for many years. As the 2023/2024 HTS contract renewal process continues in line with the agreed Project Plan and Key Milestones, the ongoing challenges faced remain significant in respect of driver availability, fuel price volatility and wider inflationary pressures – market volatility remains a key risk to successful delivery. SPT Officers continue to work closely with our Local Authority partners and Operators, in order to mitigate such risks, where possible. Anticipated costs for HTS transport are however expected to be significantly higher than in previous years.

SPT will continue to respond to NLC regarding the HTS transport issues encountered in 2022/2023 due to market failure, with a view to amicably resolving any dispute and avoiding further unnecessary Legal Costs.

Officers will further update the Committee on progress in due course.

5. Committee action

The Committee is recommended to note this report.

6. Consequences

Policy consequences	<i>Delivery of school transport is in line with the RTS.</i>
Legal consequences	<i>SPT has acted and will continue to act in accordance with the terms of respective Agency Agreement, and will respond detailed in the report.</i>
Financial consequences	<i>The overall school budget for 2023/2024 across all Councils is yet to be finalised, but is likely to be higher than than the 2022/2023 budget of £35.055m. The 2023/2024 projected outturn for each Council will be confirmed on the finalisation of all contract awards.</i>
Personnel consequences	<i>None directly.</i>
Equalities consequences	<i>Ongoing monitoring of equalities impacts of school transport.</i>
Risk consequences	<i>The fragility of the Home to School Transport market remains an ongoing risk to delivering services effectively and efficiently.</i>

Climate Change, Adaptation &
Carbon consequences

*School transport has a positive benefit through reducing
the need for journeys by less sustainable modes.*

Name Neil Wylie
Title **Director of Finance &
Corporate Support**

Name Valerie Davidson
Title **Chief Executive**

For further information, please contact *Gordon Dickson, Head of Bus Strategy & Delivery, on 0141
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APPENDIX 1

HTS Contract Renewals by Local Authority

Council	No of Contracts	Number of Pupils
East Ayrshire	44	1585
East Dunbartonshire	13	234
East Renfrewshire	11	45
Glasgow	31	950
Inverclyde	27	990
North Ayrshire	27	743
North Lanarkshire	123	3763
Renfrewshire	20	430
South Ayrshire	16	311
South Lanarkshire	122	2015
West Dunbartonshire	15	529
overall	449	11595

HTS Walking Distance Requirement by LA

Council	Walking Distance Requirement (High School)	Walking Distance Requirement (Primary School)
East Ayrshire	3 miles	1.5 miles
South Ayrshire	3 miles	2 miles
North Ayrshire	3 miles	2 miles
North Lanarkshire	2 miles	1 mile
South Lanarkshire	2 miles	1 mile
West Dunbartonshire	2 miles	1 mile
East Dunbartonshire	3 miles	1 mile
Inverclyde	2 miles	1 mile
Glasgow	2.2 miles	1.2 miles
East Renfrewshire	3 miles	2 miles
Renfrewshire	2 miles	1 mile

APPENDIX 2

Key Milestones

- **Tender Specification** – Target completion Date(s); Phase 1; 11 Jan 2022.
- **Tender Advertisement** – Target completion Date(s); Phase 1; 16 Jan 2022.
- **Tender Evaluation** – Target completion Date(s); Phase 1; 6 April 2022.
- **Notification of Most Economically Advantageous Tender** – Target completion Date(s); Phase 1; 10 April 2022
- **Contract Approval(s)** – Target completion Date(s); 10 April to 12 June
- **Contract Award(s)** – Target completion Date(s); 10 April to 12 June (subject to approvals)
- **Contract Mobilisation** – Target completion Date(s); August 2023 / As per school return dates
- **Contract Monitoring** – Ongoing 2023/24