Norfolk County Council

Policy and Resources Committee

Date: **Monday 4 June 2018**

Time: **10am**

Venue: **Edwards Room, County Hall, Norwich**

SUPPLEMENTARY
A g e n d a

10	**Norse Business Plan** Report by Norse Group Managing Director The Norse business plan which was earlier marked to follow is enclosed	**(Page A 2)**
11	**Review of Transport Provision To Access Services** Report by Executive Director of Children's Services	**(Page A 56)**

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Norse Group Business Plan FY2018.19

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Executive summary

As we move into our 30th year of trading, the Norse Group continues to be the largest Local Authority Trading Company in the UK. We are one of the UK's fastest growing service providers with an impressive portfolio including facilities management, multidisciplinary property and design services and specialist care facilities provider.

Providing commercial solutions that address current and future built environment challenges, we have 35 joint ventures with 30 local authorities in England and Wales. We will be looking to extend our geographic presence further in England and establish a trading base in Scotland.

Our journey is far from complete, the amalgamation of both NCS and NPS is an exciting development for the Group. Our ambitious growth strategy is expected to rise to £0.5 billion in the next three to five years, which will further increase returns to our shareholder.

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1.0 The future

Our journey is far from complete, the amalgamation of both NCS and NPS is an exciting development for the Group with our ambitious growth strategy expected to rise to £0.5 billion in the next three to five years, and more importantly increasing returns to our shareholder.

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1.1 Our vision

To make the everyday lives of millions of people in the UK better by being the glue that holds communities together with our whole life asset and social infrastructure.

1.2
Our mission

To provide communities across the UK with end-to-end whole life asset solutions, including total FM, waste, environmental services, multidisciplinary design, property management and specialist care facilities and services.

1.3 Our strategic objectives

1.3 Our strategic objectives

BUSINESS AREA	STRATEGIC OBJECTIVE	OUTCOME
Financial	Improve our profitability and returns to Shareholder	Increase profitability
Customers	To grow our UK market share and penetrate new markets	Services tailored to customer needs
Internal processes	Enhance our operational efficiencies	Increased productivity
People	Develop our workforce	Right people Right job and trading ethically

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1.4 Our growth strategy to 2020

1.4 Growth strategy to 2020

Our strategy for growth to 2020 will touch all areas of the Group and encompasses the Group's financial performance, customer base, operational efficiencies and our people.

In order to meet the Group's strategic objectives and growth strategy to 2020, we will be deploying tactics and activities that both underpin and create conditions for growth.

The conditions for growth being deployed include:

1.4.1 Financial performance

- Increase profitability.
- Increase returns to shareholder by 25%.
- Improve financial ratios and strengthen the Group balance sheet including ROCE, Borrowing, Equity Gearing, Acid Ratio and Consolidated Gross Debt.
- Counter impact on direct costs including the living wage, employer national insurance contributions, employment contributions for Local Government Pension Scheme and demand for skilled labour which in turn brings inflation in salary costs.

1.4.2 Our customers

- Increase the lifetime value for our customers.
- Management of the Group's customer relationships and aftercare.
- Win new business, target new territories and penetrate new markets.
- Package products and services to attract high net worth customers.

1.4.3 Internal processes

- Align processes, procedures and protocols to generate efficiencies across the Group.
- Merge the Norse Eco System to generate efficient and effective outputs.
- Maximise the Group's purchasing power through effective and strengthened procurement protocols.

1.4.4 People

- Merge business infrastructure resources to capitalise on the Group's critical mass and drive up productivity and outputs.
- Utilise the Group's strengths and develop resources in order to minimise outsourcing of services and retain costs within the Group purse.

£0.5 billion

turnover in the next 3 to 5 years

2.0
The business

The Norse Group is a dynamic holding company and is the largest Local Authority Trading Company [LATC] in the UK. We are one of the UK's fastest growing service providers with an impressive portfolio of products.

2.1 Background

In 1988, Norfolk County Council established Norfolk County Services as a Direct Service Organisation (DLO). Its purpose was to supply the Council with a wide range of front-line services which initially included cleaning, catering, and grounds maintenance.

Five years later, Norfolk Property Services was similarly formed as a business unit of the County Council. Its focus was property related and its activities included surveying, property design and asset management.

Initially, both of these organisations focused their activities entirely on Norfolk County Council. However, from the mid-1990s, both started to supply services to other public sector bodies within Norfolk and other organisations elsewhere in the UK.

By 2002, the volume of work outside Norfolk was such that a decision was made to operate both organisations as independent private companies. At this time, Norfolk Property Services changed its name to NPS Property Consultants Ltd.

In 2006, Norfolk County Services Ltd and NPS Property Consultants Ltd were formally brought together as sister companies within the Norse Group, which is wholly owned by Norfolk County Council.

Norfolk County Services Ltd subsequently changed its name to Norse Commercial Services Ltd.

In 2010, Norse Care Ltd was created when the Norse Group took over the transfer and responsibility for 26 residential care homes and 13 day care centres across Norfolk from the County Council.

2.2 Present day

As we move into our 30th year of trading the Norse Group continues to be the largest Local Authority Trading Company in the UK. We are one of the UK's fastest growing service providers with an impressive portfolio of products and services.

Providing commercial solutions that address current and future built environment challenges. We have 35 joint ventures with 30 Local Authorities in England and Wales. We are looking to extend our geographic presence further in England and establish a trading base in Scotland.

Our journey is far from complete and the amalgamation of both NCS and NPS is an exciting development for the Group, along with NorseCare extending its geographic presence in the East of England. Our ambitious growth strategy is expected to rise to £0.5 billion in the next three to five years and increase returns to our shareholder.

2.3 Our Group values

Our values lie at the heart of what we do. They ensure the success and prosperity of our business and continue to differentiate the Group from our competitors.

Quality

We will focus on the delivery of high standards in all that we do.

Innovation

We will have the courage and commitment to embrace new ideas and support different ways of working to ensure services are delivered in the most effective way possible.

Respect

We will aim to listen and fully understand what is required of us by the people, organisations, and communities with which we work.

Trust

We will be transparent, accountable and take ownership of our responsibilities.

2.4 Ownership and Governance

Whilst the Company is not bound by the UK Corporate Governance Code, the Board is committed to maintaining high standards of corporate governance.

Our governance structure has been developed over several years to meet the increasing span and complexity of our businesses. The defined roles and responsibilities at Board level are set out below.

2.4.1 The role of the Board

The Board is responsible for creating and delivering sustainable Shareholder value through the management of the Group's businesses. The Board determines the strategic objectives and policies of the Group to deliver such long-term value, providing overall strategic direction within a framework of risk appetite and controls. The Board's aim is to ensure that management strikes an appropriate balance between promoting long-term growth and delivering short-term objectives.

The Board is responsible for demonstrating ethical leadership and promoting the Company's values, culture and behaviours and for acting in a way that promotes the success of the Company for the benefit of the Shareholder.

The Board is also responsible for ensuring that management maintains systems of internal control that provide assurance of effective and efficient operations, internal financial controls and compliance with laws and regulations. In addition, the Board is responsible for ensuring that management maintains an effective risk management and oversight process at the highest level across the Group.

In carrying out these responsibilities, the Board must have regard to what is appropriate for the Group's business and reputation, the materiality of the financial and other risks inherent in the business and the relative costs and benefits of implementing specific controls. The Board is also responsible for deciding other matters of importance which would be of significance to the Group as a whole because of their strategic, financial or reputational implications or consequences.

Specific key decisions and matters have been reserved for approval by the Board. These include decisions on the Group's strategy, approval of risk appetite, capital and liquidity matters, major acquisitions, mergers or disposals, Board membership, financial results and governance issues, including the corporate governance framework.

2.4.2 Board members

Tom McCabe

Chairperson Non-Executive Director appointed by Norfolk County Council

Andrew Jamieson

Non-Executive Director appointed by Norfolk County Council

Dean Wetteland

Managing Director [Executive Director] Norse Group Ltd

Karen Knight

Managing Director [Executive Director] NorseCare Ltd

2.4.3 The voting rights of Directors

- Non-executive Directors - three votes each
- Executive Directors - one vote each

The Chairperson of the Board has a casting vote in the event that an equal number of votes are cast.

2.4.4 Board Advisory Groups

Particular Board responsibilities are referred to three standing Board Advisory Groups, including:

- Investment Advisory Group
- Audit Advisory Group
- Risk and Insurance Advisory Group

This structure allows particularly detailed or complex matters to be given special scrutiny and oversight.

Except where decisions are specifically delegated, each Group reports and submits recommendations back to the Board for its review and, where necessary, decision.

Each Group operates within clearly defined terms of reference, which are reviewed annually by the respective Groups and, if necessary, approved by the Board to ensure they remain appropriate and reflect any changes in good practice and governance.

All the shares in the Norse Group are owned by Norfolk County Council and the Board is committed to a continuing dialogue with its Shareholder.

2.4.5 Shareholders committee

As part of its governance of the Norse Group, Norfolk County Council appoints a member to represent its interest as Shareholder. This Shareholder representative attends the Company's Annual General Meeting and receives copies of all the Board papers.

In addition, the Group is monitored by a County Council Shareholder Committee, which supports the development of the Group and provides feedback to the Council on decisions made by the Board.

The Shareholder Committee considers all the matters reserved for Shareholder approval and the Shareholder Representative then takes the Committee's recommendations to the Policy and Resources Committee for final agreement.

The Shareholder Committee meets quarterly and regularly receives updates on financial performance and business development opportunities.

2.4.6 Key personnel

In order to direct and support the day to day activities of the Group, the Senior Team is responsible for executing the Group's objectives, strategies, tactics and activities along with upholding the Group's values and strong culture and ethos.

3.0 Operational strategies

Our operational strategies for FY 2018.19 encompass operational hygiene factors including human resources, technology, health and safety, environmental and our corporate social responsibility.

3.0 Operational strategies

3.1 Human resources

- The economic conditions creating pressure in the labour market thereby impinging on recruitment and retention.
- The political climate putting pressure on partners' budgets and challenges from our Shareholder for greater returns from the Company.
- Market conditions impacted by increases in the minimum wage, NI increases, escalating pension costs and the Apprenticeship Levy.

3.1.1 Internal context

The merging of NPS and NCS also presents challenges as we realign the support services in an integrated structure. Complete integration will take 9-12 months and it will be important that we minimise disruption to the business and uncertainty to key staff.

Any one of these challenges will be difficult to manage. Taken together they indicate a turbulent period should we not have a robust strategic HR plan.

3.1.2 Our plan needs to include:

- being ready and able to respond to market conditions in respect of reward and remuneration and paying the market rate for hard to recruit posts. The focus needs to be on more than pay and include elements such as increased flexible working, opportunities for staff to contribute to our CSR strategy - the Norse Way - opportunities for volunteering and highlighting career progression and job security
- undertaking efficiency reviews in respect of labour costs including non-salary benefits (holiday/pension/occupational sickness), productivity levels through improved leadership and the use of better, more effective technology
- continuing to invest in our talent pool, identifying staff who are able and want to progress at all levels throughout the company
- progress and invest further in meeting the needs of the most vulnerable in our communities such as NEETS, care leavers, young carers and those with dependency issues
- continuing to build on the positive relationships with Trade Union partners
- leveraging.

Our HR and Payroll functions will continue to be centrally provided to the Norse Group.

Our 9,200 staff continue to be our most important asset.

The current economic climate is now putting pressure on our recruitment and retention and we envisage this position continuing during the forthcoming year, although we don't see them exceeding 16%.

We aim to offer better employment conditions than our competitors, which will be achieved by offering a wider employment package and will include learning and development opportunities that go beyond vocational skills.

National pay uplifts in National Minimum Wage and the NJC have seen significant increases putting pressure on many areas of the business. We anticipate that with the easing of pay restraint in the public sector, consequently pay uplifts will start to increase.

We need to balance this with annual local pay settlements for staff being linked to our ability to pay and to be customised to meet the requirements of specific markets. It is important to continue to reward staff for exceptional performance and for their contribution to the financial success of the organisation. This will be achieved via our performance management system.

In addition, we will continue to recognise staff excellence through our Group staff awards programme. Our Skills Hub has access to external funding and we will continue to manage this function holistically. The Skills Hub approach enhances our learning and development capacity and reduces costs.
We need to review our approach of the Apprenticeship Levy and ensure we are maximising our use of it. NCS employer provider status is proving effective in upskilling our current workforce. We need to review how NPS are accessing the levy.

We continue to maintain a well-trained workforce and have allocated circa £1m within our budgets for learning and development.

Our
9,200
staff continue to be our most important asset.

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We will review the current NCS accreditation IiP in this financial year.

3.1.3 Apprenticeships and graduate training

The organisation will continue to develop our apprenticeship programme and we intend to recruit apprentices into level entry posts. Apprentice training and development will be a combination of in-house delivery from the Skills Hub and local colleges. This will be funded by the levy.

We will continue to develop our graduate programme by investing in graduates already employed through the business, and recruiting annually.

3.1.4 Industrial relations

Our industrial relations strategy is well established and sound relationships continue to be maintained with the three key trade unions. We will continue to meet the trade unions for regular business updates whilst recognising that these relationships need a high degree of maintenance.

We will continue to support the post of a full time Trade Union official.

We will work within the national recognition agreements set up with GMB, Unison, and Unite.

3.1.5 Managing staff

We will build on the management development and career programmes already in place, with all managers having the opportunity to take a BTEC or other management qualifications to enhance their current skills.

3.2 Information technology

The company has made a significant investment in IT over the years and the process of implementation and integration of business systems will continue in 2018/19 and through future years.

In order to ensure that sufficient emphasis continues to be given to the control and development of our IT application requirements, the IT Board of senior managers will be maintained. This Board will determine strategy, control expenditure and prioritise development for all future IT decision making.

3.3 Health & Safety

We will continue to develop our Health & Safety culture to ensure that we comply with all legislation and that all staff maintain responsibility for their own and their colleagues safety at work. Management will continually review procedures to ensure that everything possible is done to allow our staff to be safe at work and live healthy lives.

Work will carry on to improve our Health & Safety performance this year and our long-term aim is to achieve BS OHSAS 18001 throughout the business and build on our Gold ROSPA Accreditation during 2016/17.

2018 will see further emphasis on our risk and resilience strategy as well as the roll out of further compliance across the company.

As the business becomes more complex it is essential to emphasise the need for all staff to be aware and responsible for themselves, colleagues and members of the public. Health & Safety training will be provided to staff to meet this requirement.

3.4 Environmental

We want to work with suppliers to ensure that we minimise any adverse environmental impact as a result of our activities. In addition we are reviewing our vehicle arrangements with a view to finding new ways to minimise our impact upon the environment and intend to maintain our ISO 14001 accreditation across the Group.

We have set a target of reducing our energy use by 5% over four years (after adjustment for business growth) with a stretch target of 10% for those areas that have been identified as suitable for investment to reduce consumption. This sits alongside our mandatory obligation under the Energy Savings Opportunity Scheme (ESOS) to carry out assessments every four years that audit energy used by buildings, industrial processes and transport to identify energy-saving measures.

3.5 Corporate Social Responsibility

Our contribution to the community continues to grow with our work on the employability agenda and removing barriers to work for those with dependency issues, ex-offenders, those with mental health issues, young carers, NEETS and more recently young people with learning difficulties (18-24 years) gathering pace.

We will continue to build a reputation for innovation and excellence in this area and continue to support the Project Search programme, which has entered its 8th year. There is significant central government interest in what we have achieved, and we aim to maintain our global award for getting 70% of these students into employment.

We will work collaboratively with the Group to further embed the Norse Way and encourage our staff to contribute to its success.

The other strand of our strategy is the use of our Community Fund, which allows staff to apply for sponsorship for clubs and causes close to them or their families and engage in community activities. £50k has been set aside to support application to the fund.

3.6 Additional hygiene factors

In addition to the hygiene factors mentioned, the business will also be incorporating the following factors into the overall operation objectives and strategies:


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4.0 Current situation

The economic and political landscape in FY2018.19 and to the end of this decade is a potentially turbulent mixture of global, european and national instability. However, we are confident that the group can capitalise on the challenges ahead of us and positively build upon the successes of the past 30 years.

4.0 Current situation

4.1 UK politics and local government

This is a time of significant political flux for the UK. Government at a local level in England in particular is at a cross roads and developments within the sector are happening extremely rapidly. Despite our heavily centralised system, English local government has been developing innovative approaches and new strategic alliances. It is clear that local government is changing fast and has a leadership role to play both locally and nationally.

Some form of national change is both functionally necessary and constitutionally inevitable. The economic and financial situation remains extremely challenging, although the historic North/South divide arising from the pattern of finding reductions and economic growth is reducing. We are more than half way through the fiscal consolidation and there are uncertain prospects for the future.

All of this is happening against a backdrop of rapid social and technological change. Demographic change is having a strong impact, combining with an ageing population, a housing crisis and rising demand for school places.

It is clear that the fundamental change faced by the public sector will require its mindset to flex constantly to keep up. We can expect the population in 2020 to be more digitised and more mobile, the extent to which 'place' and 'community' will be an important factor in people's lives is in question.

Funding levels across local government vary widely. The metropolitan districts are faring the worst, in particular Yorkshire and Humberside, whilst the best funded districts are in the East Midlands, East of England, South East and South West.

It is agreed that the next two years will hurt because all the 'easy' savings have been made already. Whilst the most visible examples will be the reduction in environmental services and street scene work, the biggest impact will be felt by extremely vulnerable service users with the greatest individual needs.

4.2 Economic

4.2.1 Recent developments

The UK economy held up well in the six months after the EU referendum, but growth slowed markedly from early 2017 as consumer spending growth moderated. A key factor behind that moderation was the increase in the rate of consumer price inflation (CPI) from around zero on average in 2015 to 3% in the year to January 2018 as a result of global commodity prices picking up from lows in early 2016 and the effects of the weak pound after the Brexit vote. Higher inflation has squeezed real household incomes and this has taken the edge off consumer-led growth.

Brexit-related uncertainty has also dampened business investment growth. On the more positive side, UK exports have been boosted by the upturn in global growth over the past year, notably in the Eurozone. The weaker pound, although bad for UK consumers, has been helpful to exporters and inbound tourism.

4.2.2 Future prospects

The stronger global economy should continue to have some offsetting benefits for net exports (though there are downside risks here if recent US tariff policy changes were to lead to a wider trade war). Brexit-related uncertainty may continue to hold back business investment, but this should be partly offset by planned increases in public investment and some easing of austerity over the next two years as announced in the November 2017 budget.

There are still considerable downside risks relating to possible pitfalls on the road to Brexit, but there are also upside possibilities if these problems can be contained and global growth continues to pick up. Experts do expect the UK to continue with moderate but steady growth in 2018-19 with businesses needing to monitor and make contingency plans for potential alternative scenarios related to Brexit and other factors.

'This is a time of significant political flux for the UK.'

4.2.3 Impact on automation

Automation could have a major impact on retail jobs in the long run but will also bring benefits to consumers through lower prices. This will allow consumers to increase their real spending levels, potentially creating new jobs in less automatable service sectors such as health and personal care. Technologies like Artificial Intelligence (AI) could also bring great competitive advantage to businesses that deploy them effectively.

4.2.4 Regional growth

London has consistently outperformed other UK regions for most of the past two decades in terms of economic growth both before and after the global financial crisis. Outside London, there is less of a clear North/South divide in historical regional growth patterns. Some Northern regions and Northern Ireland did better than some Southern regions in the decade before the financial crisis, though they have performed less well since the crisis. The Midlands struggled before the crisis but has performed better since 2010 when compared to other regions except London.

More recently, there have been signs that London's relative performance has been less strong and we expect this to continue in 2018-19 with growth close to the UK average rate. Manufacturing has bounced back recently on the back of a stronger global economy and a more competitive value of the pound and this has helped parts of the UK with stronger industrial bases such as the North and the Midlands.

4.3 Social

As we emerge from the worst recession in living memory, research tells us that the gap between the rich and the poor is wider than at any point in the past 30 years.

Pension values are decreasing, we have a chronic housing shortage, an ageing population with complex health needs, a shift away from inpatient to outpatient care in the community, changing services, commissioning and delivery landscape and an increasingly complex demography.

Today, people are living in more deprived neighbourhoods with poorer access to social support and social infrastructure and experiencing the poorest of health.

Social capital within communities is becoming increasingly important and the nature of community leadership is in question.

Social factors which are likely to impinge on the development of the local government sector include:

- the relationship with other public sectors
- social networks
- transactional web-based approach to services
- an ageing population
- housing policy and availability of high quality housing
- educational development
- health
- employment and disposable income.

4.4 Technological

Local government has already transformed the way they provide information and how they manage transactions – it has never been easier to pay council tax or find information about local services online.

However, the opportunity of new technology is much greater than just digitising information and transactions. Applied intelligently and accompanied by more efficient ways of working, digital technologies offer an alternative to across-the-board efficiency cuts.

Digitisation offers significant rewards including:

- services that can be accessed seamlessly in the real world and online
- fully digital back office processes
- knowledge-driven services
- a genuinely mobile workforce
- services that are responsive in real-time
- IT systems that enable data sharing across organisational boundaries
- front line workers who are able to focus on supporting citizens rather than paper-based admin.

Many local governments around the world are already pioneering new uses of digital technology – New York City was the first to truly open up its data and use data analytics to improve services, while Copenhagen has revolutionised services with 80% of transactions now happening online.

For customers, the next generation of digital changes can help in four main ways.

1. Further simplifying services by moving transactions online and automating back offices.

2. Helping labour intensive services such as elder care, social care and childcare save costs and deliver better outcomes for service users by: intervening earlier, helping people manage their own conditions and engaging a broader social network to provide care and support.

3. Enabling communities to shape places in ways that were previously impossible, especially by engaging citizens in new, more meaningful ways and helping the local economy to grow.

4. Radically transforming the way that all sectors work – including how they organise internally and manage resources – to become open, innovative and collaborative organisations.

4.5 Environmental

Respecting natures intrinsic value and the value of all life is critical to global environmental stability. We all draw from the planets raw materials, whether it's the food that we eat, or water, air and energy. Protecting and enhancing the environment is vitally important to the global populations today and for our children's future.

We must tread more carefully on our planet, using resources more wisely and radically reduce waste that we generate. Waste is choking our oceans and depleting our landscape as well as contributing to greenhouse gas emissions and scarring habitats.

The Government has therefore outlined its strategy for the next 25 years in the Government's White Paper 'A Green Future: Our 25 Year Plan to Improve the Environment'.

The White Paper outlines the following goals:

- clean air
- clean and plentiful water
- thriving plants and wildlife
- a reduced risk of harm from environmental hazards
- using resource from nature more sustainably and efficiently
- enhanced beauty, heritage and engagement with the natural environment.

In addition, the Government will manage the pressures on the environment by:

- mitigating and adapting to climate change
- minimising waste
- managing exposure to chemicals
- enhancing biosecurity.

4.6 Legal

The rules that govern public procurement will change with the UK leaving the EU in 2019 which will in turn change how much market access UK businesses will have to procurement markets in the EU, and EU businesses to the procurement market in the UK.

There are many viewpoints but little substance at the time of writing as we are still negotiating our position with the European Union. Ahead of the Conservative conference in autumn 2016 the PM announced her proposal for a "Great Repeal Bill" which will annul the 1972 European Communities Act (ECA) that gives EU law instant effect in the UK and prevent a legal "black hole" existing after Brexit.

The aim for this legislation to is to convert all EU requirements into British law as soon as the UK exits Europe. While it will convert all EU law and directives onto the UK's statue book in an extensive copy-and-paste exercise, ministers – and future governments – could technically seek to scrap individual pieces of legislation if they so desired.

We have therefore yet to see whether the 'TECKAL' exemption will be removed from UK law and thus dilute one of our core unique selling points.

4.7 Impact on the Group

The political and economic climate over the next year will continue to encourage outsourcing and partnership working by many public sector organisations. Budget pressures will require collaborative working to reduce costs and improve service delivery. The economy is projected to grow by 2.3% and we expect unemployment levels to continue to reduce, which will start to put pressure on our ability to recruit and retain staff.

We expect the National Minimum Wage to increase by 3% this year and whilst we believe it unlikely that public sector pay constraints will be relaxed, public sector pay for our staff will increase significantly as increases of up to 9% are to be applied to the grades which apply to significant numbers of our staff.

The introduction of the National Living Wage in April 2016 has seen a rapid increase in labour costs and further increases in 2018 will again significantly increase our labour costs by c £1,000,000 during this year. There is an increasing trend for contract prices to come under pressure as customers struggle to balance their 2018 budgets. Inflation has stabilised over the past year and we expect the Monetary Policy Unit to maintain its current position of resisting significant increases in interest rates.

All indications are that inflation will continue at over 2% level during the next 12 months, influenced heavily by food and oil prices, at a time when many of our customers are seeking to reduce costs. These projections indicate that future sales opportunities will be more aggressively pursued by our competitors. Recent research indicates that our major competitors recognise this scenario and we continue to expect profit margins to be under pressure throughout this period.

National Insurance costs will increase significantly due to reductions in the discount for staff in the LGPS schemes. Although most pension contributions attributed to the LGPS and NEST scheme will remain static at the 2017/18 levels there will be some increases in individual schemes.

All new partnerships and significant contracts employing more than 12 FTE staff will only be accepted providing any LGPS liabilities are covered by a ‘pass through’ agreement or suitable alternative pension arrangements.

The Government continues to encourage collaboration between public sector organisations. Our strategy to position ourselves as a commercial organisation trading within a public sector environment has enabled us to provide an attractive alternative to both private sector externalisation and self-delivery options.

The current pressure on public sector expenditure has the potential to change the markets in which we operate. These changes may impact on the long-term future of some existing arrangements, but should also provide new opportunities. We will continue to closely monitor developments but expect significant reductions in some of our Joint Venture income as partners reduce their budgets.

Against this background, it will be essential to maintain a strong balance sheet capable of underwriting risks and providing medium term investment.

We have confirmed expansion of 3% and anticipate further growth during this period of up to 12%. Much of this growth has been generated from new partnerships that are now stabilising. Other than the Daventry and Medway Development JVs we have not featured any new JV partnerships within our financial plans, but believe it likely that partnerships will need to be negotiated and commissioned during this period. Management capacity has been created to accommodate this need.

Insurance costs have risen considerably during the past couple of years which has added further unrecoverable costs to our business.

In March 2017 the Group was approved as an Employer Provider of the Apprenticeship Levy. This has allowed the company to control and recover some of its Levy payments.

Whilst we do not envisage the vote to leave the EU having a major impact upon the business this year, we are planning for possible economic uncertainty in FY2019.20.

‘We continue to expect profit margins to be under pressure throughout this period.’

5.0 Sales and marketing strategy


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Kitchen
County Hall
Norse

5.0 Sales and marketing strategy

5.1 Introduction

The sales and marketing strategy informs our overall approach for the next couple of years and is aimed at boosting the Group's brand awareness in industry and the opportunities to position the Group as a market leader in the delivery of commercial solutions to meet today's built environment challenges in the next decade.

It provides the strategies and tactics to achieve the sales and marketing objectives of the Group at a macro level, which are linked to the Group strategic objectives.

We are operating in an ever-changing landscape, driven by sustained economic challenges, evolving demographics, emerging technology and geopolitical uncertainty. However, we see this as an opportunity to advantageously position the Group in a way that is responsive, creative and forward thinking. The sales and marketing strategy is our road map for achieving this.

With the time and creativity invested in the strategy, we will be well positioned and equipped to support the Group's ambitious growth strategies.

5.2 Our road map

We know no boundaries in seeking to create a culture of ambitious growth leading up to and beyond this decade.

We will continue to develop the Group's unique business model along with the development of bespoke 'commercial solutions' to align ourselves with and address the challenges faced by existing and new customers.

We want to leverage our provenance to maximize our competitive position in the market place such that we build our reputation in industry.

5.3 Our positioning statement

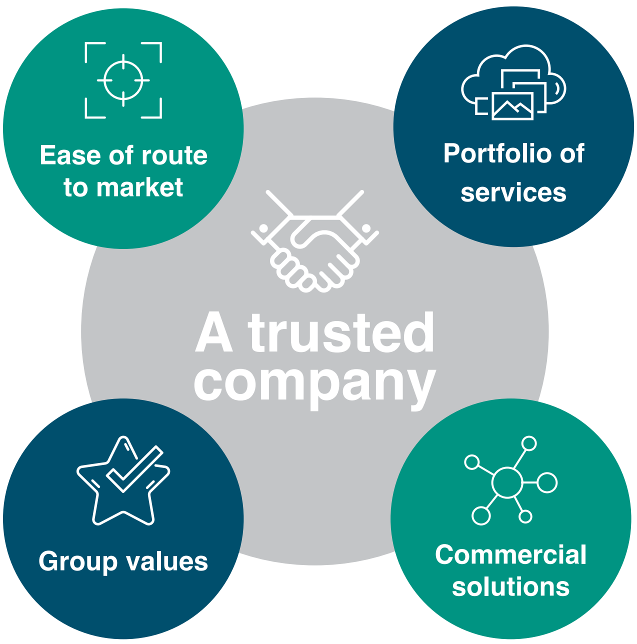
Carving a spot in the competitive landscape and winning mind share in the market place will, for the Group, be driven by services tailored to our customer needs.

As we redress the balance of our customer base and encourage further growth in the private sector along with capitalising on the strength of the Group offering in the public sector as a truly integrated service delivery model, we strongly believe the Group can move to an industry leadership role as we move into the next decade.

Key to the Group attaining its business objectives will be how the market sees and perceives it through clear differentiation as this will make it easier to influence the market and win mind share. Without this it will take more time and budget to entice the market.

Brand architecture plays a key role in crystallising the Group's value proposition through critical mass and our unique position in the market place. In consolidating the brand this will further reinforce and preserve the foundations upon which the Group has been built and increase our connection with our customers.

5.4 Our competitive advantage



5.5 Our products and services

NPS Group
- Archaeological services
- Architectural services
- Building and premises management
- Building surveying and consultancy services
- Energy management
- Estates services
- Facilities management
- Graphic design (TEN Creative)
- Procurement services
- Structural and civil engineering
- Specialist academies programme services
- Specialist services

Norse Commercial Services
- Building cleaning
- Building maintenance
- Catering
- Print and design operation (Interprint)
- Environmental services
- Facilities management
- Grounds maintenance
- N-able Assisted Living
- Security
- Transport
- Waste management

NorseCare
- Specialist dementia care
- Extra Care Housing
- Reenablement
- End of life care
- Learning difficulty services

5.6 About the market and size

5.6.1 About the market

The Group is service driven and the market is diverse and can be labelled as a 'business services' sector covering UK 'business to business' and 'business to Government' activities (including local government).

The business services sector includes telecommunications and IT services, facilities management, business process outsourcing, construction related services and outsourced frontline public services, however the Group touches all but telecommunications and IT services.

5.6.2 Market size

With an overall business services industry estimated to be worth £262.9 billion amounting to 8.7% of total UK output -the overall size of the industry touching the Group is estimated to be in the region of £156.4 billion.

The split between B2B and B2P (public sector) is approximately 70% business sector (private) and 30% Government sector (public including local authorities).

5.6.3 Market share

With an estimated £156 billion market value for the business services sector relevant to the Norse Group including facilities management, construction related and outsourced frontline services, it is estimated that the public sector market share [including central government and local government] is in the region of £26 billion.

We therefore estimate that the Group's current market share is 1.2% and aim to increase our market share over the next three to five years by 0.8% to 2%.

5.7 Market Segmentation

5.7.1 Sector

In its very broadest context, the business services industry can be split between the public and private sector.

Currently, the Group's sector split is heavily weighted towards the public sector. Looking more closely at the split and honing in on the public sector, for instance, the largest proportion of business is in the local government market place. Whilst we are actively diversifying and growing our private and third sector marketshare, the Group remains committed to the public sector.

5.7.2 Geography

Not surprisingly, regional wealth in terms of UK output in the business services sector puts London on top. The South East follows closely behind, with the North West, West Midlands, East of England and Scotland producing similar outputs.

5.8 The competition

The Group has a number of national and international competitors, however, we are not aware of a single competitor who offers the same range of services Norse Group can offer its customers.

Holistically, the Group is able to offer a broader selection of services and by coordinating multiple products and capabilities, often disparate or disconnected, we're able to service customers more fully, which is our unique selling point.

The **TOP FIVE UK** competitors directly affecting the Group

NPS Property Consultants	Norse Commercial Services	Norse Care
Atkins	G4S PLC	Four Seasons Health Care
Aecom	Interserve PLC	Greensleeves
Mott MacDonald	Serco PLC	HC-One Ltd
Arcadis	Skanska	Barchester Healthcare
WSP I Parsons Brinckerhoff	Sodexho	Care UK

With the exception of the top five care providers, direct competitors of the NPS Group and NCS have a global presence.

5.9 SWOT analysis

Strengths	Weaknesses	Opportunities	Threats
• Capacity, expertise and reach • Our business infrastructure • P2P relationships • P2P joint venture model • TECKAL exemption • Portfolio of services • Provenance • Strong public sector client base • Group governance	• Shareholder dividends • Group margin • Geographic gaps in the UK • Availability of capital • Commercial value of our corporate brand • Workforce costs • Stability in the short term	• Sell more to our existing clients • Maximise our unique relationship • Strength of Group • Expand geographic presence • Capitalise on merger of companies • External influences • Government policy • New markets existing services	• Global and UK economies • BREXIT • Commodities markets • Government policy • Workforce policy effecting workforce costs

5.10 Objectives, strategies and tactics

The strategic framework builds upon the Group's vision and business objectives and focuses efforts on the core sales and marketing objectives:

- growth
- leverage and alignment
- excellence.

It is a 'live' document and the outputs will be reviewed against the core objectives, strategies and tactics on a quarterly and annual basis and, where necessary, adjusted according to the external environment.

Objectives

Growth	We know no boundaries in order to create a culture of ambitious growth leading up to 2019 and beyond.
Strategy Increased lifetime value of existing customer base.	**Tactics** • Investigate and develop a Group Customer CRM platform. • Collate existing customer information to establish a benchmark for current customer retention. • Sell more services/products to the existing customer base. • Continue to win work through competitive tendering and driving value through exisiting framework contracts.
Strategy Expand the Group's geographic presence.	**Tactics** • Develop opportunities in the Midlands and Scotland such that a sustainable office location can be established by the next decade. • Explore joint venture opportunities with public bodies that wish to embrace a true partnership working arrangement. • Work collaboratively with local offices to develop national products and services using the strengths of the local offices.

Leverage and alignment	We will continue to develop the Group's unique business model along with the development of bespoke commercial solutions to align ourselves with and address the challenges faced by our existing and new customers.
Strategy Ensure the Group is responsive, flexible and agile.	**Tactics** • Conduct regular research and analysis of the external environment. • Continue to develop services and products to meet the needs of our customers. • Explore the acquisition of additional companies to provide resilience in both capacity and opportunities in new markets.

Leverage and alignment objective (continued)

Strategy

Redress the balance of the Group's customer base.

Tactics

- Growth of commercial markets in order to redress the balance of public, private and third sector clients.
- Deploy targeted communication channels to raise customer awareness.
- Investigate and develop a Group-wide eMarketing platform.
- Investigate and plan the road map for launch into additional markets.
- Continue to grow the Group's customer base through brand awareness, relationship marketing and product and service development.
- Collaborate and build long lasting partnerships with commercial partners.

Excellence

We want to leverage our provenance to maximize our competitive position in the market place such that we build our reputation in industry as a 'customer intimacy' led business.

Strategy

One Brand I One Voice

Tactics

- Invest in the development of the Group 'brand architecture' strategy and guidelines in order to consolidate a single message and reduce and remove industry confusion.
- Develop supporting policies to build 'one brand' through collateral (printed and digital) and 'one voice' (social media, printed and digital content) to create an inspiring national brand.
- Develop a strategy for generating content-driven PR/media opportunities.
- Refine all communication channels to ensure the successful delivery of 'one brand' and 'one voice' through the Group website, social media channels and printed marketing collateral.

Excellence (continued)

Strategy	Tactics
Develop the commercial value of the Group brand to increase our reputation in industry and customer perception.	• Investigate and develop a Group-wide communications and content strategy. • Build engagement, trust and advocacy through stakeholder communication series to include an umbrella newsletter augmented and customized for industry, partners, stakeholders, media and suppliers. • Investigate and develop a Group-wide social media strategy.
Strategy Continue to enhance the digital experience for our customers.	**Tactics** • Continue to develop the Group website such that it enhances the digital experience for visitors to provide better user experience and has the ability to enhance and grow the site. • Develop digital interfaces to enhance the mobile experience for users from all mainstream mobile and tablet devices. • Continue to develop eMarketing tools to capture new customers and prospects. • Plan for market research and analysis to inform specific Group eMarketing campaigns.
Strategy Capture valuable rich content for the benefit of the Group.	**Tactics** • Develop a stronger communications ethos and associated policies to maximize collective Group communications with intelligence and rich content to drive through all Group communication channels. • Investigate and develop a Group-wide media listening platform to monitor key issues, brand feedback and sentiment as well as business development opportunities. • Localize digital experience in order to deliver market specific content, messaging and promotion across digital and social tools.

6.0 Risk management

6.0 Risk management

6.1 Introduction

The Group's risk register details the significant business risks of the Norse Group. Each Norse Group business has a separate business risk register, based on the overall Group register, which is reviewed regularly by the local management teams.

Major risks are escalated to the Norse Group risk register and each of the Group risks have a mitigation strategy and the Directors review developments on a regular basis.

6.2 Top 10 global risks

The current top 10 global risks with a high likelihood include:

- extreme weather events
- natural disasters
- cyber attacks
- data fraud or theft
- failure of climate change mitigation and adoption
- large scale involuntary migration
- man made environmental disasters
- terrorist attacks
- illicit trade
- asset bubble in a major economy.

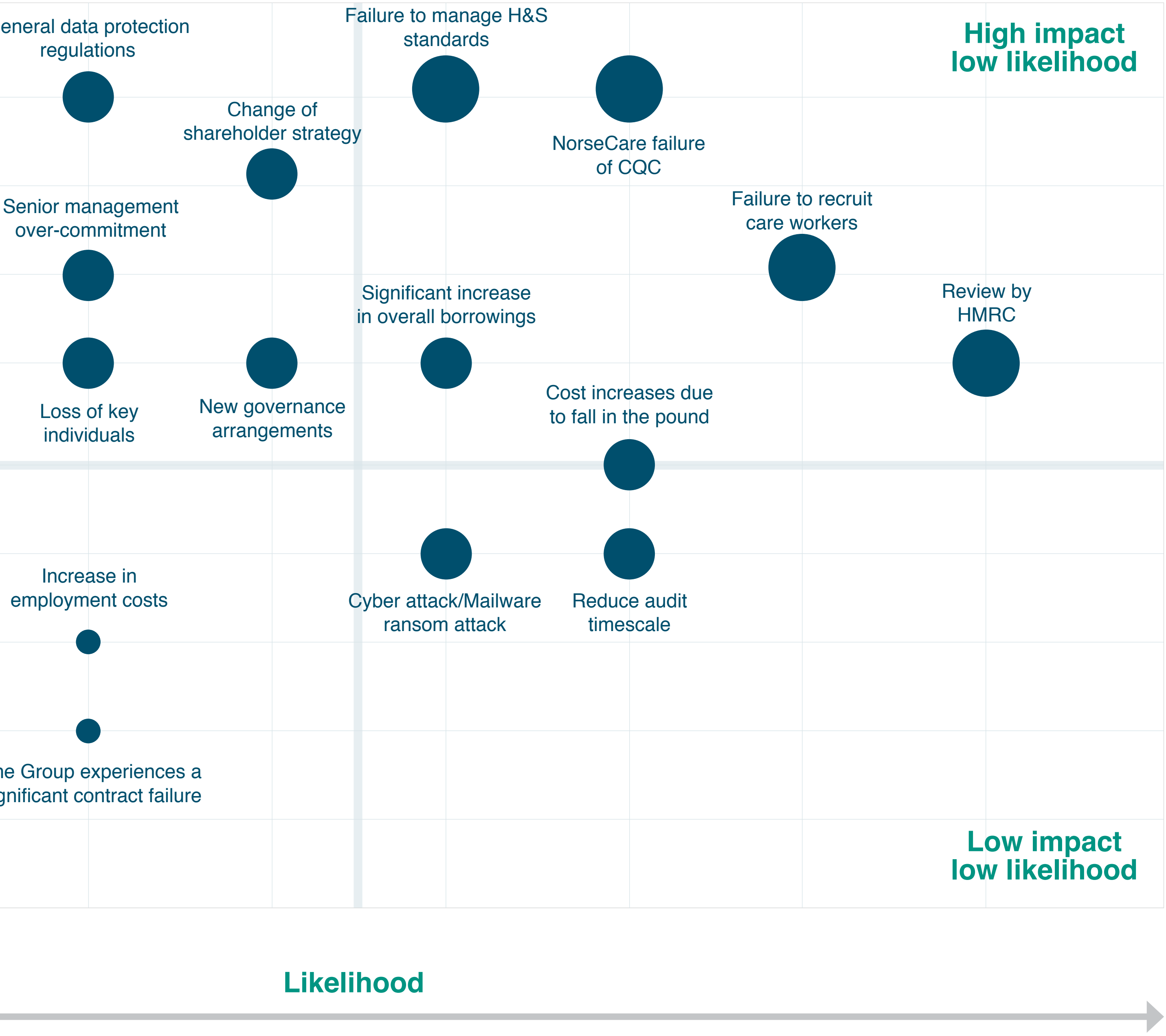
Of the top 10 global risks highlighted above, extreme weather events, cyber attacks, data fraud, involuntary migration and a major economy downturn are significant risks to the Group.

6.3 High level risks to the Group

The current six major high impact/high likelihood risks to the Norse Group are:

- failure to recruit sufficient Care workers
- significant budget reductions by NCC and our other local authority partners
- failure to manage Health & Safety hazards
- failure of a CQC inspection
- significant increase in overall borrowing
- fluctuations in recycling commodities
- failure to manage investments.

Norse Group - risk profile



7.0

The finances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39,900
10,640
12,660
30,523
16,957
22,610
10,693
400
350
300
250
200
10%

7.0 The finances

7.1 Consolidated Norse Group P & L for FY2018.19

Consolidated Norse Group P & L	NPS £000	NCS £000	NCL £000	Norse Group £000
Income	69,186.8	205,960.1	37,904.0	313,050.9
Expenditure	(65,885.5)	(199,712.1)	(37,498.0)	(303,095.6)
Profit	**3,301.3**	**6,248.0**	**406.0**	**9,955.3**
Rebates to JV's	(1,236.1)	(3,325.1)	-	(4,561.2)
Tax estimate	(392.4)	(643.0)	(77.0)	(1,112.4)
Retain profits	**1,672.8**	**2,279.9**	**329.0**	**4,281.7**

Note: excludes inter-company and intergroup trading eliminations

8.0
Shareholder returns

8.0 Shareholder returns

One of the Group's key objectives is to increase the return to our principal Shareholder and Joint Venture partners.

The return will be delivered in a number of ways, and includes:

- annual rebates and volume discounts
- dividends
- increase in shareholder value.

The annual rebates and volume discounts are set at the start of the year and reflect a return based on an agreed volume of work. This is determined by the annual business plan and is fixed for the year.

Only the principal shareholder, Norfolk County Council, is entitled to a dividend and the current dividend policy is for between 10-15% (or as requested and agreed), of post-tax profits.

The Norse Group will produce an annual 'value statement' summarising the benefits accruing to Norfolk County Council through ownership of the Group, including target rebate, dividend and return on loans.

The increase in shareholder value has to be balanced against the immediate need for higher profits and dividends. The company will continue to invest in assets which generate a healthy return on capital and strengthen the balance sheet.

The objectives of the Group help deliver our principal Shareholders key priorities and include:

- securing more high value jobs – 60% of the company's workforce is based in Norfolk
- more people with learning disabilities secure employment. Project Search is recognised as one of the leading national programmes to secure employment for people with learning difficulties
- sustainable business growth
- a highly skilled workforce encourages investment - the Norse Group we has invested over £30m in capital projects in Norfolk alone
- households produce less waste and we have lower costs for dealing with it, the new plant at Costessey Recycling Centre has increased capacity and capability to sort and recycle more of Norfolk's waste so reducing the amount going to landfill
- vulnerable adults are safe from harm - transport services continue to develop to offer safe transportation for vulnerable adults and catering services are provided by NCS to those in care.

Policy & Resources

Item No 11

Report title:	**Review of transport provision to access services**
Date of meeting:	**4 June 2018**
Responsible Chief Officer:	**Sara Tough**

Strategic impact

The proposals in this report set out options to deliver a culture and behavioural change in the way we meet the transportation needs of our service users in the future. The changes will help ensure transport is supporting independence and is enabling, rather than creating dependence.

The proposals will meet two of the four key principles that underpin the delivery of the county council's vision and strategy: joining up our work so that so that similar activities and services are easily accessible, done well and done once; and offering our help early to prevent and reduce demand for specialist services.

Executive summary

The council spend on transport (excluding spend on the national concessionary travel scheme) was £37.4m in 2017-18. In response to concerns about spend, Members asked consultants to look at the opportunities for redesigning transport provision. Consultants were asked to examine our four biggest areas of spend: mainstream school provision, Special Educational Needs (SEN) provision, post 16 provision and access to day services by adults with assessed needs. These four areas of spend totalled £33.9m in 2017-18.

The consultants found that the biggest area of opportunity for redesigning transport provision was in SEN provision, which is also the highest area of spend and set to increase. The consultants found that

- Our spend on mainstream school transport provision is comparable to other local authorities and meets statutory responsibilities.
- Our spend on post 16 transport is reducing.
- Adult Social Services spend on transport is also reducing, as a result of the new Travel Policy and Guidance.
- SEN spend is increasing as numbers increase, comparable with other local authorities.

The consultants modelled four options to redesign transport provision. These are set out in section 1.5 of this paper. Options 1, 2 and 3 are aimed at delivering a service user culture change and improved management of demand, therefore reducing costs of SEN transport. If all options were implemented, costs could be reduced by £1.4m from 2019/20 in an accelerated 12 month programme, subject to a business case being developed by the service responsible and testing with schools and families.

Recommendations:

1. **That Members ask officers to prepare a business case to deliver options 1 and 2 by October, for approval by Children's Services Committee.**
2. **Give approval for officers to implement options 3 and 4 immediately, reporting to the relevant committee as appropriate.**

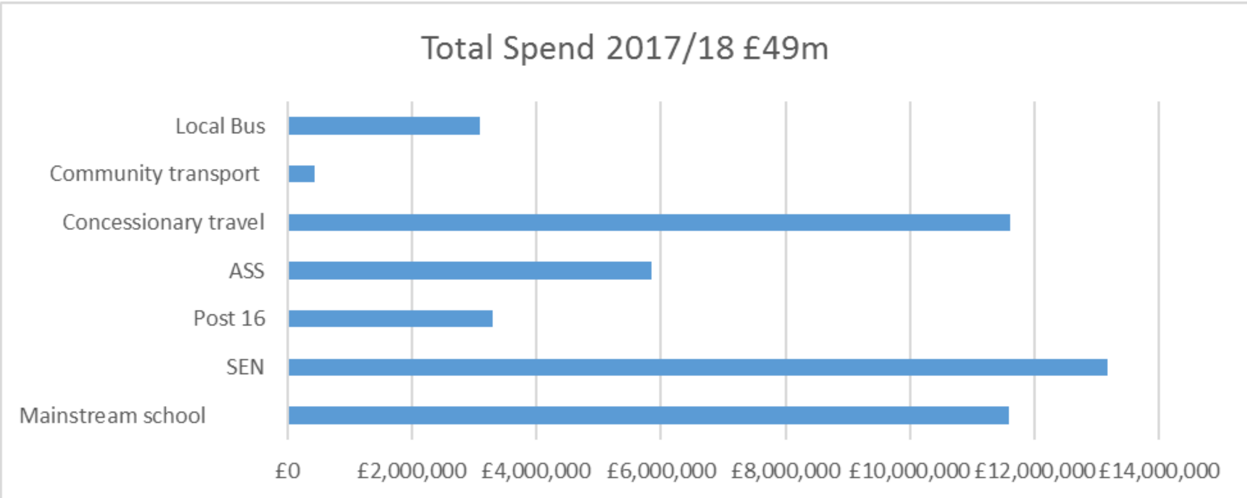
1. Proposal (or options)

In the preparation of this paper, Adult Social Services (ASS) and Children's Services have been consulted. The consultants recommend that there is a full engagement and consultation process undertaken with schools and families before options 1 and 2 are implemented – the service will describe this process in their business case to be brought back to Children's Service Committee for approval.

Norfolk County Council spent £49 million on transport in total in 2017-18 (see chart 1 below). In response to concerns about council spend each year on transport provision, Members approved the appointment of external consultants to examine the potential to reduce costs by reshaping transport provision for our service users. This was approved at the meeting of the Policy and Resources Committee in September 2017. Members recognised that the work would form part of the wider transformation of services.

RedQuadrant, public service transformation consultants, were contracted in February 2018 to undertake the work: to benchmark us against other local authorities, model demand, analyse spend, and propose options for changes to delivery in the future. Their report is appended to this paper.

Chart 1 – Total transport spend 2017-18



Taking out the £11.6m we have to spend on supporting the national concessionary travel scheme run by the Department of Transport (providing free off-peak bus travel for disabled people and pensioners), **the council has direct control over £37.4m of transport spend**.

£3.1m was spent on subsidising local bus companies to provide services (for example in rural areas where routes are unviable) and £446,000 was spent on community transport. Members decided to protect both areas spend in the most recent budget consultation.

The consultants were therefore asked to focus on the remaining areas of transport spend, meeting our statutory duty to transport children and young people to school (including those with special needs), providing post-16 provision and ensuring adults can access their assessed needs. **Spend in 2017-18 in these areas totalled £33.9m.**

SEN	£13.1m
Mainstream school	£11.6m
ASS	£ 5.9m
Post 16	£ 3.3m
TOTAL	**£ 33.9m**

1.2 Children's Services

Children Services spent £28 million in 2017-18 on transporting children and young people across the county.

- £11.6m spent on children attending their nearest appropriate mainstream school, which is required by law and gives little or no movement for reducing cost.
- £13.1m on transporting children with special needs to specialist educational provision. There are significant complex challenges with tackling this area of spend (as detailed below), any changes in approach or policy requires careful implementation but in the long term may see some reduction in spend.
- £3.3m on post 16 transport. This is not a statutory duty, however a policy change to not fund provision may have unintended consequences. Any changes to transport provision could lead to a rise in the future.

1.3 Adult Social Services (ASS)

£5.9m (2017-18) is spent on transporting adults to day services and respite care, (not including where adults are using part of their direct payments to fund transport). Adult Social Services funded the transport of about 2,000 people enabling them to access their social care/community activities. Approximately 1,500 have their transport commissioned and arranged by Integrated Passenger Transport Team so this equated to an average cost of £4,400 per adult per year. When compared to Children's Services the cost per individual is lower, but the issue of miles travelled remains the same.

NCC funded travel assistance is only provided if, in the opinion of the assessor, there is no alternative and appropriate transport available (be it personal, with the assistance of family / friends, or public transport). NCC provides transport if it is the only reasonable means of ensuring that the service user can be safely transported to the nearest assessed and eligible service that meets their needs. Application of the new Transport Policy and Guidance is having an effect on costs: expenditure has not increased despite an increase in demand for the service, and savings have been achieved. The Policy and Guidance has contributed to the savings of £0.813m in 2017-18. Savings of £0.487m have been delivered in previous years from other actions. The cultural shift has taken time to embed - savings targets have been deferred in the past but are now being met.

For existing individuals in receipt of transport or funding for transport, the new Transport Policy is being introduced in a gradual manner as part of individual's annual review. Delivery of savings in ASS transport is dependent on Social Care staff doing a high volume of re-assessments/reviews and having the conversation with new and existing service users based on the new Transport Policy and Guidance.

1.4 Consultants conclusions of transport spend in Norfolk

The consultants' work found that, in Norfolk,

- Mainstream spend on transport was comparable to other Local Authorities and met statutory obligations. There are no recommendations to implement in this area of spend.
- Post 16 spend is reducing. Members have previously decided not to pursue changes to provision because of the risk of unintended consequences that might impact on young people's aspirations and ambitions. There are no recommendations to implement in this area of spend.
- Adult Social Care spend on transport is reducing as a result of the introduction of the new Transport Policy in 2017. Option 4 is recommended for implementation to help support the savings targets in future years.
- SEN spend is increasing as numbers increase, comparable with other local authorities. Options 1, 2 and 3 are recommended to help manage demand and reduce costs.

1.5 Options

The consultants' modelled four options[1] that could help the council transform the way in which it provides transport based on evidence from elsewhere. The premise behind options 1, 2 and 3 is to encourage a culture change to encourage families to actively participate in their child's travel arrangements and encourage their child's independence, where possible.

1. The consultants analysed the savings delivered by the service historically through re-planning and re-tendering SEN routes and found that on average, savings of 15% are achieved per school. But these savings are achieved slowly (an average of two schools are re-planned per year meaning savings are delivered over 5 years) and can be eroded by families asking for alternative arrangements to meet their child's needs combined with limited flexibility in the system to respond.

   The **co-design of route planning** is primarily about changing the nature of the conversation between travel planners, schools and parents. Families are engaged and communicated with as early as possible in the re-planning of routes. Schools take a more active part in decision making and design and become 'champions' for the re-planned routes. Because the schools are involved in the changes, families are more likely to be reassured that the needs of their child have been taken into account. The conversation will link the transport costs to the needs of the child and the relevant school more effectively.

   The consultants modelled the co-design of route planning on three of our schools, re-planning routes using 'linear' techniques rather than 'clusters' to deliver efficiency savings and create greater flexibility to accommodate future changes. The consultants state that implementation of this option (if supported by an investment of £20,000 in improved route planning tools and an additional investment in staffing to engage school and families in culture change) could deliver £1.1m of savings.[2] These would be delivered on an accelerated basis - achieved in a 12 month period rather than over 5 years as currently planned - and result in savings that are more likely to be sustained because of early engagement of the schools and families and a greater flexibility in route planning.

[1] Section 1.8 RedQuadrant Summary Report
[2] Section 3.4.9 RedQuadrant Summary Report

2. **SEN collection points** is where parents are asked to support their child to and from a collection point (such as a bus stop) rather than the transport provider collecting the child from a home address. Councils offering Independent Travel Training and using collection points promote their use as a 'step towards independence' (ref 4.1.3 Final Report). Whilst collection points can empower individuals to become independent, there will always be a group of passengers who will need to be collected from home because of the severity of their need or lack of suitable collection point.

   The consultants modelled this option on two SEN schools in the county. Working alongside SEN case workers, 45% of pupils were identified that could access a collection point within 300 metres of their home. Assuming this percentage reduces to 30% average because of severity of needs or no appropriate collection point or adult to get them there, the consultants' state that this option, when applied across all 12 SEN schools, could deliver savings of £312,000 through a reduction in vehicles[3].

   The consultants recommend that the implementation of options 1 and 2 should be coordinated as one activity (ref 4.7.1 Final Report)

3. **Improvements to the Personal Transport Budget (PTB) pilot project** to incentivise take up. PTB's support families to arrange their child's own home to school travel arrangements in a way that suits their own personal circumstances. It allows families to make flexible arrangements, and gives them choice and control over the funding.

   We have just launched a pilot to target 200 families to take up Personal Travel Budgets. The consultants are recommending changes to the pilot[4] to ensure that target is met, the most significant change of which is to pay families their Personal Travel Budget in advance instead of arrears.

4. The **review of historic Adult Social Services (ASS) transport arrangements** can help deliver savings against the targets already agreed. Based on accelerating the annual reviews of existing users against the Transport Policy approved in March 2017, this option is about identifying those who could access provision closer to home that still meets their needs. The consultants state that this option could deliver £176,000 of annualised savings towards the existing savings target[5]. However, the review of day services is likely to deliver outcomes- based provision in the future, meaning transport arrangements may change (and may include for example, staggering start times of provision).

1.6 Recommendations

It is recommended that options 3 and 4 are implemented immediately by the service responsible.

It is recommended that options 1 and 2 are approved, subject to the service developing a business case which will consider in detail their assessment of the investment required against the savings that will be delivered, an assessment of the risks and mitigation required, and the timetable to deliver.

1.7 Conclusions

The consultant's report gives us a sound basis for implementation, but there is one other area of work for consideration, which was not included in the original scope.

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[3] Section 3.4.14 RedQuadrant Summary Report
[4] Section 3.4.15 RedQuadrant Summary Report
[5] Section 3.4.16 RedQuadrant Summary Report

1.7.1 Examining the potential to collaborate with the NHS non-emergency transport service, using the same vehicles to deliver across all client groups.

We have run several pilots in the past, extending social care and school contracts with Norse and private operators to include non-emergency transport. We should use the Sustainability and Transformation Partnership to revisit our discussions with the CCG's with the intention of delivering further transport savings.

2. Evidence

2.1 Current policies

The consultants found that our current transport policies for home to school and SEN travel provide the statutory provision for compulsory age children meaning we meet our statutory obligations. Post 16 travel policies have a greater degree of flexibility, and so are reviewed on a regular basis to ensure young people are able to access services that allows them to maximise their life opportunities and potential[6]

The Adult Social Services Transport Policy approved in March 2017 set out a cultural shift: there is an expectation that service users will meet their own needs for transport to access and take advantage of services, or support to facilitate them; meaning the Adult Social Services will only fund transport in exceptional circumstances where there is no suitable or appropriate alternative. The overriding principle is that the decision to provide transport is based on a person's individual circumstances including: needs; risks; outcomes; and promoting independence.[7]

2.2 Current demand and spend

Analysing historic spend in Norfolk, the consultants found that

- Special Educational Needs (SEN) transport is experiencing growing demand and increasing spend. As a result, SEN transport spend over the years has typically been overspent by £2m per annum, despite increases to the budget each year[8]. It is recommended that options 1, 2 and 3 are implemented to reduce costs and sustain savings.
- After a historic trend of rising costs, demand for post 16 transport has seen a reduction in 17/18 which has resulted in a forecasted spend under the agreed budget. This has been as a result of the active promotion of better deals for students purchasing tickets direct from operators[9]. Therefore no further action required at this time.
- Mainstream travel demand is reducing whilst spend remains within budget[10]. A recent audit report confirmed that eligibility is assessed robustly against the Council's Home to School transport policy.[11] Therefore there is no further action required at this time.
- Adult Social Services spend on transport is reducing and has been since 2015/16[12]. It is recommended that option 4 is implemented to support delivery of the transport savings already agreed in the ASS budget.

[6] Page 4, RedQuadrant Interim Report
[7] Transport Update report to ASC Committee, March 2017
[8] 2.2.2 RedQuadrant Interim Report
[9] 2.2.2 RedQuadrant Interim Report
[10] 3.2.1 RedQuadrant Summary Report
[11] BDO audit of Home to School Transport, February 2018
[12] 3.2.1 RedQuadrant Summary Report Table 1

2.3 Local Authority benchmarking findings

The consultant's engagement with other Local Authorities indicates that Norfolk County Council (NCC) is highly respected nationally for their approach and delivery[13]. NCC was one of the first councils to fully integrate its statutory and discretionary passenger transport duties, creating a blueprint for other Local Authorities[14]

The pressures and issues associated with SEN transport provision at NCC mirror the pressures and issues identified through the benchmarking activity against other local authorities. Other comparable councils also reported a growth in demand for SEN transport, and increase in SEN demand as one of the greatest risks to overspending. Councils cited more complex needs and an increase in out of county requirements as the main drivers of cost increases[15]. Norfolk transport costs for SEN pupils is in line with other local authorities: The current cost per person for transporting SEN pupils for West Sussex is £5,100 per person, compared to approximately £5,200 for Norfolk, transporting approximately the same number of children. Devon also report a similar figure, while Wiltshire is approximately £7,000[16].

Unlike demand and subsequent costs for SEN; mainstream, Adult Social Services and post 16 travel in other local authorities is either steady or declining. In the case of Devon, post 16 funding is being withdrawn[17].

2.4 Future demand and provision for SEN

The consultants examined national data from the Department for Education (DfE)[18] to compare trends in Norfolk for SEN pupils compared to national data. The actual number of children in Norfolk with SEN support has been rising steadily since 2010, even though as a percentage of the total pupil population, it has been steadily decreasing (reflecting the national picture).

The primary type of support required for those children is broadly comparable with the rest of England, with the exception of Specific Learning Difficulties and Social Emotional Health (SEMH) numbers. Between 2015 and 2017 the number of children in Norfolk with SEMH needs rose from 17% to 19%. If provision remains the same and numbers continue to rise, the transport budget will need to increase to meet the bespoke travel arrangements required for these children. The implementation of option 2 will help design transport provision with enough flexibility to deal with future demand.

2.5 Redesigning transport provision in Adult Social Care – work done to date

Actions the department has taken in relation to transport over the last few years includes:

- Working with the TITAN (Travel Independence Training Across the Nation) Team to identify and work with people who will benefit from travel training so that they can use public transport independently. TITAN Travel Training will become part of the Adult Social Services travel offer, subject to the success of the initial work.

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[13] 1.5 RedQuadrant Summary Report
[14] 2.1.1 RedQuadrant Interim report
[15] 2.3.2 RedQuadrant Interim report
[16] 2.3.2 RedQuadrant Interim report
[17] 2.3.2 RedQuadrant Interim report
[18] Local Authority Tables: SFR37/2017 available at https://www.gov.uk/government/statistics/special-educational-needs-in-england-january-2017

- The department has put its transport offer to the resident population onto the NCC website to help clarify and strengthen the Council's responsibility to the wider resident population. The Transport offer includes information about: buses and trains; concessionary fares; senior bus pass or railcard; a disabled persons bus pass or railcard; shop mobility; taxi services; Norfolk Community Transport; Blue Badges; Motability Cars and Mobility allowances; Car Tax Exemption; when the NHS provides help with travel and transport costs. It also describes to people what happens if they are deemed to have a need as outlined in the policy and their needs cannot be met by the above.

- Working with people to put alternative transport arrangements in place for the 17 cars that NCC leased for adult service users. Some of the original lease periods have expired and the vehicles are effectively now on a rolling yearly lease. The lease cars are a relatively expensive transport option, especially when the people are probably eligible for a Motability vehicle or in some cases have one as well. The lease cars are old now and expensive to replace/maintain.

- Information Management and Technology have developed the first version of a Transport application for use by Adult Social Services and Travel and Transport where you can see for each day centre where people are travelling from, whether they are travelling alone/with others and which day services other people charged to that budget code are going to. It is based on an application IMT developed for Children with Special Education Needs. The application looks useful, and provides a clearer picture of transport provision than analysing pages of reports. Work is ongoing to ensure the data is as accurate as possible and trialling the application.

3. Financial Implications

If all options set out in section 1 were to be implemented, the recommendations will deliver savings of £1.4m between September 2019 and September 2020, in a 12 month period rather than over 5 years. The full financial implications of options 1 and 2 will be set out as part of the business case to be brought back to Children's Services Committee.

In addition, improvements to the Personal Transport Budget should ensure the target for families taking up PTB's is met; and a review of historic transport arrangements for Adult Social Services transport will help support delivery of savings already in the budget.

3.1 Summary of potential savings

(Reference in brackets refers to the RedQuadrant Summary Report)

	Option	**Identified Potential Spend Reduction**
1	Re-planning through a co-design approach	£1,125,000 (3.4.9)
2	SEN Collection Points	£312,000 (3.4.14)
3	Review of Personal Transport Budget (PTB) Pilot	Recommendations to help ensure target take up of 200 families is met (3.4.15)
4	Review of Adult Social Care Historic Eligibility	£176,000* (3.4.16)
	TOTAL potential savings	**£1,437,000 (excluding ASC)**

**contribution to existing savings target*

3.2 Investment required for options 1 and 2

Implementation will require some additional resource. Additional staff will be required to co-design the re-planning of all SEN school travel routes in a 12 month period – at present re-planning is done on a rolling basis of approximately two per year. It will also require a significant engagement and communications plan to ensure the cultural shift proposed in SEN is successful (as experienced by Adult Social Services when the new Transport Policy was introduced). The consultants also recommend investing in new planning tools to support systemic changes at a modest cost of approximately £20,000. It is recommended that officers produce a business case to scope the nature and cost of the investments required for approval by Children's Services Committee.

3.3 Personal Transport Budget – changes to pilot

If option 3 is implemented immediately as recommended there will be a change to the pilot project – from payment in arrears to payments in advance. Finance will ensure the pilot puts the appropriate monitoring of spend in place, and ensure the compatibility of payment systems.

4. Issues, risks and innovation

The consultants have set out the risks and issues associated with each option. They have highlighted the following common risks for the options they have recommended to be implemented from September 2019:

1. Early contract termination of transport providers.
2. Support and engagement of schools (requiring an Equality Impact Assessment).
3. Resources and timescales required to implement.
4. Tools required to deliver (mapping / route planning).

It is recommended that each risk is considered in full by the service in their business case for options 1 and 2, and brought back to Children's Services committee for approval.

5. Background

Relevant Committee Papers:

- 'Re-thinking Access to Services' report (Item 11) on the P&R agenda reports 25 September 2017 available here: http://norfolkcc.cmis.uk.com/norfolkcc/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/637/Committee/21/Default.aspx

Relevant Policies:

- Adult Social Services Transport Policy available here: https://www.norfolk.gov.uk/care-support-and-health/support-to-stay-at-home/help-with-transport/transport-policy
- Post 16 Travel Scheme details available here: https://www.norfolk.gov.uk/education-and-learning/school-and-college-transport/post16-travel-scheme
- Home to School Transport Policy (for mainstream and SEN pupils) available here: https://www.norfolk.gov.uk/-/media/norfolk/downloads/what-we-do-and-how-we-work/policy-performance-and-partnerships/policies-and-strategies/education-and-learning/home-to-school-and-college-transport-policy.pdf?la=en

Officer Contact

If you have any questions about matters contained or want to see copies of any assessments, eg equality impact assessment, please get in touch with:

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Provision of Consultancy Support for Redesigning Transport Provision for Norfolk County Council: Report from RedQuadrant

Summary Report

14th May 2018

1. Summary

1.1 This report is the final report of the Redesigning Transport Provision project conducted in spring 2018.

1.2 Norfolk has statutory duties in relation to the provision of transport for children who live at a distance from their school ("mainstream" provision), children with special educational needs (SEN), and some users of adult social care services. Norfolk fulfils its' statutory duties.

1.3 Expenditure on mainstream provision, children over the age of 16 and adults with care needs has either stayed the same or reduced in recent years indicating successful management of demand and/or control of costs by the council.

1.4 However, there has been a significant increase in SEN passenger demand and associated costs.

1.5 Our engagement with other Local Authorities indicates that Norfolk is highly respected nationally for their approach to, and delivery of, passenger transport services.

1.6 Other authorities are experiencing similar demands and pressures and, largely, have adopted the same approaches as the Council.

1.7 However, the increase in SEN demand and costs, as well as ongoing budget pressures, require that all options for managing the budget need to be considered.

1.8 Furthermore, there is a strong argument that, irrespective of demand and financial pressures, the approach of the Council should be to commission transport in a manner that fosters independence and responsibility.

1.9 We generated a list of fifteen options for the Council to consider, four of which were prioritised for further development:

Option No.	Option/ Modelling Title	Option/Model Description
1	SEN Collection Points	Change approach for designing transport routes. Move away from automatically using home collections to utilising agreed collection points (where an individual's assessed needs show that collection points are appropriate)

RedQuadrant

2	Route Re-planning Approach & Tools	Adopt a co-design approach for re-planning transport routes through improved management information and route planning tools
3	Introduction of Personal Travel Budgets	Introduce the use of Personal Travel Budgets as an acceptable form of travel assistance, and actively promote it as a preferred option to transport young people to school
4	Review of Historic Adult Social Care Provision	Review all travel arrangements that have been in place since before the current adult social care policy was agreed and ensure all historic arrangements reflect current policy

1.10 There are potential savings opportunities in all four options. However, we recommend that the Council prioritise options 1 and 2. These are the most complex to implement as they require a change in culture amongst all parties to prioritise a co-productive approach that promotes independence and responsibility: such an approach requires extensive dialogue between planners, schools, passengers and carers to get right. Options 1 and 2 also have the greatest potential to realise significant savings whilst improving the independence of passengers.

1.11 The Council will need to decide on the speed of implementation as to accelerate benefits realisation may require the Council to terminate or renegotiate some existing contractual arrangements with providers, which risks unsettling the market and driving up unit costs. Transport planners will also need access to an appropriate tool/system that would support holistic planning to take place and ensure routes remain efficient throughout the year.

1.12 In addition to the recommendations for each modelling option we also recommend the Council undertakes a review of the existing systems to identify how information is captures, stored, extracts, and used to review historic and predict future demand/spend. Currently existing systems do not support effective management and interrogation of data.

2. Scope and delivery of project

2.1 Scope of Project

2.1.1 This report is the final report of the Redesigning Transport Provision project conducted in spring 2018. The aims of the project were to

- Develop a model to scope the current and future demand, supply, and cost of Norfolk's transport provision.
- Use the model to scope the potential cost savings for transport provision by changing provision, supply, and cost assumptions.
- Propose costed options to redesign transport provision.
- Benchmark the costs of Norfolk's transport provision against other local authorities.

2.1.2 The following areas of spend were out of the scope of this project:

- Concessionary travel as part of the English National Concessionary Travel Scheme (ENCTS) for eligible disabled people and older people of pensionable age.
- Discretionary spend on local bus routes and community transport.

2.2 Delivery of project

2.2.1 Since project initiation we have, analysed service delivery and demand pressures, undertaken benchmarking and developed potential options for development which discussed by the County Leadership Team (CLT).

2.2.2 Four options were developed in more detail: these are described below and were agreed by the CLT.

3. Key findings and conclusions

3.1 Legal duties

3.1.1 The Education and Inclusion Act places a duty on the Council to make free travel arrangements for those meeting the statutory walking distances eligibility. For pupils with Special Educational Needs (SEN) the authority must make transport arrangements for all children who cannot reasonably be expected to walk to school because of their mobility problems or because of associated health and safety issues related to their special educational needs or disability. Eligibility, for such children should be assessed on an individual basis to identify their particular transport requirements.

3.1.2 The Council has a legal duty to provide transport to adults who are eligible for social care support in certain circumstances. The Care Act 2014 states that:

"Local authorities should consider the adult's ability to get around in the community safely and consider their ability to use such facilities as public transport, shops or recreational facilities when considering the impact on their wellbeing."

3.2 Trends in demand and expenditure

3.2.1 Table 1 below shows trends in demand and expenditure. From the table it is clear that:

- Mainstream demand and expenditure had reduced and spend remains within budget for this passenger group.
- SEN is experiencing growing demand for the services and increasing spend as a result. SEN transport spend over the years has typically been overspent by £2m per annum, despite increases to the budget each year.
- Through the active promotion of better deals for students purchasing tickets direct from operators, demand for Post 16 has seen a reduction in numbers for 17/18, which has resulted in a reduction in spend.

TABLE 1: MAINSTREAM/SEN/POST 16 DEMAND AND SPEND 2012-2018

	12/13	13/14	14/15	15/16	16/17	17/18	Trend
Mainstream	14,712	14,364	13,289	13,517	13,109	12,742	
SEN	1,620	1,621	1,937	1,943	1,991	2,170	
Post 16	3,450	3,349	2,761	2,669	2,906	2,268	
Mainstream Spend	£11,870,363	£12,221,010	£11,569,744	£11,757,883	£11,889,101	£11,597,717	
SEN Spend	£8,487,694	£ 9,924,940	£10,456,667	£11,127,473	£12,279,237	£13,280, 293	
Post 16 Spend	£2,826,056	£2,896,185	£ 2,854,860	£3,432,961	£3,564,075	£3,385, 134	
Mainstream Budget	NK	£12,250,000	£11,955,506	£12,570,490	£13,425,370	£12,357,510	
SEN Budget	NK	£7,750,000	£ 8,729,910	£9,737,090	£9,869,280	£11,407,040	
Post 16 Budget	NK	£2,967,460	£2,913,227	£3,089,710	£3,335,360	£3,470,070	

3.2.2 Adult Social Services funds the transport of about 2,000 people enabling them to access their social care/community activities. Approximately three quarters of these have transport arranged and commissioned by Travel and Transport. The Council spent £7.2 m each year on commissioned transport for adult social care service users to access day and respite services. This has reduced over the last three years, and the forecast spend for 2017-18 is currently £5.85m (see Table 2 below) with the greatest reduction coming in expenditure on older people. This covers approximately 1,500 users at an average cost of £15 per journey.

TABLE 2: TRENDS IN ADULT SOCIAL CARE EXPENDITURE BY CLIENT GROUP

Client group	12/13	13/14	14/15	15/16	16/17	17/18
Older People	1,798,576	1,759,749	1,637,707	1,295,987	1,361,347	1,075,983
Physical Disability	513,702	561,324	689,431	789,517	543,720	384,715
Learning Disability	3,928,876	4,360,568	4,724,884	4,613,072	4,701,504	4,279,096
Mental Health	247,682	233,401	144,162	210,262	139,020	117,353
Total	6,488,836	6,915,042	7,196,184	6,908,838	6,745,591	5,857,147

3.2.3 This pattern of increasing spend on SEN transport is reflected nationally. There are several hypotheses as to why this so despite the best efforts of officers to reduce unnecessary demand and drive down associated unit costs

Hypothesis 1: Education Placements Are Increasing Transport Costs

3.2.4 Where a child or young person is educated has an impact on how they travel to and from the placement. The type of placement reflects the support needs and complexity of transport arrangements and therefore where a child is placed will a direct impact on any associated transport costs. There is evidence that Norfolk has higher than average percentage of children at non-maintained special schools: 8.9% compared to 6.6% with this group constituting 20% of the children transported.

3.2.5 It was also reported that there are increasing number of families moving into Norfolk who have a child/children. Although not formally recorded it is believed that historically the number of families moving into the County each year was under 10 per year, in recent years this has increased to between 20 and 30 families a year. At the point of moving into the county NCC becomes responsible for ensuring the child/young person can access the education placement named in their Education, Health and Care Plan (EHCP), which is likely to be outside the County boundaries.

3.2.6 Both of these elements are presumably driving the increase in expenditure on transport to out-of-county schools from £2.8 million in 2014/015 to c£4million in 2017/18.

Hypothesis 2: Increasing SEN Provision will Reduce Transport Spend

3.2.7 One response to reducing spend on transport to out-of-county placements is to increase the number of school places locally available for specific support needs, an approach adopted by Norfolk in recent years when it opened Wherry School.

3.2.8 However, it appears that, of the 41 children attending the new school, 29 previously had no travel support. This is presumably because they attended their local mainstream provision. This suggests that the creation of additional school places this does not automatically create a reduction in transport spend as the majority of children initially wish to maintain continuity of their education while the Council have limited powers to encourage a transfer. Any benefit in relation to transport spend reduction initially appear to be a longer-term benefit with potential higher overall cost in the short term as placement planning and allocation to the school become embedded.

Hypothesis 3: Schools/Colleges located on the coast have higher associated transport costs

3.2.9 The cost of transport arrangements can often be affected by location with cost differences between rural and urban locations. The unique characteristics of Norfolk present different challenges and pressures compared to other Councils, especially with a number of SEN placements being a mix of being based inland and on the coast.

3.2.10 However, our analysis suggests the opposite scenario to this hypothesis with a lower average cost per passenger for those attending School/College on the coast, compared to those inland placements.

Data limitations

3.2.11 A major caveat to the above is the quality of available data to understand the current picture and to analyse and model trends. Despite the volume of information captured and recorded by Council systems, there were still gaps in information available due to how information can be accessed and extracted into reports. This directly impacts on officers' abilities to make decisions and develop sustainable strategies based on evidence and facts, particularly in the critical areas of demand and financial forecasting.

3.2.12 We recommend that the Council explores a review of the existing systems available to identify if they effectively support the operation management and strategic planning/forecasting of all of the services.

3.3 Comparison with other authorities

3.3.1 We undertook detailed comparison with Wiltshire Council and Devon and East Sussex County Councils. All the authorities so far benchmarked provide Mainstream school, SEN, Adult Social Care and Post 16 transport through an integrated transport unit, similar to the operating model at NCC. Two of the authorities provided more than the statutory minimum for under 16s, unlike Norfolk.

3.3.2 As with Norfolk, all councils report a growth in demand for SEN transport as one of their greatest risks to overspend. When questioned over why they believed there had been such an increase in demand this produced common responses based on more complex needs and an increase in out of county requirements.

3.3.3 This increase is reflected in increasing proportion of spend on SEN transport compared to Mainstream and Adults, as has been the experience in Norfolk.

3.3.4 Authorities have managed this increase in demand in a variety of ways. Approaches taken have included reducing spend by rationalisation of routes, improvement in procurement methods, a more competitive environment and clear policies defining eligibility criteria and appeal processes.

3.3.5 Norfolk compares well to others in terms of units cost, being comparable to West Sussex and Devon and significantly less than Wiltshire.

3.3.6 All authorities reported historic tensions between the client (Education and Adult services) and the commissioners (transport unit). By moving client staff closer to the commissioning section or by transferring of staff into the transport unit these tensions were eased considerably, communications improved, and efficiencies made, due to better mutual understanding of the issues. The latter being brought about by each party understanding the effect of each other's actions. One authority has taken this further and has moved the whole process from application to delivery into one section, providing a seamless process. At Norfolk eligibility for SEN and mainstream has moved this way it is not the case with Adult Social care where eligibility assessment still remains with Adult services.

3.3.7 As with Norfolk the benchmarked authorities reported while the numbers of SEN pupils being transported has increased, the number of appeals had declined.

Each stated that clarification of their eligibility criteria and a more effective appeal process was the cause.

3.3.8 Each authority had moved from simple frameworks or regular tendering programmes to mini competitions from a Dynamic Purchase systems (DPS), although each DPS had been let differently. Devon's was split into lots based on vehicle size and a fixed price package for each category rather than the more common journey type (SEN, Mainstream, Adult, Ad hoc, Health). There was no direct evidence of reduced transport costs from transferring to a DPS with the main saving being administrative. Norfolk also currently use a DPS for their sourcing of transport services.

3.3.9 A growing trend common to both Devon and Wiltshire and also other authorities around the UK is the closer relationship between transport units and procurement. In both Devon and Wiltshire, the procurement teams have former transport staff delivering the transport functions of the department. Whilst there are no quantifiable savings identified from such arrangements it is reported that this has improved the efficiency and delivery of the transport function.

3.3.10 Along with the Council, Devon have invested in Independent Travel Training via a 'spend to save' programme. This section now employs five permanent staff and is currently delivering significant savings. Wiltshire trained up to 12 pupils per month from an annual investment of £80K by outsourcing the training programme, the programme is now being delivered in-house but without the financial or personnel resources and consequently there has been a reduction to approximately 12 trained pupils per year. Norfolk have promoted independent travel training through their TITAN programme. Adult Social Services have just begun a pilot adopting the TITAN programme, and Children's Services deliver a TITAN general independence programme in SEN schools and a summer buddy scheme for those SEN students going into post 16 education. They have also entered into a payment by results contract with Hackney Community Transport to focus specifically on the home to school journey, in order to actively move the student from taxi/minibus transport onto local bus services. This model is at the early delivery stages.

3.3.11 Personal Travel Budgets (PTBs) or direct payments can achieve efficiency savings, but these are not quick fix solutions only likely to occur in the long term by allowing the withdrawal of contracts or prevention of new ones. Concerns were raised by all authorities that reviews were not taking place and that the spend was not being used for its intended purpose. Adult Service users in Norfolk have been able to take all or part of the Personal Budget as a direct payment since 2006, including using them for transport. Overall PTB or direct payments were available but not widely advertised even within policy documents.

3.4 Summary of findings and options for the way forward

3.4.1 There is increasing passenger demand on Council transport provision: this in turn creates a financial pressure. There is, therefore, a pressure on the Council to identify solutions to allow the continued sustainable delivery of the service.

3.4.2 In particular, demand for SEN provision is increasing in Norfolk in line with national trends. The reasons for this are not clear but may reflect increasing numbers of children with SEN in the county and also the use of out-of-county provision.

3.4.3 More generally, the pressures and issues associated with transport provision in Norfolk largely mirror those of other Local Authorities.

3.4.4 Much work in Norfolk has already been undertaken internally to control costs: this is reflected in the static costs for mainstream provision and the reducing costs for post 16 provision in Table 1. The Council was one of the first local authorities to fully integrate its statutory and discretionary passenger transport duties by bringing together local bus, information, concessionary travel, community transport, home to school transport and adult social care transport, creating a blueprint for many others including those with whom we benchmarked. Indeed, feedback from other authorities is that Norfolk is highly respected nationally for their approach to, and delivery of, transport services.

3.4.5 The position for the Council, therefore, is challenging: although much work has been undertaken, and this has been successful in partially moderating demand, transport cost and demand pressures remain.

3.4.6 There is no one solution that will reduce these pressures. A range of options, targeting different groups within the current service provision, will be required, providing bespoke alternatives for groups of individuals depending on their location, circumstances, needs, and journey destination.

3.4.7 We used service analysis, benchmarking activity, examples of best practice, and the operational experience of the project team to identify and develop a range of options to model and analyse further, the findings and outcomes of which would then be included as the focus in the final report. We identified 15 potential options across SEN, Mainstream and Adult Social Care transport, four of which were prioritised for further development. We placed particular emphasis on developing options which would allow demand to be managed better through encouraging independence of passengers, where safe and appropriate to do so.

Option 1: Route Re-planning

3.4.8 In this option we reviewed whether planners would benefit from having access to Geographical Information System (GIS) Mapping and Routing tools. These allow planners to adopt a holistic approach to route planning, including the introduction of linear route design rather than cluster design[1], enabling journeys to be planned more efficiently. They can also assist planners to reduce the impact of on-going demand changes that can both erode savings and add cost pressures over time. Map-based planning also provides greatly improved information for supervisors and senior management.

3.4.9 We undertook a review of three schools using these tools. The results indicated that substantial reductions in the number of routes appear possible. Extrapolating the level of possible savings identified to the sixteen schools with fifteen routes or more gives a putative annual saving of £1,125,000

3.4.10 There is thus potentially a considerable opportunity to deliver the same service at reduced cost. Key to successful implementation and maximising the opportunities available is ensuring the right level of engagement and partnership working takes place, particularly with carers and passengers. We recommend that the re-planning process spans a 9-month period. Experience of undertaking engagement in this way and over similar timescales demonstrates that this can minimise the risk of challenge and any associated pressure to increase vehicles numbers. This approach however delays delivery of this saving until the 2019/20 academic year onwards. Timescales for achievement of the full saving will depend on the speed of implementation which is partly determined by the rate at which current contracts expire.

[1] Cluster route planning is based on collecting as many passengers up in close proximity of each other then continuing the journey towards their destination. This approach can lead just one route serving some areas and provides little flexibility if capacity needs to be increased or passenger groupings need to be changed for health and safety reasons.
Linear planning works from the furthest point away from the destination, collecting as many passengers up as possible on route with as few detour as possible. This means that there is likely to be alternative routes available that can be utilised if capacity/journey time limits are exceed or if you need to move passengers from one to another. Due to the nature of how routes are planned, timings are likely to be similar giving planners greater capacity to use existing resources to meet increases in demand.

3.4.11 Further analysis and validation is required with schools, carers and passengers before implementation is considered in order to ensure individual passenger needs are taken into account within re-planning.

Option 2: SEN collection points

3.4.12 Collection points reduce travel distances and journey times for passengers. The introduction of collection points would support young people to develop basic skills and confidence to access services and activities in their community as well as potentially reducing spend through the reduction in vehicle usage. This has a life-time benefit for individuals who are thus helped to be more independent. Indeed, irrespective of demand and budget pressures, the Council should not be implementing policies that increase or sustain dependency.

3.4.13 45% of the sample of children analysed had the potential to be able to access a collection point. This figure was then moderated to 30% to take into account potential unknown family circumstances and the potential of a collection point being unavailable near a child's home. The outcome of the analysis was that it is reasonable to expect that introducing collection points at the 12 large SEN schools would reduce vehicles usage by one at each school.

3.4.14 Implementation success is dependent on the same engagements and partnership working as option 3. Implementation will need to be done sensitively and it will be critically important to listen to the individual concerns of passengers and carers. However, if achieved this would produce further annual savings of £312,000 from the 2019/20 academic year onwards as well as help a large number of young people become more independent.

Option 3: Review of Personal Transport Budget Pilot Project

3.4.15 We reviewed the upcoming pilot looking to introduce Personal Transport Budgets (PTBs) as a travel option. PTBs can allow families and children far greater flexibility whilst often being cheaper than alternatives arranged by the Council. Thus, we strongly agree with the promotion of PTBs as a choice for families but are doubtful as to whether the target of 200 families will be achieved. We make two key recommendations to improve uptake but consider it unlikely that the target will be achieved, given that comparable authorities that have fully implemented PTBs, typically have 100-150 families taking up the offer.

Option 4: Review of existing adult social care provision

3.4.16 We reviewed existing Adult Social Care transport entitlement to understand the level of benefits available through the review process and whether it supports delivery of the services overall savings target. Exploring these options and undertaking a review of all service users transport requirements would potentially deliver £176,000 of annualised savings.

3.5 Conclusions

3.5.1 Despite the Council's strong record in transport provision and its' success in controlling and reducing its expenditure on mainstream school and adult transport provision, it faces ongoing transport demand pressures, particularly from children with SEN.

3.5.2 There are a number of options available to reduce costs. Options 1, 2 and 4 of those proposed also have the advantage of helping to promote independence amongst transport users, which should be a key objective of how the Council organises its' transport provision.

3.5.3 Options 1 and 2 are potentially the most fruitful but will require careful and good quality engagement with schools, passengers, and carers to ensure successful implementation.

3.5.4 Much of the increase in demand arises from increasing numbers of out-of-area placements. There is thus scope to consider the strategic plans of the Council in relation to increasing school places and investing in new schools: done properly this will reduce transport and placement costs This, however, would be a longer-term project which would only produce results in the medium term.