

Redditch Dial-a-Ride

Independent review undertaken by JMP Consultants on behalf of Redditch Borough Council

Introduction

Redditch Borough Council provides and operates a dial-a-ride service for its residents. It is available for journeys within the borough to those people, who due to frailty or disability, are unable to use mainstream public transport. The service is well used and much appreciated.

There are a number of pressures on the service, which has led to the need for an independent review of dial-a-ride. We were delighted to be commissioned to undertake this review. This report seeks to concisely set out our findings, options and recommendations. We would like to take this opportunity of thanking the council's officers and Leader for their assistance in providing insight and information to us in a timely fashion, in order for us to undertake the review. Likewise, we are grateful for the interest shown by other stakeholders with whom we engaged as part of the study.

The instigation of the review has arisen from a number of issues, namely:

- Uncertainty about the level of need and how this translates to patterns of usage
- Increasing costs
- Concerns about vehicle replacement, given that the current fleet is 5 years old
- The need to reduce costs at this time of public sector funding pressures
- Any lack of strategy for the service and its future provision

To investigate these issues and formulate options we have talked to interested parties, including those involved in the operation of the service, and analysed the financial position and operational statistics. We have then formulated options and made recommendations. Overall we found the service to be well run; the need for change is arising from the financial pressures and the requirement for efficiencies.

Current position

Redditch Dial-a-Ride provides door-to-door transport by minibus for people who cannot use public transport. Users have to be resident in Redditch Borough and unable to use public transport because of difficulty in walking. They must register to be able to use the service. Journeys for any purpose can be made, and some priority in booking is given for medical appointments. All journeys have to be entirely within the borough. The service is available between 0845 and 1645 on Monday to Friday and all journeys have to be booked in advance. A charge of £2.10 is made per single journey; however, most users have a concessionary travel pass which allows travel for £1.05.

Dial-a-Ride also provides some transport for Sure Start.

Key facts about the service are as follows:

- **Vehicles:** 7 minibuses, with 6 of them 5 or 6 years old and the spare 8.5 years old.

APPENDIX 1



- **Staff:** in the office, 3 full-time and 2 part-time, plus 1 casual relief; drivers – 5 full-time, 2 part-time and 2 casual reliefs.
- **Usage:** Has been reducing over last 3 years: 2007/08 39,678; 2008/09 36,589; 2009/10 33,930.

Usage may have fallen due to the closure of some luncheon clubs, for which Dial-a-Ride provided transport for small groups of people. The growing accessibility of the conventional bus network may also have had an effect.

There are about 200 wheelchair users per month.

40% of journeys are for shopping, and about 43% for leisure and social purposes; 5% of trips are to or from the Alexandra Hospital. The vast majority of journeys are made by people with concession passes, enabling them to travel at £1.05 per journey.

During busier months between 2 and 5% of bookings have to be refused, because requests cannot be met. However, in winter months virtually all requests are met.

The majority of journeys (65%) are undertaken by users travelling regularly either once or twice per week, and a further 24% of trips are made by just 13% of users who travel 3 times per week. This indicates that the vast majority of trips are undertaken by regular users.

Redditch Dial-a-Ride revenue and costs:

£		2006/07	2007/08	2008/09	2009/10	2010/11 budgeted
Costs		324,441	346,087	349,067	319,126	382,320
Income	Grants *	96,474	61,465	75,606	33,809	40,000
	Fares	12,329	17,878	37,503	35,891	38,000
	BSOG	11,317	10,542	11,093	10,215	11,000
Total income		120,120	89,885	124,202	79,915	89,000
RBC spend		204,321	256,202	224,865	239,211	293,320

Note: * includes grants from other organisations and income from concessionary fares reimbursement

In a residential consultation undertaken in 2009, 80% of the 443 Redditch Borough respondents were aware of Dial-a-Ride, and 9% used the service. Users were asked to rate the value of the service; all rated it at between 8 and 10 out of 10.

Comparisons

The following table gives some comparisons of passenger numbers and costs between Redditch Dial-a-Ride and other dial-a-ride schemes. The data for Redditch is 2009/10, whilst for others it is the previous year. Overall, it demonstrates that Redditch Dial-a-Ride performs in line with other schemes.

Scheme	Description of area	Passengers pa	Total cost £	Cost / passenger £
A	County town and rural hinterland	19,273	210,368 (*)	10.92
B	Small towns and rural hinterland	18,013	192,233 (*)	10.67
C	Large town	27,720	200,166 (*)	7.22
D	Large city	17,222	181,514	10.50
E	Large town and some rural hinterland	15,151	295,751	17.17
F	Rural county	42,358	538,955	12.73
G	Small towns and rural hinterland	9,781	133,868	13.70
H	Small city	20,152	184,821	9.17
I	Market town and some villages	28,402	214,058	7.54
J	Large new city	104,000	700,000	6.73
Redditch	New town	33,930	319,126	9.40
(*) includes depreciation			Average:	10.52

In addition we looked at the number of staff employed by various community transport and dial-a-ride schemes and the number of vehicles operated. Twelve comparators were used from various parts of England and the results are summarised below.

	Number of vehicles	FTE office staff	Average staff per vehicle
Average of 12 comparators	7.25	3.13	0.43
Redditch Dial-a-Ride	7	4	0.57

Again, Redditch appears to be in line with the average. Whilst it appears to have a slightly higher level of staffing per vehicle, if account is taken of the fact that the manager at Redditch is also responsible for Shopmobility then the ratio is even closer to the average.

Issues

In overall terms, and on the basis of the information available, the service appears to be well managed and run as efficiently as any other comparable dial-a-rides. As with most such services, Redditch Dial-a-Ride is well regarded by users and generally enjoys the support of elected members. As an in-house authority-run service, costs seem no higher than services run by the

voluntary sector. This is not surprising given that many voluntary sector employment conditions are based on local authority conditions, and neither sector is seeking to make a profit.

Closer inspection of the accounts indicates that partial allowance is made for depreciation and replacement of the vehicles (shown as a revenue contribution to capital charges). A figure of £27,750 is budgeted for 2010/11. Based on the fleet of 6 operational minibuses and a spare minibus, depreciation is actually in the order of £40,000 pa. This represents a 3% increase in overall costs, which over a number of years creates a funding gap for in the funding of vehicle replacements. Consequently, there are some issues regarding the future sustainability of the service, unless some additional funding can be identified. The vehicles are already between 5 and 8.5 years old, and starting to show signs of the need for more maintenance attention. Ideally, replacements would be sought over the next 2 years. A real problem is that they are all a similar age, and therefore will need replacing at a similar time.

Whilst this situation creates some concerns, it is not an uncommon picture in the community transport world. Many schemes generate revenue and attract grants to sufficiently cover day to day operational costs, but few manage to muster more than a minor contribution towards vehicle replacement from dial-a-ride or traditional community transport operations alone, and rely on other one-off grants / funding bids to meet purchase costs. In recent years, that has not necessarily posed a problem, as various funding sources (such as Local Transport Plan or Lottery) have been available to fund vehicles. In the current climate, this is less likely. A further disadvantage for Redditch is that being a council-run scheme, some of the funding streams aimed at supporting the voluntary sector are not available to it.

In the Worcestershire context, any funding for the support and development of community transport from the County Council and Primary Care Trust has been passported to the Worcestershire Community Transport Partnership under a 3 year agreement. This has been divided up amongst the various community transport schemes across the county. Unfortunately, Redditch has not been fully engaged with the Partnership, nor is it actively involved in the Members' Joint Transport Forum. As a result of being outside the Partnership, Redditch Dial-a-Ride no longer receives the £20,000 pa grant it used to get from the County Council. This has put added financial pressures on the service.

It is these pressures that have led to this review and the need for efficiency savings or different ways of working. Options for reducing costs and/or increasing revenue will be needed. This will be against a backdrop of likely increasing demand for dial-a-ride services. Already the service is unable to meet about 4% of requests for travel. This is likely to rise as general ageing of the population continues and cutbacks in conventional bus services start to leave people isolated. The County Council has indicated likely reductions in expenditure on supported bus services, and Government has reduced various areas of financial support for public transport. The County Council will seek to protect services where no alternatives exist; this will be at the expense of infrequent urban services which penetrate residential areas and where alternative commercial or semi-commercial services exist within reasonable distance. This will leave pockets of housing in Redditch more isolated from the bus network, which may in turn lead to more people looking to dial-a-ride to meet their needs.

In the current financial climate, areas of priority will need to be determined to help direct limited resources. Services which help meet particular policy objectives will clearly command greater priority for funding. Currently it is difficult to identify the relevant policy justification for dial-a-ride in the Borough Council's policies. The current Corporate Plan makes no direct mention of dial-a-ride, although by implication the service will support a number of objectives relating to community health and well-being. Indeed, it is probably in non-transport terms that the authority could justify its support for dial-a-ride, given that it is the county, and not the district, with transport responsibilities.

The provision of dial-a-ride and other community transport services will certainly be supported by County Council policies, as set out in the Local Transport Plan. This provides the opportunity to engage more with the County Council and, in parallel, the Joint Members' Transport Forum and Community Transport Partnership.

Reducing costs

As previously indicated, there is little to suggest that the costs associated with the operation of Redditch Dial-a-Ride are significantly different to comparable services. Where possible, costs have been managed through changes in employment status and revisions to staff deployment. There are few opportunities for further marginal cost savings; slight reduction in times of operation would achieve small savings, but equally result in some loss of revenue too, and reductions in vehicle utilisation.

Given that there will always be some cases where vehicles are carrying just one or two passengers, consideration could be given to changing the fleet profile to include a couple of MPV-sized vehicles, which have become very popular with taxi operators. This will reduce the flexibility in fleet deployment in some ways, but vehicle costs and fuel economy will be improved. There are issues of VAT being chargeable on fares in smaller vehicles, but anomalies of not being able to operate vehicles with eight seats or less on section 19 permits have been removed, making it easier for community transport operators to use such vehicles.

To achieve significant cost savings it would be necessary to cut key elements of service, such as withdrawing one or more vehicles and making an equivalent number of drivers redundant. Whilst savings in doing this would be significant, users would experience a significant drop in service availability. Of course, other overheads (administration and booking office) would not reduce by the same proportions, and so the cost per passenger journey may start to rise without compensatory increases in vehicle occupancy.

Increasing revenue

There are opportunities to increase revenue. The easiest way of achieving this would be to increase fares. Currently, these are lower than comparable services and are subsidised through the availability of the concessionary fares scheme (this is a discretionary addition to the scheme). Evidence from a survey undertaken by a RBC Task & Finish Group suggests that users do value the service and would be prepared to pay more to use it. Of course, as well as increasing revenue, a fares rise would, under current arrangements, increase the call on the Borough's concessionary fares budget too.

Other methods of revenue generation could include finding ways of using the vehicles in current downtime, particularly evenings and weekends. There is evidence to suggest that voluntary sector

organisations and community groups would welcome being able to use the minibuses at these times. Also, community wardens have indicated that they would welcome opportunities to take residents out on trips. Whilst such a move would support wider community development objectives, the additional revenue generated would only be marginal and might not even be sufficient to cover any extra costs that arise. A number of issues would need to be considered:

- Assessment of drivers, unless the paid Dial-a-Ride drivers are used
- Administration associated with the hiring out of the vehicles
- Additional wear and tear on vehicles
- Arrangement for vehicle pick-up and set-down (particularly out of hours)
- Arrangements for breakdown and recovery of vehicles out of Borough and out of hours

As well as community groups, there are other unmet transport needs that have been identified. This includes providing transport for prison visiting and for appointments at Princess of Wales Hospital, Bromsgrove, with a reciprocal need for Bromsgrove residents attending the Alexandra Hospital in Redditch. There is some keenness for Dial-a-Ride to become a more general community transport service, as it would be seen as serving a wider part of the community, rather than the current view of only being a service for older people. Whilst such moves might help generate revenue from new sources and ensure broader support for the service, they would reduce the availability of service to traditional dial-a-ride users.

The WRVS is currently undertaking some research (on behalf of the CT Partnership) into other travel demands in and around Redditch. This may highlight areas of unmet demand that could be accommodated by Dial-a-Ride, as well as providing further evidence of a need for cross-boundary travel between Redditch and Bromsgrove for people who are unable to use conventional public transport.

A further source of income generation would be the operation of specialist contract services for Worcestershire County Council (both special educational needs and social care). Redditch Dial-a-Ride could register to tender for contracts to run particular services. Whilst social care transport would conflict with traditional dial-a-ride operations, the provision of special education transport could be accommodated, albeit with some impact on current provision. Vehicles undertaking such contracts would become available in the morning for dial-a-ride from between 0900 and 0915. In the afternoon, a contract might take a vehicle out of dial-a-ride use between 1430/1445 and 1530/1600 – a quieter part of the day for dial-a-ride than the mornings. Discussions with Worcestershire County Council have shown a willingness for Redditch Dial-a-Ride to participate in tender rounds for the provision of specialist transport.

The benefit of performing contracts is that it provides a regular stream of revenue, which in practice will be higher than the fares income generated by dial-a-ride service for an equivalent period. Contract pricing would also seek to cover all costs, including overheads and depreciation.

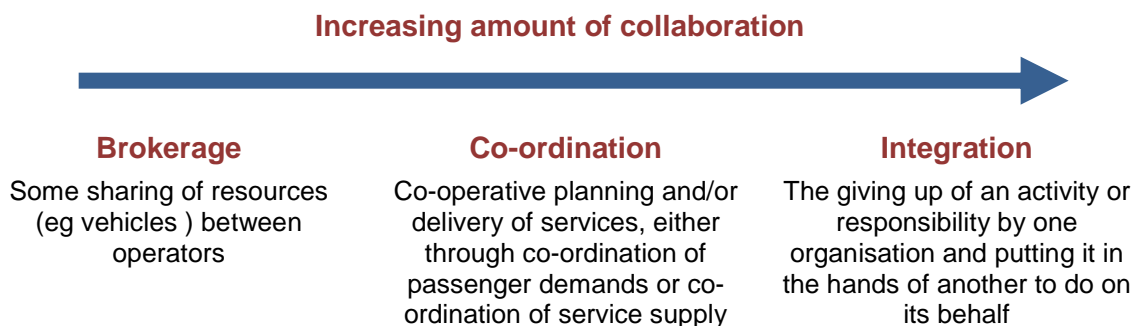
In the past, community transport groups tended to shy away from contract operations, seeing them as a diversion from their main purpose. With the demise in general grant funding for community transport in recent years, operators have become more involved in contract operations as part of a business model to become sustainable. Indeed, some operators are now social enterprises, where

income from contracts is used to support the provision of other services which promote social inclusion.

Given that there is some unmet demand for dial-a-ride in Redditch (i.e. bookings that cannot be accommodated), another opportunity to generate more revenue would be to change patterns of operation to increase usage of the current level of operation (i.e. increase vehicle occupancy). Already, the staff taking bookings and scheduling the services seek to combine bookings, such that two or three people are carried together. This is easier to achieve where users have common origins and/or destinations. In Redditch, 46% of all journeys are to/from the town centre, so there should be at least some opportunities for combining bookings by guiding people along the same corridors towards particular time slots.

Collaborative efficiencies

It has long been recognised that efficiencies in transport provision can be achieved through collaborative working. Whilst much talked about, the principle is not always easy to be applied in practice, due to various things that can become barriers (e.g. insurance, different vehicle and driver standards, IT systems, organisational constitutions). Firstly, it is important to understand what is meant by collaboration, as it can take different forms:



Integration can occur at all stages of transport delivery: policy, planning, procurement and provision.

Redditch Dial-a-Ride currently operates in isolation of other activities. Indeed, the administrative aspects and vehicle operations are separate, with bookings taken in the Town Hall and the vehicles and drivers based at the Crossgates depot.

Opportunities for collaboration do exist. Worcestershire County Council is responsible for the provision of various services in the area. Through the use of its in-house fleet and procurement of vehicles from commercial taxi and minibus operators, provision is made for those attending special schools and social care establishments. These vehicles are a resource that could be commissioned to provide a dial-a-ride service at other times. Operators may find this attractive, as

it would provide work all day for their vehicles and drivers; operators can have difficulty in attracting drivers for part-time work, particularly for split shifts associated with school-only work. Certainly the County Council has indicated that it has difficulties recruiting part-time drivers and would welcome opportunities to undertake all-day work with more of its in-house fleet.

In Bromsgrove, WRVS provides a community transport service. For many years it has provided Bromsgrove Rural Rides, a voluntary car scheme. More recently, since September 2009, it has also operated a minibus service (BURT – Bromsgrove Urban and Rural Transport) aimed at meeting the needs of groups and individuals who are unable to use conventional bus services. Whilst funded by Bromsgrove District Council for the benefit of Bromsgrove residents, through the closer working arrangements of the Bromsgrove and Redditch authorities, Redditch BC provided advice on the purchase of the vehicle and maintains the vehicle under a service level agreement. This extends to the use of the spare Redditch Dial-a-Ride vehicle when the 'BURT' bus is off the road.

WRVS employs two part-time office staff and two part-time drivers to run BURT, and uses the Mobisoft system to manage bookings. Given the closer working between the two authorities and the existing link between BURT and Redditch Dial-a-Ride, there may be opportunities for further integration.

Options

Having highlighted the various issues that relate to the operation of Redditch Dial-a-Ride, we set out here the options for the way forward. Our starting point is the assumption that there is a desire from all concerned to see the dial-a-ride service in Redditch continued. Members see the service as important and users value it. Demand for it will grow. Its importance, therefore, needs to be reflected in the council's policy and actions.

Given the current position of Dial-a-Ride and likely public spending reductions, efficiencies need to be achieved. Therefore, to take no action at all is not likely to be feasible; maintaining the status quo is not an option.

Outsourcing of the whole operation would be an option. This would be a big step and would take a lot of time and effort to achieve. For various reasons it would not seem feasible:

- Lack of likely interested parties (other community transport providers or interested voluntary sector organisations).
- Not an attractive proposition to commercial organisations, and concerns that the local taxi trade would not deliver the required levels and quality of service. Such services tend not to be attractive to taxi operators.
- Whilst having its own fleet, the County Council has not been involved in community transport provision directly.
- Ageing vehicle fleet would be a barrier to interest from others.
- Staffing issues of redundancy and/or TUPE would need to be considered and resolved.

Outsourcing is unlikely to achieve any short term savings. It could remain a longer term option, whereby it is passed to a third party to operate (under a contract or service level agreement) or the current operation is developed into an arm's length social enterprise.

To continue as an in-house operation, it will be important for Redditch BC to take an active interest in the wider community transport picture across Worcestershire and beyond, networking and gaining knowledge of best practice. Engagement with the County Council and the Community Transport Partnership will help in opportunities for funding and integration. It is also important for RBC to reaffirm its commitment in policy terms.

To help underpin any future plans, the accounts should allow for full depreciation and vehicle replacement in order to provide a true picture of costs and the necessary income to cover these.

Savings could be made by reducing the scale of the dial-a-ride service, which would have an instant effect on the availability for service users. Another approach would be to reduce the in-house fleet to a level that is needed to meet the core, baseline daily usage, with top-up resources 'bought' in from other providers to meet peak requirements. This would reduce pressures on RBC to meet the cost of all current vehicles being replaced.

There are opportunities to increase fares on Dial-a-Ride to increase revenue. Charges are low compared to other similar services, users have indicated they would pay more if that helps to retain the service, and, after all, such personalised door-to-door services should command some sort of premium. If there are concerns about any impact on the concessionary fares budget, the contribution from that source could be pegged at a level similar to the equivalent of an average local bus fare, which would retain some parity across the population. Dial-a-Ride users, who hold a concession pass, would then pay a fare, less say £1.30 which would be the concessionary fares element. An increase in the concessionary fare from £1.05 to £1.60 per single journey would provide about £18,000 pa of additional revenue, assuming that users maintain their current levels of usage.

Whilst various ideas for widening the scope of the dial-a-ride operation to a wider community transport scheme have been put forward, there is a danger of such developments being a distraction from achieving efficiencies on the core service. This said, there is certainly no harm in continuing to explore ways of meeting wider community needs, including extending the boundaries for travel for certain types of journeys, such as medical appointments at Bromsgrove Princess of Wales Hospital. Care should be taken to ensure that the business case for any extensions of service shows that revenue generated will exceed any additional costs.

Reductions in conventional bus services in Redditch could lead to some pockets of isolation. There would be scope to allow the residents of these areas to become users of Dial-a-Ride under the terms of the current Section 19 permit operations. Widening the scope of the service could lead to more opportunities for regular advertised runs, with the aim of increasing loadings per trip. In any event, further analysis of current patterns of usage could highlight scope for more fixed patterns of service (e.g. regular runs to the town centre and supermarkets from particular sectors or corridors), where bookings are guided towards those trips. Greater priority through advance booking or block booking could be given to users who were prepared to use these regular journeys.

Whilst such measures might reduce flexibility for users, there would be improved efficiencies in the deployment of vehicles through less dead mileage and increased revenue per trip.

For all the reasons given in the last section, making the dial-a-ride minibuses available to community groups would give rise to a number of issues. If these could be overcome, care would still need to be taken to ensure that charges were set at a rate that covered costs. A purely mileage based charge would not achieve this, so a fixed fee (which could also reflect duration) plus mileage charge would be more effective.

Other methods of using the vehicles in different ways could be beneficial, particularly the operation of contracts for the County Council. The least disruptive to current operations would be special education transport, although it would be worth considering social care journeys too, as they might be accommodated as part of day-to-day dial-a-ride operations.

Alongside the various options above, there is scope to consider a host of different operational efficiencies. All administrative procedures could be reviewed with the aim of making them 'leaner'; bookings could be restricted to mornings only, which may reduce the need for full time office staff; the Dial-a-Ride office could be combined with other RBC operations (e.g. Shopmobility) or with those of other organisations (e.g. WRVS BURT); Dial-a-Ride administration and drivers could be co-located.

Recommendations

Given the current effective operation of Redditch Dial-a-Ride, it is more appropriate to look at evolutionary rather than radical change. The following recommendations are made concerning the future provision of Redditch Dial-a-Ride:

1. A commitment to the provision of the Dial-a-Ride is made clear in RBC's policies, whereby the objectives of providing the service are clearly established and set out in order to provide the necessary justification for the budget to be retained.
2. Maintain Dial-a-Ride as an in-house operation, subject to a full commitment to the continuation of the service by the Council.
3. As a community transport provider, RBC takes a more active interest in networking with other community transport providers, particularly in Worcestershire through the Community Transport Partnership and specifically on an operational basis with the WRVS BURT service.
4. RBC representatives attend the Worcestershire Joint Members' Transport Forum, particularly to ensure wider support for Redditch Dial-a-Ride within the context of wider public transport provision.
5. Ensure that all costs of providing the service, including full depreciation and vehicle replacement costs are in the accounts. Currently, the budget includes £27,750 for the capital charges for vehicles; this needs to be increased to £40,000 pa to meet the costs of funding the current fleet.

6. Increase the concession rate fares. An increase from £1.05 to £1.60 per single journey would provide about £18,000 pa of additional revenue, assuming that current levels of usage are maintained. An increase from £1.05 to £2 per single journey would provide about £30,000 pa of additional revenue, although a single jump of this magnitude might deter some usage in the short term.
7. Investigate further the opportunities for additional types of provision, taking account of the findings of the research into unmet demands that is currently being undertaken. Only pursue new areas if they will have a positive impact on Dial-a-Ride (i.e. they generate more revenue than the costs incurred, or they lead to other efficiencies).
8. If the practical issues concerning group hire of vehicles can be overcome, it may be possible to trial making one vehicle available to community groups. Again, charges must be set at a level that will ensure all additional costs are incurred.
9. Work with the County Council to understand opportunities for Dial-a-Ride becoming a registered operator for contracts and then seek registration and examine opportunities to tender for specialist services (special educational needs and social care).
10. Examine current patterns of demand and operation, looking at whether fleet composition should be changed (i.e. introducing some smaller vehicles, such as MPVs, instead of minibuses), or whether a reduction in the size of fleet could be made, with excess demand met by buying-in 'top up' external resources. Investigate with the County Council the use of its in-house vehicles to 'top up' supply. Also, look to an agreement with WCC to undertake a resource tendering exercise on behalf of RBC to 'buy-in' additional resources for use on Dial-a-Ride at marginal cost alongside other specialist contract services for the County Council.
11. Look at methods of encouraging users to travel together, such as more regular journeys between certain areas and the town centre or supermarkets. This could include lower charges per journey made on group shopping trips.
12. Examine all administrative processes and practices, with a view to simplifying them. Also, look at options to restrict times when bookings can be made.
13. Investigate the practicalities of integrating some, or all, of the functions of Dial-a-Ride and BURT, particularly in respect of administrative, bookings and scheduling, in order to achieve overall economies of scale and consequent savings for both organisations.

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