

Decision Maker: EDUCATION BUDGET SUB-COMMITTEE

Date: 15th March 2017

Decision Type: Non-Urgent Non-Executive Non-Key

Title: SPECIAL EDUCATION NEEDS (SEN) TRANSPORT BUDGET

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Chief Officer: Jane Bailey, Director of Education Services

Ward: (All Wards);

1. Reason for report

1.1 The report provides an update to the Education Budget Sub-Committee on the 2016/17 SEN Transport budget, including information on children travelling independently.

2. **RECOMMENDATION(S)**

2.1 **The Education Budget Sub-Committee is requested to:**

- i) **note the contents of the report;**
- ii) **provide any comments for consideration by the Portfolio Holder for Education and the Director of Education.**

Corporate Policy

1. Policy Status: Existing Policy:
 2. BBB Priority: Supporting Children & Young people to achieve their potential ,Supporting independence
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Financial

1. Cost of proposal: Nil
 2. Ongoing costs: Nil
 3. Budget head/performance centre: 136586 /87 1350
 4. Total current budget for this head: £3,989K
 5. Source of funding: (DSG £330K , RSG £3,659K)
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Personnel

1. Number of staff : N/A
 2. If from existing staff resources, number of staff hours: N/A
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Legal

1. Legal Requirement: Statutory Requirement:
 2. Call-in: Applicable:
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Procurement

1. Summary of Procurement Implications N/A
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): Current 863 , Projected (900)
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments: N/A

3. COMMENTARY

- 3.1 At the Education Budget Sub-Committee of 1 November 2016, Members requested a report on the Special Educational Needs (SEN) Transport budget which, at that time, was forecast to be over spent against budget by £1.23m.
- 3.2 The previously reported budget forecast position was significantly overstated and has subsequently been revised. The current forecast out turn position for the 2016/17 financial year is an over spend against budget of £653k.
- 3.3 The previously reported forecast of £1.23m over spend was derived from a basic extrapolation of recurring cost for the remainder of the year for the volume and cost of the SEN Transport delivery costs as at July 2016. However, this methodology did not take into account the academic year delivery of SEN Transport, in which volume is typically at its highest at the end of the academic year but will then reduce from the commencement of the new academic year in September 2016 (rising throughout the year).
- 3.4 Future forecasts will be based on closer working between officers in the SEN Transport Operations Team and the Education Finance team to establish a suitable methodology for future forecasting that takes into account the academic year effect.
- 3.5 SEN Transport budget over spend is in relation to the direct support costs to pupils for transport and so this report is focused on this area. This includes: the costs of providing SEN Transport to eligible pupils, provided through its current Transport Framework contract, which commenced from the 2015/16 academic year; the costs of parental mileage payments; and the recoupment income from other services and local authorities purchasing transport through our framework contract.
- 3.6 **Table 1** provides an overview of the budget and out turn position for the budget lines specifically related to the transport contract, mileage and recoupment against the contract. The full detailed budget position for the overall SEN Transport cost centre is provided in the financial implications section.
- 3.7 The latest forecast over spend against the 2016/17 transport support costs is a continuation of an existing level of over spend that developed in the 2015/16 financial year. 2016/17 expenditure also includes the full year effect of the impact of higher volume and cost for SEN Transport that commenced from 2015/16 academic year.

Table 1: SEN Transport Support Contract / Mileage Costs and Out Turn Position

Transport Contract, Mileage & Recoupment	2014/15 (£000)	2015/16 (£000)	2016/17 Forecast (£000)
Final Budget	3,406	3,417	3,406
Out Turn	3,326	3,937	4,122
Difference	-80	520	716

3.8 As can be seen in Table 1, SEN Transport support costs show the service moving from an under spend position to an over spend from 2015/16 onwards. Key factors for the over spend in 2015/16 and 2016/17 are:

- increased volume;
- increased contract costs;
- increased support costs.

Increased Volume

- 3.9 Overall numbers of SEN children have increased from 2014/15 to 2016/17 (to date) by 47 pupils, a 2% increase.
- 3.10 Following the increase in the age of statutory support from an Education, Health & Care Plan to the age of 25 as a result of the SEND reforms and Children & Families Act 2014, the number of SEN children aged 16-25 supported through statutory plans has increased by 227 over the last three years, an increase of 111%. This has a knock on effect on SEN Transport as pupils may access transport support for longer.
- 3.11 Table 2 gives an overview of participation figures:

Table 2: SEN and SEN Transport Volumes

	2014/15	2015/16	2016/17 (to date)	Volume and % Difference 2014/15 to 2016/17
All SEN Children	1917	1871	1964	47 (2%)
SEN Transport Pupils	806	845	863	57 (7%)
Proportion of SEN Pupils on SEN Transport	42%	45%	44%	2%

- 3.12 As can be seen from Table 2, the volume of pupils supported by SEN Transport has increased over a three year period by 7% linked to the overall increase in SEN pupils. The proportion of SEN pupils supported by transport has risen by 2% which is likely to be as a result of the increased number of pupils eligible for SEN transport as a result of the rise in statutory support age (19-23 year old pupils supported by SEN transport has nearly doubled in this time period).

Increased Cost and Support Costs

- 3.13 From the 2015/16 academic year, a new framework contract for SEN Transport was put in place, replacing the previous framework that had been in place for four years. The impact of the new framework contract has been an increase in transport costs across the board, greater than anticipated when setting up the framework. The increased costs are in part due to inflationary uplifts being frontloaded into the new contract costs. The average annual cost per pupil increased by 7% in 2015/16, as illustrated in Table 3:

Table 3: Average Annual Cost Per Pupil

	2014/15	2015/16	2016/17
SEN Transport Contract Expenditure	£3,577,239	£4,024,437	£4,292,478
Volume of SEN Transport Pupils	806	845	863
Average Annual Cost Per Pupil	£4,438	£4,763	£4,973
Increase in Average Cost	n/a	7%	4%

- 3.14 The new framework contract has not delivered a sufficiently broad range of providers to reduce contract costs through competition. Increasingly, fewer providers from the framework are competing for routes leading to higher prices as a result. Lower cost providers appear less likely to bid for routes, suggesting that they are focusing their market and income generation elsewhere.

- 3.15 Different route permutations have cost implications. For example, the number of pupils travelling daily has increased from 734 in 2014/15 to 784 to date in 2016/17. A decrease in pupils travelling weekly or termly suggests this is a result of a successful increase in the volume of SEN pupils accessing local provision (instead of higher cost out of borough placements) – but at a cost to SEN transport.
- 3.16 The mix of additional support costs will also have an impact on expenditure – for example, passenger assistance or the use of higher cost specialised vehicles. The number of pupils aged 3 to 5 increased from 3 in 2014/15 to 62 in 2016/17 (again linked to the broadening of scope of SEN eligible pupils). Pupils in this age range will always require passenger assistance.
- 3.17 The previous framework was a joint framework with Bexley but this arrangement came to an end in 2015/16. While routes are still shared cross borough where possible, recoupment income fell by £159k in 2015/16 to £129k. Current predictions of recoupment income suggest that this will rise again in 2016/17 to £225k.

Actions and Options to Manage SEN Transport Costs

- 3.18 **Route Management:** The SEN Transport Team constantly review and rationalise routes as pupils join and leave the service. For example, the total number of routes has decreased from 254 at the start of the 2016/17 academic year to 231 currently, with an increase in the average number of pupils per route. This is a pro-active ongoing process which is vital to containing costs as far as possible.
- 3.19 **Transport Framework:** The SEN Team is in the process of tendering for a new framework of transport providers, to run in parallel with the existing framework. The aim of this is to broaden the provider base and increase competition for routes. This will be implemented from September 2017.
- 3.20 **Independent Travel Training:** A pilot Independent Travel Training programme was introduced in 2013/14 and then rolled out for a three year period from 2014/15 to 2016/17 (academic years) focused on pupils at the Glebe Special School. The SEN Transport team is currently preparing to retender this provision, subject to authorisation to proceed. However, in retendering the provision funding for the contract is expected to be funded from the SEN Transport budget – it has previously been funded through Invest To Save funding. This will add to budget pressure in the short term.
- 3.21 The programme is funded to support 40 pupils per year that are in receipt of SEN transport assistance, the expected outcome being that upon completion of travel training they no longer access SEN transport assistance. The SEN transport team reports that the programme has met its target of 40 funded pupils per academic year in full to date, with the provider over delivering in participation to ensure the success rate is achieved. The service confirms that the majority of pupils completing the programme no longer access transport support. A minority may revert back to transport assistance, but with further travel training support, this is usually temporary. A small minority were found to be too vulnerable to continue the training.
- 3.22 The programme is carefully targeted to ensure, as far as possible, a successful outcome, considering the age and capability of the pupil. Participation was originally targeted at 15 year olds, as parent, schools and the provider report that participation at an earlier age is less likely to succeed. This assumption is being tested with some current year participants aged 12 years plus with a view to expansion of the participant targets. In retendering for the provision, the scope of the programme will be considered.

- 3.23 The monitoring data for the Travel Training programme is currently being collated as part of the Gateway Review for the retendering of the programme. Potential cost reduction per pupil is significant, given the expected lifetime of learning of up to age 19 or beyond for which transport assistance would otherwise have been provided. This has helped to reduce the level of over spend that may otherwise have occurred had travel training not been in place.
- 3.24 The average annual expenditure for specialist transport assistance (in borough) is estimated at £4,300 per pupil per annum. For each learner that successfully moves to independent travel training from the age of 15 and continues in learning to the age of 19, this will be a cumulative four year saving per pupil of £17k per pupil.
- 3.25 **Parental Mileage:** an increased take up of the parental mileage offer could reduce specialist transport support costs. However, the mileage rate was increased in the 2015/16 academic year to above the HMRC approved mileage rate and take up continues to be small. In a 2015 consultation on SEN Transport policy, only 12% of respondents agreed that parents should be encouraged to transport their children to and from school. Parents cite conflicting domestic arrangements for children at different schools and/or work commitments preventing them from accepting this offer.
- 3.26 The payments for parental mileage have increased from £35k in 2014/15 to £55k in 2016/17 (estimated). The service will continue to proactively promote this option to parents – parental consent is required for mileage to be agreed as a transport solution.
- 3.27 **Muster Points:** muster points are an option within the existing SEN Transport policy but have not been introduced, except on a small scale basis in relation to one specific school.
- 3.28 Muster points require eligible pupils to be taken to, and collected from, an established central point by their parents or carers. Council funded specialist transport then undertake the journey from the muster point to the place of learning, and back again.
- 3.29 As part of the previous review, the logistics of muster points were investigated and a business case developed. The business case identified potential savings of an estimated £45k per annum; however, it was recognised that the implementation of this policy would generate significant stakeholder opposition and was not taken forward at that time. However, the policy and business case could be revisited for further Member consideration.
- 3.30 **Shared Service:** currently, the Children and Adults transport arrangements are managed separately. A previous review considered a joint service but this was not taken forward.
- 3.31 Additionally, the Adult Transport operates a fleet of vehicles and further investigation as to whether shared use of the fleet is viable will be made. However, due to the fixed transport times for children (which must adhere to school attendance times), this may result in Adult Services having to be reconfigured to allow sharing of vehicles to take place. This may present its own logistical problems or issues in relation to the practicality and reasonableness of such changes for Adult service users.
- 3.32 The SEN Transport team will work with its counterparts within Adult Services to consider the pros and cons of a business case in this area.
- 3.33 **Managed Service Transport Contract:** when retendering for the SEN Transport contract in 2015/16, an option was available for transport to be delivered as a managed service, i.e. that an external provider take control of all SEN transport operations, including the delivery of specialist transport provision either directly or through sub-contracts.

- 3.34 Only one provider responded to the invitation to tender for that option at that time and so it was not taken forward.
- 3.35 Subsequently, a transport provider has contacted the Council expressing a potential interest in a managed transport solution. This may afford an opportunity to retender for a managed solution, subject to the ability of the Council to implement such a solution prior to the expiration of the current framework contracts for specialist transport assistance. Advice will be sought from colleagues in Legal and Procurement, and a Gateway Review conducted on this option.
- 3.36 **SEN Review:** the ability of SEN Transport to manage demand for its services is limited; SEN transport eligibility criteria is laid down within national statutory duties and legislation in terms of the eligibility of all pupils with a ECH plan beyond the minimum home to school distance to travel for their age.
- 3.37 Demand management sits within the Special Educational Needs team, firstly in terms of the assessment and placement process when considering eligibility for a statutory ECH plan; and secondly, in terms of the decision making process for those pupils who do not immediately meet the SEN Transport eligibility requirements but are awarded travel assistance following an appeal review, assessment and panel process.
- 3.38 The SEN Service is intending to conduct a 'root and branch' service review with a focus on ensuring that its assessment and decision making process is robust at a time of increasing pressures on the High Needs Block. The outcome of this review will have a direct impact upon future demand on the SEN Transport budget.

4. IMPACT ON VULNERABLE ADULTS AND CHILDREN

- 4.1 The service supports eligible children and young people with SEND to access their special provision and develop skills for independence in adulthood

5. FINANCIAL IMPLICATIONS

- 5.1 The current budget position is as follows:-

	Latest 2016/17 Budget (£000)	Forecast Out Turn (£000)	Difference (£000)
Employee Costs	158	107	-51
SEN Transport & Mileage Costs	3,510	4,347	837
Recoupment and Other Income	-119	-243	-124
Travel Training Contract	186	75	-111
Contribution from Reserves	-186	-75	111
Contribution to Reserves	143	120	-23
Supplies and Services	0	10	10
Other	6	10	4
TOTAL	3,698	4,351	653

- 5.2 From the table it can be seen that there is a current overspend position of £653k. Actions are being taken to mitigate this position as far as possible and are detailed in the body of the report. However the pressure has been recognised by Members and £750k was added to the budget for 2017/18 to offset the full year effect pressures of the growth

- 5.3 The current contract costs are fixed over the next few years so this should help alleviate cost pressures moving forward although this will not impact on pressures due to volumes.
- 5.4 Detailed monitoring will continue to take place and will be reported back to Members in due course

Non-Applicable Sections:	Policy Implications, Personnel Implications, Legal Implications, Procurement Implications
Background Documents: (Access via Contact Officer)	