

The background of the slide features a large, light blue watermark of the University of Alberta crest. The crest is a shield divided into four quadrants. The top-left quadrant shows a building, the top-right shows a stag's head, the bottom-left shows a sailing ship, and the bottom-right shows an eagle with wings spread. Above the shield is a crown with four floral motifs. Below the shield is a banner with the motto 'ANNE FOR A'.

# **Agenda Item 10**

**Review of Transport  
(Zero Based Budgeting Project)**

Falkirk Council

**Title:** Review of Transport (Zero Based Budgeting Project)  
**Meeting:** Executive  
**Date:** 4 October 2022  
**Submitted By:** Director of Place Services

**1. Purpose of Report**

- 1.1. The purpose of this report is to update Executive on progress of the Zero Based Budgeting (ZBB) Review of Transport across Council services. This has a specific focus on areas where the Council has overprovision of services above statutory levels of service.

**2. Recommendations**

**2.1. It is recommended that Council Executive:**

- (1) Note the progress to date of the ZBB Transport project;**
- (2) Note the activity under delegated authority of officers linked to vehicle hires, employee travel and insurance premiums;**
- (3) Agree that a report comes to a future Committee reviewing the provision of school crossing patrollers at nine locations in Falkirk that are above the national statutory requirements;**
- (4) Agree that officers develop demand responsive transport (DRT) options for consideration that could potentially replace subsidised bus routes that have low usage levels;**
- (5) Agree that a report considering a statutory consultation on a change to the school transport criteria come to the next Education, Children and Young People Executive; and**
- (6) Agree that a review of ASN transport takes place in 2023/34.**

**3. Impact on Climate Change Targets**

- 3.1 The contents of the report will have a direct benefit on the Council's Climate Emergency targets.
- 3.2 The reduction in hire vehicles will reduce the Council's overall number of vehicles in use by the fleet and its overall carbon footprint. Meanwhile steps to transition employees from private vehicles that are typically running on fossil fuel into the Council's electric pool car fleet will be better for the environment in general.

- 3.3 The Council is currently contracting heavy and inefficient vehicles that have low occupancy rates on a number of bus routes. Any replacement of these with Demand Responsive Transport options would reduce the carbon emissions in the Falkirk area.
- 3.4 Any change in school transport criteria would lead to fewer heavy and inefficient vehicles on the road and reduce the Council's overall carbon footprint. It may also lead to more active travel amongst some young people which would have environmental and health benefits.
- 3.5 It is difficult to fully quantify the extent of these benefits in CO2 at this time until we see them brought into practice.

#### **4. Background**

- 4.1 Zero Based Budgeting is an approach that aims to challenge long-standing budget assumptions, align spend to strategic objectives, and control costs. Across the globe the approach has seen a recent resurgence in popularity, with companies including Unilever and Diageo successfully implementing ZBB to find savings. In a local authority setting it can often highlight areas where the Council spends money on historic activity that is above its statutory requirements.
- 4.2 Falkirk Council committed to a zero-based budgeting project in 2021 linked to the Council's overall transport spend. The project was led by the Chief Finance Officer and the initial aim was to encourage more active travel and reducing the Council's carbon footprint. A target saving of £500k in 2022/23 was agreed by Council at the budget meeting in March 2022.
- 4.3 In March 2022 the Director of Place assumed responsibility for the leadership of the ZBB Transport Project, and the first meeting of the new monthly working group was held on 23 March. The group includes representatives from Transport Planning, Fleet, Waste, Roads, Building Maintenance, Insurance, Health and Safety, Children's Services and Finance with the aim working together to make change happen.
- 4.4 A key task for the new group was to identify clear workstreams linked to potential savings. These were defined as follows:
- Reduction of vehicle hires across the Council
  - Review of employee travel expenses and improved deployment of pool cars where possible
  - An improved vehicle accident rate in order to achieve lower insurance premiums and insurance pay-outs
  - Review of school crossing patrollers
  - Review of bus subsidies in the Falkirk area
  - Review of school transport criteria
  - Review of the ASN transport provision
- 4.5 Since March officers have been developing proposals into a suite of options for Elected Members to consider. The options at the handover stage were

limited in their development and so it has been challenging to identify significant ways in which to implement efficiencies to deliver on the £500k target for 2022/23. For example, as will be explained in more detail later in the report, before a saving can be delivered from a lower insurance premium at tender stage it is necessary to put in place a range of improvement measures to reduce the Council vehicle accident rate.

- 4.6 While progress to date is slower than hoped for by Elected Members, it is hoped that Councillors will be reassured by the fact the overall savings being discussed in this report have the opportunity to save in excess of the £500k target.

## **5. Considerations**

### **Vehicle Hires**

- 5.1 The Council spent £582,400 on vehicle hire across its many services in 2021/22. These range from small vehicles and vans to heavy machinery within our Roads Services. A review of hire cars has been undertaken as part of the ZBB Transport project and this identified a number of hires where usage rates were low or sporadic and arrangements could be reduced. An initial saving of £50,000 has been identified for 2022/23 and the budget will continue to be monitored by the working group to drive forward further improvements.

### **Employee Travel Expenses**

- 5.2 The Council spent £357,550 on employee travel in 2021/22. This figure was lower than pre-Covid levels as some services were not yet operating as normal, but was moving back towards more normal costs compared with 2020/21. As part of the ZBB project officers within Fleet worked with Finance to identify all employees who were claiming more than 300 miles per month. This is the rate at which it becomes more beneficial for the Council to deploy a dedicated pool car. In total 20 employees were identified in this exercise. At the same time a review of underused pool cars was also undertaken to identify those vehicles that had been assigned to Council services but not effectively used. Fleet then reassigned the spare pool cars to the high mileage users and removed travel budget from the relevant Council service. This process has delivered a total of £10,000 for 2022/23. The activity also has a beneficial impact on the Council's climate ambitions as the pool car fleet is electrified and so leads to a lower carbon footprint than the case with employees using their own fossil fuel vehicles. Further efficiencies will hopefully be possible as the Council continues to promote virtual meetings where possible - recognising some meetings need to be face to face across the community. In addition activity is also being progressed to ensure Managers are encouraging pool cars use over private where appropriate even if the total mileage is under 300.

### **Reducing accident rates to reduce insurance premiums**

- 5.3 Falkirk Council has had an above-average accident rate across its 600 strong fleet of vehicles for several years. There are a number of factors for this including an inadequate use of tracking information to challenge employee driving, and a lack of front and rear recording cameras on all vehicles to improve monitoring and assess responsibility in accidents. This has fed through to higher insurance premiums being charged by brokers than is the case at other local authorities.
- 5.4 The working group committed to take forward a number of actions to improve this situation. These included:
- Increased scrutiny of non-compliance linked to claim forms that are submitted into the Council;
  - Increased enquiry into driving related incidents and accidents in conjunction with the Unions and HR;
  - Roll-out of bite-sized training across the Services on Alcohol and Drug Awareness, Understanding your O Licence inc. Preventing Bridge Strikes, Managing Driver Wellbeing, Impairment and Fatigue, Vulnerable Road Users, Post Collision Investigation, Site and Vehicle Safety, Health and Safety for Drivers;
  - Audit of Fleet Services by our Insurer;
  - A review and updating of the Council's Driving at Work policy in order to improve the management of workplace driving within the Council;
  - Rolling-out a culture change project to set out clear expectations on employee drivers and their managers;
  - The re-establishment of the Fit Fleet Group to drive forward solutions to operational issues;
  - Training to be delivered by the Council's tracking system company for senior fleet officers across the Council so they fully understand the opportunities the current tracking system provides for improving driver safety;
  - The establishment of a new Driver Training Officer for the Council to assess all employees driving vehicles, and provide support to those involved in accidents or identified as driving at excessive speeds; and
  - The development of a capital proposal to invest approximately £300k in front and rear recording cameras on all Council vehicles. This will come to Council for consideration in September 2022.
- 5.5 Since March it is been pleasing to see the interventions already having a positive impact with the Council accident rate down approximately 50% for April to August 2022 compared to the same period in 2021. It is the view of the working group that further improvements will continue as interventions are introduced or embedded.
- 5.6 This progress will be used to inform brokers as part of the insurance tendering process in winter 2022 and it is hoped that a saving of tens of thousands of pounds will be secured toward the overall target.

## **Review of school crossing patroller provision**

- 5.7 The provision of a School Crossing Patrol service is non-statutory and the responsibility for getting a child to/from school lies with the parent/guardian.
- 5.8 Where Councils provide a School Crossing Patrol service, national guideline suggest that the PV<sup>2</sup> figure (a calculation including the number of vehicles and volume of children and various adjustment factors) should be at least 4,000,000 with a minimum of 15 children crossing the road. Falkirk Council's criteria is significantly more generous, requiring a PV<sup>2</sup> figure of 2,000,000 and a minimum of 10 pupils crossing the road. In both cases, the number of children crossing includes only primary school children – nursery and secondary children do not count towards the calculation.
- 5.9 There are currently 45 School Crossing Patrol points in the Falkirk Council area. Of these, 36 meet the national criteria and 9 are in excess of the national criteria. Reducing Falkirk Council's criteria to the national level would result in:
- 9 School Crossing Patrol points being withdrawn;
  - 9 School Crossing Patrollers needing to be redeployed or made redundant (1.48 FTE); and
  - An ongoing financial saving of approximately £32,000 per annum.
- 5.10 It is recommended that a detailed review of the nine sites in question is undertaken. This would include road safety assessments, average vehicle speeds in the vicinity, produce history accident data at each site, and a survey of safe crossing alternatives nearby. A report with recommendations would then come to a future Committee meeting for consideration.

## **Review of bus subsidies**

- 5.11 The Council currently spends £1.1m to subsidise local bus services on routes that are not commercially viable to private operators.
- 5.12 Bus services in Scotland operate in a deregulated commercial environment. There is no statutory obligation for local authorities to provide subsidised bus services, but most chose to provide some level of service to areas where commercial services are not viable.
- 5.13 Most Councils in Scotland (and across the UK) have reduced their budgets for subsidised bus services over the last decade. This has been compounded by increasing costs and a steady decline in patronage. As of August 2022, the bus industry in Scotland is facing severe pressures on a number of fronts, in particular a large rise in the cost of diesel, driver shortages and general cost increases (wages, energy, insurance etc). In the Falkirk area, this has resulted in a 21% like-for-like increase in costs in the local bus service tendering exercise undertaken in summer of 2022 and it is likely that the continuing high level of inflation and large rises in energy costs will put further cost pressures onto bus operators in the short -medium term. Passenger levels are currently at 70-80% of pre-covid levels for a number of reasons including changes to

working arrangements, changes to shopping habits and a lack of confidence in using public transport due to fear of Covid-19. Bus operators report that whilst adult fare paying passenger numbers are recovering well, there is a significant decline in the number of journeys being made by over 60s and disabled people, who, pre-Covid-19 made up c65% of passengers in the Falkirk area.

- 5.14 The amount spent by other local authorities in nearby areas on local bus services is shown below. It should be noted that all local authorities have different levels of commercial bus service provision and the provision of subsidised bus services depends on a wide range of other factors including the size/location of settlements, the facilities available in settlements, availability of rail services, demand, and the geographical location of settlements (for example in Clackmannanshire the hillfoots villages are all on the same road and can all be served by one service, in other areas this may not be the case):

<b>Council</b>	<b>Square Miles</b>	<b>Budget</b>	<b>Population</b>	<b>Spend Per Square Mile</b>	<b>Note</b>
West Lothian Council	165	£1.9m	182,140	£12,109	
Falkirk Council	115	£1.1m	160,340	£9,565	
Fife Council	512	£4.2m	371,910	£8,333	
Clackmannanshire Council	61	£175k	51,400	£2,868	
Perth & Kinross Council	2041	£2.8m	151,290	£1,398	Excluding Park & Ride
Stirling Council	844	£544k	94,330	£644	Excluding Park & Ride

- 5.15 Since the first Covid-19 lockdown in March 2020, Transport Scotland has been providing additional funding to bus operators to keep them afloat via a “Network Support Grant”. This funding is still in place however it is due to end in October 2022. It is currently unclear what the impact of this financial support ceasing will have in the Falkirk Council area, however it is likely that unless passenger numbers quickly return to pre-Covid-19 levels (which is unlikely) there will be a further contraction in the commercial network which could result in reductions and/or withdrawals of services, with rural, evening and Sunday services likely to be affected. The frequencies of some urban routes may also be reduced.
- 5.16 The uncertainty about the future sustainability of bus services has resulted in a decline in investment of vehicles apart from areas where it is commercially viable to do so (or where operators are forced to due to the introduction of low emission zones). In the Falkirk area, whilst there has been some investment in the commercial fleet in the last decade, vehicles here are often cascaded down from other more commercially viable area such as Glasgow and

Aberdeen. There are currently no electric buses in Falkirk for example which will affect our climate change targets.

- 5.17 At the meeting of the Executive held on 15 March 2022, Elected Members asked that officers consider Demand Responsive Transport (DRT) in relation to future support of the taxi trade.
- 5.18 It is recognised that currently local bus services are operated by vehicles available in the fleet which often tend to be full size double or single deck vehicles with significantly more seating capacity than is actually required. Moving to DRT solutions would provide an opportunity for smaller, more environmentally friendly and more efficient vehicles to be used, including electric vehicles where possible, which would reduce emissions. In addition DRT can be tailored to only operate when required so buses would not be operating empty.
- 5.19 On Tuesday 6 September 2022 First Group announced that they had agreed to sell the Scotland East operations (i.e. Balfron, Bannockburn, Larbert and Livingstone depots) to McGills. The sale is due to complete on 19 September 2022. This may have implications for the commercial bus network in the Falkirk Council area once the sale is complete.
- 5.20 It is recommended that officers monitor these developments within the local commercial bus network, and once the position is settled, identify and develop pilot DRT scheme recommendations – including those involving the taxi trade - for consideration by the Executive.

### **Review of school transport**

- 5.21 Each day, Falkirk Council transports approximately 3,500 mainstream pupils to and from school using around 120 vehicles costing approximately £2.9 million per year. In the tendering exercise undertaken in summer 2022, mainstream school transport costs have increased by c£750,000 per annum over budget as a result of higher costs faced by operators including fuel/energy and wages etc. This tendering exercise will need to be repeated in three years time when prices can be anticipated to be even higher.
- 5.22 The current distance entitlement criteria for free school transport is:
- pupils who are under 8 years of age and live more than 1 mile from their catchment school,
  - pupils who are 8 years of age or older and live more than 2 miles from their catchment school.

Distances are measured using the nearest available safe walking route.

- 5.23 This criteria is more generous than the statutory requirement which is 2 miles for under 8's and 3 miles for those over 8 years old. The criteria for each local authority in Scotland is shown in the table below:



<b>Under 8 - 2 Miles, Over 8 - 3 miles (Statutory)</b>	
Highland	Shetland Islands
Orkney Islands (note: 1.5 miles for all in Winter)	
<b>Primary - 2 Miles, Secondary - 3 Miles</b>	
Aberdeen City	Edinburgh
Aberdeenshire	Eilean Siar
Angus	North Ayrshire
Argyll & Bute	Perth & Kinross
Dumfries & Galloway	Scottish Borders
Dundee City	South Ayrshire
East Renfrewshire	
<b>Primary - 2 Miles, Secondary - 2 miles</b>	
East Lothian	Moray
Midlothian	Stirling
<b>Primary - 1.5 miles, Secondary - 3 miles</b>	
East Ayrshire	
<b>Primary - 1.5 miles, Secondary - 2 miles</b>	
West Lothian	
<b>Primary - 1 Mile, Secondary - 3 Miles</b>	
East Dunbartonshire	
<b>Primary - 1.2 Miles, Secondary - 2.2 Miles</b>	
Glasgow	
<b>Primary - 1 Mile, Secondary - 2 Miles</b>	
Fife	Renfrewshire
North Lanarkshire	Inverclyde
South Lanarkshire	West Dunbartonshire
<b>Under 8 - 1 Mile, Over 8 - 2 miles</b>	
Clackmannanshire	Falkirk

- 5.24 Across Scotland 50% of Councils offer free transport based on something closer to the statutory requirement, mainly 2 miles for primary and 3 miles for secondary. Only three Councils currently offer free transport based on the minimum statutory requirement.
- 5.25 If the Council were to move to the statutory criteria it is estimated that there could be savings of up to £450,00 to the organisation, in place of the current £750k overspend. Even if the Council moved to the more commonly adopted model of 2 miles for primary and 3 miles for secondary, similar savings could be achieved. It should be noted that this would require a reduction to the minimum service necessary to provide school transport for those pupils entitled under the revised policy, and would also include removal of all services (and spare capacity) currently provided for “fare-paying” pupils, which are heavily subsidised.
- 5.26 Such a change would remove available transport to school from approximately 1,300 pupils, and would also disproportionately affect denominational schools which have larger geographical catchment areas. As

such, a statutory consultation would be required, in accordance with the Schools Consultation Act (Scotland) 2010, on any proposal to change transport entitlement criteria. No decision could be made by the Council on this until it had considered the response from this consultation with affected stakeholders (pupils, parents, schools, communities). Statutory consultation timescales are such that a period of 4 months should be allowed for between the start of the consultation and anything proposed taking effect. It should be noted that this consultation would have to include parents/carers of pupils who would be affected by the proposals up to two years in the future, and therefore would have to include parents/carers of children over the age of 3.

- 5.27 Permission would need to be sought from Elected Members to begin the consultation, which would then need to be concluded before returning to committee with the outcome for a decision to be made on any change in policy. Given the timescales involved in the consultation process, permission to consult would need to be sought as soon as possible assuming that if the change to entitlement was agreed it would be implemented from the start of the academic session in August 2023.
- 5.28 All mainstream school contracts have a maximum 1 month notice period with no penalties for early termination. For example, if Council decided to implement a change in policy from August 2023, where necessary contracts could be terminated at the end of the academic session in June 2023.
- 5.29 In terms of mitigation, in some areas, pupils would be able to access local services buses and travel free of charge using an Under-22 bus pass, however this is only likely to be the case in a minority of areas and the majority of pupils are unlikely to be able to access a suitable bus service. Similarly active travel provision varies widely across the Council area. In order to provide guidance on the mitigation for each school, an indication of the proposed mileage limits would be needed so that Children's Services can model the impact.
- 5.30 If a consultation was agreed then officers could develop proposals for mitigating a policy change such as walking buses, capital investment in safe walking routes, introducing 20mph speed limits, setting up Controlled Parking Zones, installing signalised crossings or even closing certain roads to motor traffic. Partnership working with Sustrans around safer routes to school is another option.
- 5.31 Active travel to school would have a range of benefits for the young people of Falkirk. For example, it's been proven that children who do some form of exercise, especially a walk before school, do better in class because they arrive refreshed, fit and ready to learn.

### **Review of the ASN school transport provision**

- 5.32 Currently, Place Services provide ASN transport on behalf of Children's Services for approximately 560 children each day at an annual cost of approximately £2m. This cost excludes over 100 passenger transport assistants who are provided by Falkirk Council to travel with children on ASN transport.

- 5.33 ASN transport is primarily provided by contracted taxis and there are some minibuses operating to larger facilities for example Carrongrange High School. Some parents convey their own children to school under a parental contact and are reimbursed a mileage rate.
- 5.34 A significant number of taxis are used each day and it is becoming increasingly difficult for the Transport Planning Unit to source taxis for pupils deemed to be entitled to ASN transport by Children’s Services. In addition, the cost of contracted taxis has increased steadily in recent years and has been impacted more recently due to high fuel prices. Taxis are competitively tendered however costs are vastly higher than the metered fare for the equivalent journey.
- 5.35 It is recommended that Children’s Services undertake a review of their ASN transport policy in 2023 to determine if all pupils currently receiving ASN transport require to do so, whether or not they need a passenger transport assistant, and whether they can travel in a vehicle with other pupils (in many cases this is not the case). The revised policy should also include an annual review of transport entitlement – at present transport is provided based on an initial assessment and subsequent reviews are not standard practice.

## 6. Consultation

- 6.1 Consultation has taken place on these proposals across the Council and included Transport Planning, Fleet, Waste, Roads, Building Maintenance, Insurance, Health and Safety, Children’s Services and Finance.
- 6.2 External statutory consultation is proposed in relation to the school transport criteria element as outlined in section 5 above.

## 7. Implications

### Financial

- 7.1 The report describes activity that could have the following financial implications if agreed at Committee or at a future Committee:

<b>Recommendation</b>	<b>Saving</b>
Officer efficiencies	£60k
School crossing patroller review	£32k
School Transport review	£450k
Insurance premium	TBC
DRT Pilots	TBC
ASN school transport provision	TBC
<b>Total:</b>	<b>£542,000*</b>

\*This figure does not include the saving from the insurance premium, DRT pilots, the ASN review, and the further officer efficiencies identified in the coming months.

## **Resources**

- 7.3 Resources would be required to manage any consultation with employees affected by these changes and the community as outlined in the report.
- 7.4 The recommendations of this report can be delivered within existing resources.

## **Legal**

- 7.5 There are legal implications linked to the statutory consultation for school transport criteria.

## **Risk**

- 7.6 There are no direct risks associated with this report. If the report was agreed then further reports would come forward with detail on the risks associated with each of the individual proposals.

## **Equalities**

- 7.7 An initial Equality and Poverty Impact Assessment (EPIA) screening has confirmed that there are identified impacts on groups with protected characteristics identified because of the proposals contained in the report.
- 7.8 It is acknowledged that there would be equalities implications arising from any changes to the school transport criteria. A full EPIA is currently underway with Children's Services and the implications would be outlined in the proposed report to the Education, Children and Young People Executive and will be further informed by the required statutory consultation set out above.
- 7.9 Individual EPIA assessments would be undertaken for any future recommendations to Committee linked to school crossing patrollers and demand responsive travel solutions.

## **Conclusions**

- 8.1 This report updates Executive on progression of the Zero Based Budgeting (ZBB) Review of Transport across Council services.

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### **Director of Place Services**

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**Appendices**

**None**

**List of Background Papers:**

**None**