



CENTRAL EXPENDITURE EVALUATION UNIT
LÁRAONAD MEASTÓIREACHTA CAITEACHAIS

Comprehensive Review of Expenditure 2011

CEEU Cross-Cutting Paper No. 3

Publicly-Funded Local Transport Schemes

Summary overview

There are a number of different areas where the State is funding a variety of local transport activities (e.g. School Transport, Rural Transport, HSE transport). Annual expenditure is estimated to be in excess of €240m. The multiplicity of service providers, with overlapping objectives, does not lend itself to performance measurement and the effectiveness of each of these services is unclear.

There is a broad consensus among the relevant service providers that greater coordination and integration of local transport services should deliver efficiencies and productivity, despite the logistical challenges and the range of stakeholders/services involved. However, tangible progress in this area has been poor to date due to the lack of central direction and the practical barriers to be overcome.

Based on analysis of the various schemes, consultation with officials across various agencies and a case study of local transport provision in a particular area, this paper makes the following recommendations:

- Combine the various funding streams for local transport services into one stream.
- Manage transport services through a single body, the National Transport Authority (NTA) on needs analysis, planning, procurement, contract management and performance measurement.
- Tender bundled local transport services on a regional or grouped county basis.
- Maximise the natural advantages of locating transport management in a single agency to significantly improve the current deficit in performance information across all transport services
- Target savings of between €50m-€75m (approximately 20%-30%) under the Comprehensive Review of Expenditure (CRE) over the period to 2014 drawing on specific policy measures to reduce spending under each scheme, as set out in the individual departmental CRE reports, as well as efficiency savings arising from the integration of transport schemes.
- Continue current transport integration projects but improve the quality of project appraisal.
- Use the opportunity of transport integration to devise a coherent transport policy framework balancing the priorities of different client groups and planning local networks accordingly.
- Expenditure consolidation in the transport area should be accompanied by the structural reforms proposed in this paper in order to lessen the impact of reductions on the client base and to target transport services at those most in need.

The majority of State funding for transport expenditure is delivered through the Department of Transport, Tourism and Sport. This funding consists mainly of public service obligation (PSO) payments to the CIÉ operator companies. Other transport schemes and activities funded by different Government departments across a variety of sectors include:

- The School Transport Scheme
- The Rural Transport Scheme
- HSE emergency and non emergency patient transport
- Transport services provided by voluntary disability service providers
- Transport provided for FÁS clients

The extent of multiple funding streams for different transport services constitutes a cross cutting issue as a number of State agencies are involved in procuring transport services for varying purposes and the schemes are administered in different ways. It is also widely accepted among the various service providers that there should be scope for efficiency savings across these parallel transport activities given the general requirement for budgetary adjustment, the need to streamline delivery of public services and the potential for duplication in service delivery. The current situation involves Government agencies managing transport services when this is not their core function e.g. the HSE.

Outline of paper

This cross cutting paper focuses on the three types of transport expenditure across the education, transport and health sectors. The relevant schemes include:

- Rural transport scheme (€11m - 2009)
- School transport scheme (€178m - 2009)
- Non emergency HSE transport including transport provided by the Disability voluntary agencies (€29m – 2009, estimated)
- FÁS regional bus service (no data available)
- Community Service Programme ((no data available)

Not all of the above schemes have been examined in detail for this paper. Emergency HSE patient transport has been omitted as this relates to ambulance transport which is generally not

amenable to integration with other transport services. Performance information relating to the FÁS regional bus service was not made available in time for completion of this paper. The Community Service Programme which supports social enterprises to deliver local services to their communities and employ people from disadvantaged groups also funds some transport services e.g. funding for Vantastic, a Dublin based organization providing transport for disabled persons. CSP funding was not considered in detail for the paper.

Section 2 of the paper provides some brief background material on each of the schemes. Section 3 considers the evidence to date on the effectiveness of schemes. Section 4 outlines the various types of efficiencies which could be generated through integration of services and assesses the progress made to date. This section also includes the results of a case study carried out in the Westmeath area. Section 5 looks at the various barriers impeding integration and how these may be potentially addressed. Section 6 considers options for revising the delivery mechanisms and structures for transport services in local areas. Finally, section 7 provides recommendations for future action.

Sources of data:

The sources of data for this paper are as follows:

- Published and unpublished Value for Money reviews of transport programmes.
- Interviews with agencies and State funded bodies including local organisations in County Westmeath.
- Minutes of meetings of the Local Integrated Transport Projects (LITS) steering group.
- Relevant international and domestic literature in the area.
- Activity and performance data provided by Pobal, HSE, Bus Éireann.

2. Description of schemes

Rationale

The rationale for the School Transport Scheme is that eligible students who may otherwise have difficulty in accessing schools are safely transported to school. By participating fully in education, pupils are enabled to develop to their full potential and thereby contribute to the economy and wider society. There may also be positive environmental consequences as fewer car trips to

schools take place due to the availability of a bus service. The extent to which school attendance would be affected by termination or reduced levels of provision is not clear.

The rationale for subsidising rural transport provision is based on the putative market failure of transport in rural areas. It may be uneconomic for private services to operate services in areas of low population density and rural dwellers can have reduced accessibility to local retail outlets, health services and entertainment leading to a risk of social exclusion and isolation. However, it is not clear whether or not the current services are focussed on clients with the greatest need or the extent of social inclusion benefits achieved for target beneficiaries.

In the case of HSE non emergency patient transport, the presumed rationale is that patients who have no other means of accessing transport are facilitated in attending services such as dialysis and oncology as well as primary care services such as daycare for the elderly and youth services. Free transport may be provided in emergency transport of ambulant patients from hospital to hospital. The HSE has no statutory obligations in this area and transport is not a core function for the agency. National criteria on eligibility are being developed but practice varies widely from region to region e.g. in some areas dialysis patients receive free transport regardless of need. There is scope for a more targeted approach to service provision that takes due account of the scarcity of resources and which applies a standard approach to eligibility.

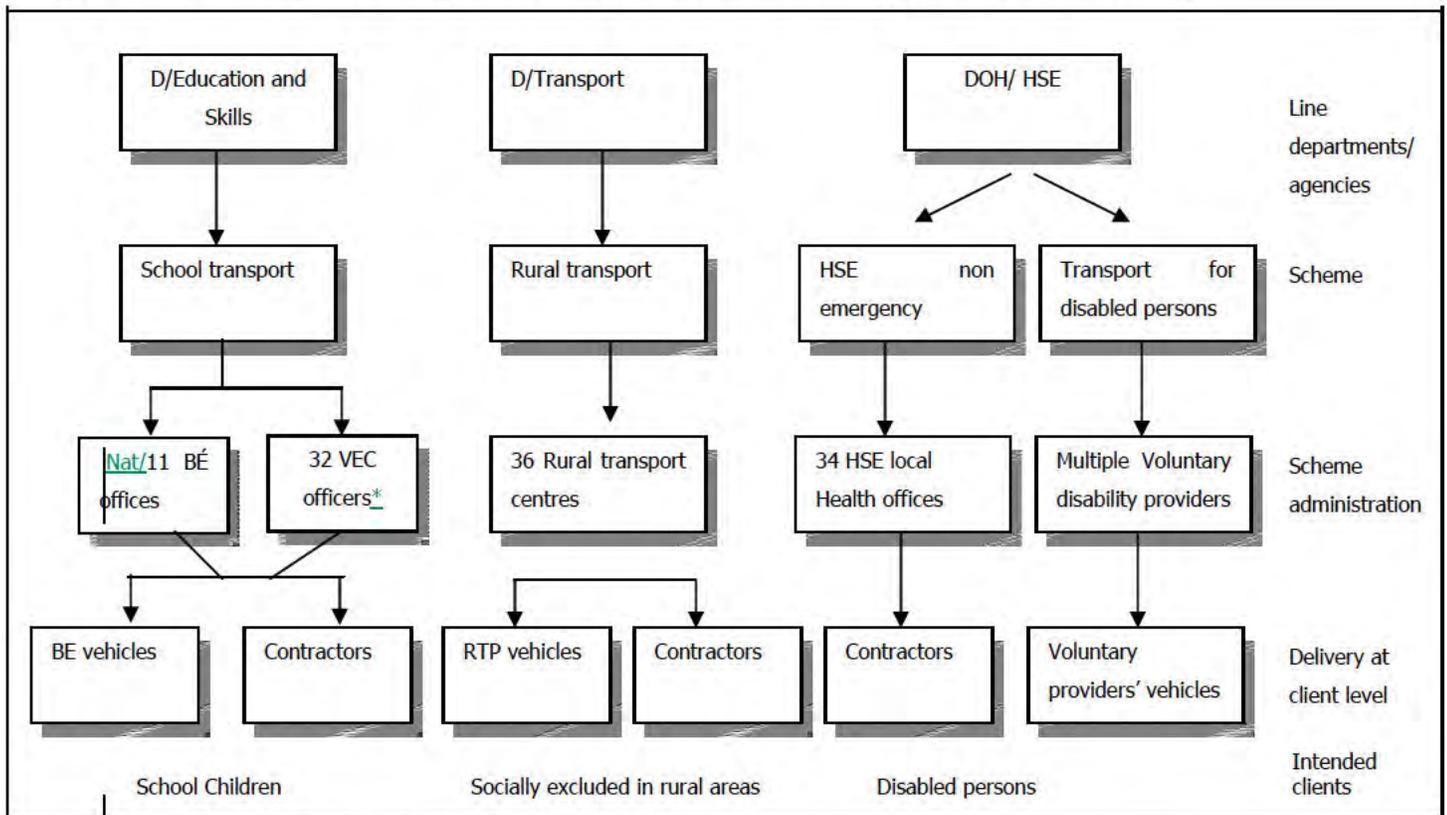
The larger voluntary Disability Services organisations are funded by the HSE and operate their own fleet of bus services to transport clients to their service settings. In the case of physical and sensory disability providers, the buses are wheelchair adapted. Similar to the HSE, transport is not at the core of the main services delivered by these organisations. Further information on objectives for the various schemes is at Appendix A.

It was not possible to obtain documentary evidence regarding the rationale for FÁS services prior to completion of this paper. The presumed rationale for the scheme is that providing transport for FÁS clients will ensure access to services for a cohort who otherwise would not be in a position to attend at FÁS centres for the standard 8am to 9am opening times. FÁS contract bus services in certain areas and also provide travel allowances to clients. However, it is not clear the extent to which clients would actually access services in the absence of FÁS transport services. In addition, there is variation in the extent to which different areas provide transport services. The continued rationale for the current level of transport provision is questionable.

Overview of structures

There are three Government Departments and multiple local offices/groups involved in the major transport schemes. Figure 1 presents an overview of the main Departments and agencies involved in delivering transport services. It illustrates the variety of different organisations and administrative arrangements. For the most part, the service is delivered by the same base of local contractors with some contractors delivering services for a variety of State funders.

Figure 1: Summary of delivery structure for selected schemes (excludes FÁS and CSP)



*TLO Role ceasing with effect from 31st December 2011

In addition to the providers outlined in the diagram above, there are other organisations with an interest in transport generally, in particular the National Transport Authority and the various County Councils. The National Transport Authority has responsibility for securing the provision of public passenger land transport services. Local Authorities, being road, traffic and planning Authorities, have a transport role in their areas.

Figure 2 compares the different transport schemes across a number of financial and activity headings. The combined total expenditure on transport schemes is in excess of €240m. In addition, FÁS incurs expenditure on regional transport services for its clients, including travel allowances¹. Measuring the number of passengers and other activity data across all providers is difficult because the HSE and the voluntary providers do not routinely collate this data. The grey area highlighted in figure 2 below illustrates the lack of sufficient performance data across the various transport services. The scale of the level of transport provision under the School Transport Scheme is evident from the estimated number of annual passenger journeys.

Figure 2 Comparison of selected transport schemes

2009 data	Rural transport	School Transport	HSE non emergency patient transport	Disability voluntary agencies
Total expenditure in €m	13.8	178.0	29 ^a	20 – 30 ^b
Passenger journeys	1,289,025	42,000,000 ^a	Not known	Not known
Number of routes	Not known	6,000	Not known	Not known
Subvention per passenger trip in €	7.5	3.8 – 4.8	Not known	Not known
Fare as a % of total revenue	7.9	4.3 ^c	Not known	Not known
Number of private operators	327	1,500+	Not known	Mainly own operated

Sources: VFM reviews, PQ's

Notes:

a Approximate estimated figures

b Based on questionnaire carried out for VFM on Disability Services

c 2008 data

Types of services

The transport services delivered across the various schemes vary by type and clients. Services may be:

- Fixed scheduled
- Semi flexible
- Demand responsive

¹ Data on FÁS transport expenditure not available.

Fixed scheduled services are based on set schedules, routes and drop off points similar to the services operated by CIÉ. The School Transport Scheme mainly provides fixed schedule services confined to the school year. Demand Responsive Transport (abbreviated as DRT) is an intermediate form of public transport, somewhere between a conventional service route that uses low floor buses and special transport services that typically use a single or shared taxi mode. DRT services are scheduled and offered to customers according to their individual needs, generally only stopping where passengers request pick-up or drop-off. Demand responsive services tend to be more flexible and are a feature of the RTP scheme. These include volunteer staffed community cars, taxis and “collect and connect” services where door to door provision is a feature of services. Semi flexible services are a form of demand-responsive transport offering flexible route services, allowing deviation from fixed routes

3. Effectiveness of schemes

Available evidence

The extent of available evidence regarding the effectiveness of the various transport services is poor. Evidence on effectiveness is particularly weak for HSE non emergency patient transport and FÁS transport services. The effectiveness of the School Transport and Rural Transport schemes has recently been assessed as part of Value for Money Reviews. Some of the main findings of the School Transport VFM review in relation to effectiveness are as follows:

- The target population for the School Transport Scheme was originally those pupils for whom distance was an obstacle to attending school and this remains the main target population of the scheme, although new categories of pupils have also been targeted in recent years.
- Distance is an effective criterion for assessing eligibility for a school transport service that is targeted at physical as well as economic hardship. It is generally used in EU and OECD countries that operate such a service and the current prescribed distance requirements are generally in line with international practice. However, it is not possible, due to lack of appropriate data, to definitively conclude whether there are children who would not be able to get to and from school in the absence of the School Transport Service. Analyses of the number of tickets issued to post primary pupils, and seat occupancy rates from a sample of primary and post-primary routes, indicate that a significant number of parents who have access to school transport services choose to make, and are able to make,

alternative arrangements to get their children to school at certain times of the school day / school year. The report also highlighted the finding that 42% of post primary pupils accessing the school transport scheme are medical card holders.

The Value for Money review on Rural Transport also made findings on effectiveness.

[REDACTED]

Appendix B summarises the main recommendations of these Value for Money reviews.

A common feature of most of the transport services funded by Departments is the lack of sufficient performance information regarding effectiveness. There is insufficient data on the extent to which transport services deliver targeted benefits for clients and how key client groups are prioritised. The validity of the rationale for State funded provision of transport services for different groups of clients has not been rigorously examined in a consistent way across all transport services. Some transport schemes or aspects of schemes could fail the continued rationale test when scrutinised. In addition, the extent of unintended consequences, deadweight and displacement has not been sufficiently determined for transport services. Overall, there is significant scope for improvement in effectiveness / performance management and Departments/ agencies must adopt a more targeted approach to achieve and measure desired outcomes within reduced resources. It is critical that programmes and schemes targeted at providing transport must be able to demonstrate effectiveness.

4. What types of efficiencies can be gained through transport integration?

Types of efficiencies

There are a number of types of efficiency gains which could be generated through integration of transport services. These include both cash savings as well as productivity benefits (additional passenger journeys for existing resources). The time required to realise efficiencies varies. The main types of efficiencies are set out below with those efficiencies generating cash savings set out first.

Curtailling duplicate routes and services (cashable)

At the moment, routes and services are planned independently by the various agencies. If all the routes, schedules and passenger profiles for local transport services were examined together, instances of parallel routes and services could emerge. This would allow for elimination of certain routes or optimisation of routes to capture demand from other services. Given that different services have different client profiles and varying journey patterns, it will not be practical in all cases to optimise parallel services.

Revenue Management (cashable)

The RTP groups and the Department of Education and Skills currently charge fares to passengers with specific exceptions in each case for those with limited means. In the case of Rural Transport, the bulk of its client base is entitled to a free travel pass and part of their travel costs are reimbursed by the Department of Social Protection.

Integration of transport services could allow for a consistent fares policy for non-concessionary passengers based on distance travelled. However there may be issues around the flexibility of fares policy when all transport services types are bundled together. Regardless of any future changes in administrative structures, user charges should be maximized to fund the services.

Consideration should also be given to the introduction of a nominal payment for some groups of passengers including those using the free travel pass as well as medical card holders. This contribution could be set at 20% to 30% of the normal fare. However, this would require national changes to the free travel pass scheme across all transport services, including the mainline bus and rail services.

Aggregation of buying power (cashable)

There are a variety of different State funded agencies procuring transport services from the same pool of local contractors and tendering these routes at varying intervals. It is reasonable to assume that the existing arrangement where some contractors are carrying out work for the HSE, an RTP group, Bus Éireann and FÁS could allow contractors to over-recover their overheads and that better value could be obtained by tendering all transport services together. This could also give greater certainty to local contractors. The aggregation of all the transport services into one contract or a qualified supplier framework should allow the State to achieve a lower unit price per km/ per route. For example, the HSE estimates that aggregating its own transport business in the midlands and tendering this for a fixed period should generate significant savings over a three year period.

Reduction in administration costs (cashable)

Figure 3 below shows the estimated staffing working on administering and managing the various transport schemes. This does not include staff administering services in FÁS or the voluntary disability providers. These staff are engaged in common tasks for differing client profiles i.e. assessing need, procuring contractors, administering passenger lists, paying transport contractors etc. There is scope to reduce the duplication in administration posts and re-allocate surplus staff although the actual savings may not be significant.

Figure 3: Administration staff across agencies delivering transport services(excluding Departments, FÁS, CSP)

<i>Organisation</i>	<i>Administration staff (FTE)</i>
Bus Éireann	109 (including inspectors)
RTP and Pobal	71
HSE ^a	30-50
Total	174

Notes:

A data on the administration staff allocated to transport is not available, This is a very broad estimate based on approximate staff allocations in Westmeath LHO.

Maximising the use of existing capacity (productivity)

A common problem in transport procurement is the requirement to pay for empty return journeys back to a base location i.e. the empty return journey for a taxi/bus once clients have been dropped off at a service setting. This is particularly the case for school transport journeys where the school bus returns to a depot or the home base of a contractor (often the place of residence)². The cost for this journey is built into the price paid to the contractor. The unused capacity on these return journeys could potentially be used by the general public or HSE passengers.

The level of demand which would arise if these return routes were open to other users is not yet clear. It depends on destination points of contractors. These may be in urban or rural areas and of varying distance from destination points e.g. schools. Depending on the nature of the route back to base, there may not be demand to access locations along the route.

There is also the possibility of mixing passengers of different services. For example, school transport buses could carry clients who currently use RTP or HSE transport services, assuming there is demand for the route. This would open the school transport scheme to the general public. The Department of Education and Skills have noted that this would raise child protection issues. However this barrier should not be seen as insurmountable (see section 4) given sufficient safeguards. However there may also be procurement concerns with mixed passengers on school transport routes.

² It should be noted that school bus runs often incorporate primary and secondary schools by using double runs.

RTP services could also be used to carry out town runs (e.g. HSE daycare service centre runs) in the bigger urban centres while they are waiting for the return trip. Mixing all passenger types may not always be feasible but there are instances where joint use of existing capacity in particular local areas should yield savings, such as:

- RTP passengers and HSE clients travelling to daycare centres
- Return journeys of school buses

Appendix D sets out an example of mixed use for transport services from the UK.

Increasing demand (productivity)

A restructuring of the individual networks of routes and services to take into account the entire State funded provision in a given area could lead to increased passenger demand and better use of existing services, particularly if connectivity across services is improved e.g. passengers connecting from RTP routes into other Bus Éireann routes. There may also be opportunities for interworking with health and education providers to synchronise appointments/opening hours to match transport services e.g. HSE daycare centres.

There may be a cost element to increased demand if more FTP holders access transport services as FTP is State funded. It may also take some time before increased demand materialises as passengers may be slow to change travel habits.

Specialisation

Aggregation of buying power would also allow for allocation of transport management and procurement activities to a single organisation allowing the other State agencies to divert staff into their own core activities as transport is generally not the main business of State agencies currently involved in organising transport for its clients

Achievement to date

The previous section outlined the potential types of savings arising from integration of services. Work in this area has been ongoing since 2009 through the (LITS) pilot projects. These are series

of pilot transport integration projects coordinated by a steering committee comprising the main transport service providers, and implemented mainly in the North West region (Sligo, Leitrim, Meath, Louth). Projects include integrated services to local hospitals and combined ticketing. Some background material on the work conducted to date is set out at Appendix C.

Although projects have been launched and an evaluation has been carried out, sufficient economic evidence to assess the success of projects has not been gathered. The extent of cash savings, productivity gains (e.g. higher load factors) or reduction in unmet need was not identified because data requirements were not defined at the outset of the projects. In addition, there were differing levels of engagement with the process from some Departments/agencies. However the LITS steering committee is continuing and action plans are currently being drawn up to develop additional pilots [REDACTED].

Separate to LITS, there are individual integration initiatives taking place. The county council in Westmeath, along with local transport funding agencies, is carrying out a mapping exercise to assess the scope for transport integration. In Donegal, there is significant coordination between the RTP services and local HSE services. Other practical examples of inter-working across the different agencies involved in transport provision include:

- RTP providers operating transport services to HSE day centres and clinics³ e.g. Clare, Donegal and Cavan
- RTP providers operating routes to voluntary Disability Service providers
- Use of scheduled RTP routes where practical to transport school children

Regardless of the merit of local initiatives, there appears to be limited central awareness or oversight over all these developments or the imposition of a common approach to transport integration in order to maximise savings to the State.

Case study

A case study was carried out in County Westmeath to assess the scope for integration of transport services. Figure 4 highlights the local transport services provided in Westmeath. More detail on the background of services in Co. Westmeath is contained at Appendix E. Westmeath

³ In some cases, the RTP provider may receive a contribution towards costs.

had a population of roughly 79,000 per census 2006 and a population density of approximately 40 persons per sq km.

Figure 4 Selected local transport services in County Westmeath

	HSE	Bus Éireann	RTP	FAS
Number of providers	53	40	16	5
Number of routes	9	99	38	8
Rate per km (average)	n/a ^a	n/a ^a	█	Not available
Total value of transport services in County Westmeath	€1.0m	€2m to €4m^b	€0.4m	€0.3m^c

Source Local stakeholders

Notes

A Data was made available by relevant stakeholders but not in time for submission of this paper

B Based on daily rate data supplied by Bus Éireann, excludes certain costs.

C Also includes costs for other midland counties Kildare, Laois, Longford, Offaly and Westmeath

Based on interviews and data supplied by local agencies, the following findings arose from the case study:

- Over half of the contractors for RTP services also supplied services for school transport
- With the exception of one own operated bus and 14 Bus Éireann school buses, most services are contracted.
- A cursory examination of routes across different services (excluding school transport as route data was not available in time for completion of the paper) showed full or partial overlapping of at least 3 routes across the HSE and RTP services⁴
- It was difficult to obtain an overview of all transport services in terms of maps and routes in a common format to ascertain the degree of overlap.
- The main scope for overlap of HSE and RTP transport services is across primary care services.
- There was little scope for overlap between FÁS and RTP services due to departure time differences across schedules.
- Data from the Westmeath County Council map shows RTP routes aligned with pick up points for certain Disability service providers (e.g. IWA)⁵
- Contractors are paid based on a mix of rate per km and rate per route models

⁴ It was not possible to carry out a detailed comparison of routes and schedules due to time constraints

⁵ Bunbrosna to Mullingar route

- Although Westmeath county council are leading a project to coordinate and map transport services, there are few practical examples of transport integration on the ground and piecemeal awareness amongst funders of the various service models in operation.
- Up to four separate tendering competitions could be taking place in the county for transport services.
- Load factors on some routes across the services is low

Individual CRE policy measures

The CRE submission of the Department of Transport, Tourism and Sport proposed a 20% reduction in Rural Transport spending, approximately €2m. The submission made by the Department of Education and Skills noted the savings of €17 million required under the Four Year National recovery plan but pointed to a number of other options to achieve substantial savings:

- Abolition of scheme and replacement with grant-aided scheme for pupils on a medical card (gross savings €125m⁶)
- Abolition of post-primary scheme with retention of primary and special needs scheme (gross savings €56m)
- Abolition of post-primary scheme and replacement with grant-aided scheme, with retention of primary and special needs scheme (gross savings €47m)
- Complete abolition of present scheme (gross savings €167m)

The particular savings option chosen would have implications for transport integration but none of the options invalidate the validity of pursuing savings across the local transport services.

5. Barriers to integration

Different Government Departments and agencies are aware of the rationale for transport integration for some time. The lack of strong progress has been due to a number of factors many of which were identified through the LITS process. There are significant challenges in co-

⁶ The net total of these savings options would be lower due to redundancy and disengagement costs

ordinating different transport services with different client profiles, opening and closing times, vehicle requirements and regulatory arrangements.

Although an inter-departmental group has been set up to address some of these barriers, the group has not yet formally documented a set of agreed solutions. The main barriers are set out in figure 5 below along with suggested measures to overcome these.

Figure 5 Barriers to integration and potential solutions

No	Barriers	Measures
1	Lack of engagement by all Government bodies	Allocate responsibility to a lead organisation to drive integration
2	The variety of stakeholders involved and ad hoc development of local transport projects.	See above. There should be a clear set of policy guidelines issued from the centre regarding integration.
3	Inadequate performance and activity related information across some the funded transport services e.g. definition of demand, maps of routes, km travelled, load factors etc	Each of the major agencies should document its own transport services according to a common format to allow for bundling of transport jobs. This should be overseen by the National Transport Authority.
4	The differences in opening and closing times across the different services requiring transport e.g. FÁS vs. schools	Address incrementally on a local/regional basis to see if some flexibility can facilitate transport integration and efficiencies.
5	Child protection issues i.e. at present only children are allowed on school transport services, the general public are not permitted to use these buses.	Driver training; mixed transport could be limited initially to secondary schools; potential use of security cameras; look at European experience of mixed transport
6	Regulatory issues [REDACTED]	A complex area and legislation may be required. There are also complex competition and procurement issues to be considered if there are material changes to procurement arrangements for the STS.
7	Differences in the client base e.g. the welfare requirements of disabled persons, wheelchair accessibility etc	Contractors could invest in adapted vehicles given contracts of sufficient length as an incentive to invest.
8	Different tenders issued by agencies with different contract durations mitigating bundling of services across multiple providers	Contracts may contain termination clauses

In some cases, work has already commenced on addressing these barriers e.g. the HSE and FÁS document their transport requirements for tendering purpose. The most important of the barriers identified above relate to mixing clients and addressing regulatory issues. A detailed consideration of ways of dealing with the various obstacles to progress falls outside the scope of this paper. While there complexities in transport integration, it should nevertheless be possible to find short and medium term solutions to facilitate integration of transport services.

6. Options for integration

This section identifies the most feasible options for changing the administration of transport schemes in order to improve the integration of transport services and achieve efficiencies. It should be noted that most of the funders agree that there is good potential for overall savings in transport budget lines however there are differences in approach regarding the best structure to deliver the required efficiencies. This section does not consider certain broader policy options beyond the scope of this paper including alternatives such as a voucher based system⁷ of transport funding.

(a) Leave schemes in place and pursue coordination integration on an area by area basis

This option is a continuation of the status quo whereby the various agencies in individual areas consider integration opportunities on a case by case basis through continuation of the LITS process or through local consultation. This approach has already led to some interworking, primarily led by local RTP groups although it is difficult to calculate the resulting efficiencies. Despite the constructive intentions of those involved, integration has taken place in an ad hoc manner in different areas and is not fully transparent at national level. This current approach does not require any major changes in administrative arrangements. The extent of quantified savings is also not clear.

Variants of the current approach include the introduction of new structures at local level to expedite transport integration e.g. co-ordinating committees, new delivery units etc. In the current environment, the setting up of new structures with potential cost implications should be

⁷ The general principle of empowering citizens and allowing them to procure their own services is discussed in cross cutting paper 6

avoided and raises the risk of varying local arrangements developing without an over-arching national policy. In addition, coordination can be a time consuming process given the variety of agencies involved and the uncertainties around the future direction of transport policy.

(b) Joint commissioning of services

A number of agencies could pool their transport requirements and budgets and jointly commission services at a local level e.g. HSE and RTP. This should generate procurement and administration savings as well as a more streamlined set of transport services. This would be, at best, an interim measure between the current approach and full aggregation of all agencies' transport business. It would however have the benefit of incrementally testing integration models.

However, the full benefits of transport integration will only become apparent if an effort is made to look at all local transport provision in the round on an areas by area basis, plan a network and procure accordingly.

(c) Unify funding streams and aggregate transport management and procurement under on organisation

This would involve pooling the transport budgets of the main local transport providers (HSE, Education and Skills, FÁS, RTP) This approach is consistent with the general approach regarding unified streams of funding for science and technology funding, enterprise supports and the provision of supports to voluntary bodies. The approach is also a common theme in the other CRE cross cutting papers.

The total transport budget could be allocated to a single transport administrator which take over the responsibility of planning the network, procuring bundles of aggregated transport business from private contractors, managing the contracts, monitoring service level agreements and measuring performance. This would achieve greater coherence over the intervention of the State in transport provision and should avoid inefficient administrative arrangements with multiple funders and intermediary bodies. Given the scale of provision, the School Transport Scheme

would be at the core of the new system. The National Audit Office report in the UK⁸ made similar recommendations in relation to local transport. There are a number of potential candidates for this role including Bus Éireann, local authorities, RTP groups etc.

The question then arises as to which organisation should take over this new transport role. In many countries, local authorities are responsible for procuring and managing local transport. This has not been the case in Ireland where local authorities' involvement in transport tends to focus on road investment and maintenance. Local authorities do not necessarily possess the required expertise in transport planning and procurement. While both RTP and Bus Éireann have experience of transport management, it could be argued that Bus Éireann provides a greater scale of transport services. However, there may be issues around Bus Éireann simultaneously procuring and operating transport services.

The newly established National Transport Authority could also be a candidate to manage combined transport services as it already procures services from the CIÉ companies and has a role in the strategic planning of transport services. The recent Value for Money review of School Transport also considered that the NTA may have the potential to administer the school transport scheme or parts of it on behalf of the Department of Education and Skills in the medium term. However, it should be noted that there may be staff resourcing issues associated with the allocation of additional work to the NTA.

It should be noted that there may be short term cost implications for any change to current administrative arrangements. For example, the CRE submission of the Department of Education and Skills notes that there would be short term disengagement costs if Bus Éireann is no longer delivering school transport services.

⁸ The 2005 report on Delivery Chain Analysis for Bus Services in England, prepared Jointly by the National Audit Office and the Audit Commission, recommended that local transport authorities should combine bus services, including school transport where possible, into larger packages and adopt longer-term contracts to be put out to tender, in order to achieve savings from economies of scale and administrative efficiencies.

7. Recommendations

1. Combine funding streams for transport services

It is recommended that the budgets for local transport services should be administered as a single stream of funding. Relevant budgets would include those for:

- School transport
- HSE non emergency patient transport
- Certain voluntary disability groups
- RTP groups
- FÁS transport
- Other relevant transport services funding e.g. CSP

2. Manage transport services/scheme through one organisation

It is recommended that one organisation should have the responsibility for planning, procuring and administering all transport services across the education, health and community sectors. This should deliver the following benefits:

- Better matching of vehicle capacity and demand to maximise productivity and lowering the unit transport cost per passenger
- Limited administration savings across the current transport schemes
- A greater level of coherence and consistency in assessing local transport need, planning the network of service routes and managing contracts
- Standardisation regarding quality control issues e.g. driver training, vetting and vehicle safety
- Application of a standard approach to fares and cost recovery including the introduction of fare contributions from all passengers.

On balance and taking into account the recommendations of a recent Value for Money review, the National Transport Authority would be a suitable candidate for this work as they already have

functions in transport planning and have experience of managing transport contracts. However, further work is merited (consideration of staffing capacity etc) before a final decision on the responsible body is taken. Some of the RTP group structures could continue to have a limited role in supplying information about needs assessment

3. Tender local transport services on a regional or grouped county basis

The different transport requirements of the various local transport services should be aggregated and tendered centrally by the new responsible body for individual counties or groups of counties to achieve the following benefits.

- Elimination of duplicate routes/services where these exist
- Economies of scale in procuring transport from the private sector and obtaining i.e. standardised fixed rates per km/per route/per week
- A greater level of management and performance information for subsidised transport services.

The responsible body should target procurement savings in the aggregated book of transport business.

4. Continue LITS but improve the quality of project monitoring

In the interim and pending the implementation of structural reforms, the LITS process should continue because it provides a useful mechanism to test the feasibility of individual transport integration options and to quantify the efficiency savings and productivity gains. However any new LITS projects should incorporate more detailed evaluation of the business case for transport integration.

5 Preparatory work

Before different bundles of transport business can be aggregated and tendered, a significant body of work needs to be completed in each local area and at national level. In particular, the following tasks need to be carried out:

- Local definition and understanding of current transport business across all schemes in terms of:
 - Rationale for trips and eligibility
 - Routes (maps)
 - Schedules
 - Passenger profiles
 - Vehicle capacity required
 - Pick and drop off points
- Development of standard transport service indicators e.g. cost per passenger week etc
- Finalisation of national eligibility criteria for all State funded transport services (some of this work is ongoing)
- Assessment of local transport demand across all services and the relative priority of different categories of clients
- Ex ante assessment of savings arising from an optimised transport network i.e. eliminating parallel routes.
- Addressing any outstanding regulatory issues
- Consideration of the relevant EU procurement and regulation requirements

A more comprehensive appraisal than is contained in this paper is warranted to quantify the actual efficiencies which may be achieved. There may be costs arising from structural reform including redundancy, disengagement costs etc. In addition, preparatory work should ensure that existing transport requirements are not jeopardised, in particular School Transport needs at the outset of each school term. It is also acknowledged that transport integration will not be practicable in all instances due to the varying passenger and journey profiles.

6. Relevance for expenditure consolidation

The Comprehensive Review of Expenditure contains separate policy options to achieve efficiencies across school transport and rural transport. Transport integration should be

considered as an opportunity for additional savings above beyond measures for individual schemes as well as a mechanism to allow the State secure greater value for funding.

Although there will be some “quick wins” from transport integration, a significant portion of savings will be delivered in the medium term pending a unified funding stream, new tendering arrangements and the introduction of substantial scheme specific measures. Overall, an indicative quantum of approximately €50m in savings (20% of current combined expenditure) should be targeted by 2014 through implementation of individual CRE policy measures as well as cross cutting integration savings.

The proposed structural reforms of transport arrangements should however deliver the following benefits which may mitigate the impacts of CRE expenditure reductions and ensure that the transport needs of the most deserving client groups are addressed:

- Elimination of any potential inequities of different transport arrangements across different regions by more effectively matching supply of transport services to those most in need and standardising eligibility considerations across all client groups.
- Balancing competing objectives for meeting transport need
- Increasing passenger demand and vehicle occupancy levels by maximising transfer opportunities and informing passengers of all transport options within an area

Appendix A **Objectives of schemes**

This appendix sets out the objectives for the main transport schemes.

School Transport

The 2010 Value for Money review on School Transport carried out an assessment of the objectives of the School Transport scheme are as follows. The following extracts from that report capture the main objectives of the scheme.

Primary scheme

- To relieve hardship where children had to travel too far to their nearest school
- An alternative to continuance of small schools

Post Primary

- To provide equality of opportunity for children who have excessive distances to travel to the nearest post-primary school or who are unable to attend such a school because their homes are too far away

Special Needs

- The purpose of the scheme is to provide a reasonable level of transport service for children with a diagnosed disability and/or special educational need, who, because of the nature of their disability, may not be in a position to avail of a school bus service which would be time-tabled to pick up other children along the route of service.

Summary

The current objectives of the scheme continue to be around relieving hardship, especially for those children residing in rural areas who have to travel long distances to school and for children with special educational needs. The transport service continues to facilitate the amalgamation of

schools and to support the choice of school in terms of language and ethos provisions as included in the scheme from the outset in 1967 or provisions which have evolved in the intervening period.

Rural Transport

The following extract from the unpublished VFM on Rural Transport describes the objectives of the scheme as follows.

The memorandum of understanding between the Department of Transport and Pobal sets out the objectives and aims of the Programme, reiterating those found in the relevant Pobal documents, as follows,

- a. To provide, enhance and sustain a nationwide community based public transport system in rural areas.*
- b. To maximise existing transport assets and to utilise new technology where necessary in the co-ordination and development of transport.*
- c. To act as a catalyst in providing models of partnership at all levels where key sectors actively engage in transport provision.*
- d. To ensure equality of access for all, including older people as well as people with mobility, sensory and cognitive impairments.*
- e. To maintain, promote and develop models of good practice.*
- f. To continue to contribute to rural public transport policy.*

The stated mission in the Programme Guidelines 2008-2010 (Pobal) provides a more succinct iteration of the Programme objective,

'To provide a quality nationwide community based public transport system in rural Ireland which responds to local needs.'

HSE Transport

There are no clearly documented objectives for HSE transport activities. Broadly speaking, transport is provided for the following reasons:

- To facilitate emergency hospital to hospital transfer based on clinical need
- To facilitate attendance at primary care services where lack of access to transport or inadequate means is a barrier to accessing health services

Appendix B Recommendations of relevant VFM reviews

Summary of recommendations of School Transport VFM (published)

- That an annual primary charge be introduced. As an initial step, the group recommends that the level of this charge be €200⁹ per pupil per year.
- That post-primary charge should remain at the current level of €300¹⁰ per pupil for the present
- In light of the evidence on occupancy rates and in order to ensure that school transport provided for pupils holding medical cards is fully utilised, a nominal charge of €30 should be introduced.
- In relation to pupils with special education needs, that a charge be put in place where the children are not holders of medical cards and that this charge would be €200 per primary or €300 per post-primary special needs child to be paid in two instalments in the same way as the primary or post-primary charge
- “That the existing distance criteria be maintained” and “that all schools should put in place policies to keep at as low as level as possible vehicle congestion resulting from bringing children to and from school”.
- That a service will be provided where there are ten or more eligible pupils in a distinct locality to a particular school for that service” and further recommends “that a service will cease to be provided where there are less than ten eligible pupils”.¹¹
- That for children with special educational needs, the current arrangements continue to apply viz. eligibility for transport based on attendance at the nearest recognised mainstream school, special class/special school or unit, that is or can be resourced to meet their educational needs.”

⁹ €50 charge per eligible primary child introduced effective from commencement of 2011/12 school year

¹⁰ Current charge €350

¹¹ This minimum number routine was applied to the 2011/2012 school transport services

- That clearer communication and information is needed, to ensure that parents of children with special educational needs are fully briefed on the conditions governing the provision of the school transport service”.
- That the national organiser should be directly advised by the SENO in relation to transport and escorts for pupils with special educational needs to the nearest recognised school, class or unit and that the Department should not be involved in the decision-making process.
- That for Traveller children the primary (3.2kms) and post-primary (4.8kms) distance criteria should be applied, that the remaining arrangements should begin to be phased out with effect from September 2011 and that the national organiser organise all necessary transport arrangements henceforth¹².
- The introduction of a standardised grant scheme and that the Remote Area Grants Scheme and the Scheme D Grant Scheme be amalgamated into a single scheme
- The Department of Education and Skills should agree the new scheme and rates with the Department of Finance and that these rates should be linked to the Civil Service Motor Rates and that the new more unified scheme should be delivered on a cost neutral basis¹³
- that the assessment of the pilots to investigate the potential for utilising school buses outside school hours and the utilisation of special education transport between the school transport services and the HSE be taken on board and put in place on a national basis should the outcomes create savings in school transport expenditure

¹² Implemented with effect from the commencement of the 2011/12 school year

¹³ Revised scheme agreed and being implemented

Summary of recommendations of Rural Transport VFM (unpublished)

[Redacted text block]

Appendix C Summary of LITS process

Local Integrated Transport Services Pilot Projects

The Local Integrated Transport Services (LITS) project was established in May 2009 to examine the potential for increasing transport integration in local areas. The project arose from a recommendation made by Deloitte in their review of Bus Éireann that opportunities for transport integration should be explored. The project is managed by a steering committee involving Bus Éireann, Pobal, the HSE, the Department of Transport, the Department of Education and Skills and the Irish Wheelchair Association. The committee is led by a rotating chairmanship.

A series of pilot projects have been carried out across a range of categories, mainly in the North West region (Sligo, Leitrim, Meath, Louth) including:

- Integrated ticketing
- Co coordinated information provision and journey planning
- Co-ordination of Disability Transport Services
- Hospital feeder services
- Collect and connect (bringing passengers to interchange points to connect to other services)

The main organisations involved in transport services integration were the RTP groups and Bus Éireann with some limited involvement of the HSE. MVA consulting was commissioned by Bus Éireann and Pobal in 2010 to review the pilot projects and present findings. The main findings were that:

[REDACTED]

[REDACTED]

The primary recommendation of the report was that the LITS approach should continue and develop nationally.

Appendix D International evidence on transport integration

This appendix highlights a relevant transport integration project from the UK. The Audit Commission in the UK released a case study in 2009 illustrating the experience of the South Gloucestershire Council in providing services across different client groups.

Commission Case Study 2009

The challenge faced by South Gloucestershire Council was to assist grant-dependent community transport services to become sustainable after the source of funding stopped. The Council's community transport has been through a radical change since 2004, when Rural Bus Challenge funding ceased. Community transport groups had become reliant upon funding from the project. This led to the Council undertaking a review of services. Resources were made available in order to develop business models that would help manage the change from dependence on grants to sustainability, through the delivery of quality services.

Each of the area's community transport groups now operate contracted services for the Council. The group's specialist vehicles are used to take children with special educational needs to and from school, in an area where the Council was struggling to find sufficient resources. This arrangement means that resources are still available during the core community transport day. Income generated from these contracts supports the 'dial a ride' and community transport services, and enables the expansion of the vehicle fleet.

As a result of this joint working, community transport patronage has increased by 270 per cent, to approximately 230,000 passenger trips in 2008/09. Vehicle numbers have doubled and the fleet is more modern. The average vehicle age is only four years, and includes low-floor minibuses. Services now also operate during the evenings and at weekends, across the district.

Initially there were four groups, charities run independently from the Council: Four Towns Transport; Kingswood Community Transport; Vale Link Transport; and Yate, Sodbury & District Transport.

During the transition period it was found that two of the operations were not sustainable in their existing form. The Council merged Vale Link into the existing Four Towns operation to form a stronger and sustainable group. This is now Four Towns and Vale Link Transport and is the largest group in the area.

HSE

At present the main transport activities funded by the HSE in Westmeath are:

- Dialysis journeys to Dublin and other locations in Ireland – approximately 200 clients require dialysis in the above counties.
- Minibus services to workshops for clients with Autistic, Physical, Sensory, Intellectual and Mental Health needs.
- Taxi / minibus services to schools for clients with Autistic, Physical, Sensory and intellectual needs.
- Child Psychiatry Appointments.
- Clients who are in the child protection process, facilitating access meetings and visits.
- Daily Minibus service to Dublin Hospitals
- Provision of Fixed Journey rate in designated locations
- Transport of products e.g. blood samples, x-rays, medicines to external Hospitals/ Nursing Homes/Virus Reference Laboratory..
- Bringing patient/client to a Nursing Home/ External Hospital for admission/hospital appointment or collection of a patient/client to return to a required destination. Most journeys will involve the transportation of a patient/client to a given destination and will not involve waiting time. However on occasions the driver may be required to wait for the patient/client and return him/her to his/her original source or another location as directed by the person booking the journey.

Bus Éireann

Bus Éireann operate 99 routes serving 63 schools in County Westmeath. In some cases routes are mixed where buses serve both primary and post primary schools. There are also taxi and minibus services for special needs pupils. Table E1 shows the types of vehicles used for school transport provision.

Table E1 Vehicles used by Bus Éireann for School Transport Services in County Westmeath

Type of vehicle	BE	Percentage
Taxi	18	23%
Mini	18	23%
Med	17	22%
Large	10	13%
BE Large	14	18%
Total	77	100%

Source: Bus Éireann

FÁS

FÁS operates 8 routes to its training centre in Athlone. These routes are serviced by five providers and generally run from early in the morning i.e. 7am to 8am. The service covers four counties – Laois, Offaly, Westmeath and Roscommon. The capacity of the buses range from 14 to 50 seats.