

**Open Report on behalf of Andy Gutherson, Executive Director - Place**

Report to:	<b>Highways Transport Scrutiny Committee</b>
Date:	<b>13 December 2021</b>
Subject:	<b>Transport Connect Ltd - Teckal Company Update Report (1 May - 31 October 2021)</b>

**Summary:**

This report provides an update on the activities and performance of the Council's Teckal Company, Transport Connect Ltd (TCL), over the period May-October 2021. The report covers both Strategic and Operational aspects of the business.

**Actions Required:**

The Committee is asked to consider and comment on the detail of performance and activity contained in the report and to recommend any changes or actions to the Executive Member for Highways, Transport and IT.

## **1. Background**

This report draws together performance, development and management information relating to TCL which currently operates within the south of the County.

### **STRATEGIC MATTERS**

#### **1.1 Financial Oversight**

The initial loan to the Company has now been repaid in full but it is still making use of its revolving credit agreement.

TCL continue to prepare monthly Management Accounts which are reviewed jointly by Transport Services and LCC Finance with any resultant queries raised with the TCL management / Board.

The latest management information available covers the period 1 April 2021 to 30 September 2021 and shows a strong income performance with income for the first half of

the year 6.5% better than budgeted. As previously reported, in June 2021 TCL commenced providing maintenance services for the LCC Gritter fleet and whilst this has contributed to the good income performance it has also necessitated increased investment in order to acquire, equip and staff the new Billingborough depot to service this activity. The net effect of this is a modest surplus for the first six months and this is expected to continue for the year as a whole.

The TCL management have provided satisfactory responses to any queries on the Accounts and there are no issues or concerns outstanding.

## **1.2 Assurance**

The Company was established in 2016 and since this time there has been expansion of both the Company and its Board Membership. The Council's Board Representative invited Assurance Lincolnshire to review the Board's governance and resilience ahead of any further phases of maturity. The review which will also consider company policies and roles and responsibilities is currently underway, having been initially delayed due to the pandemic.

## **1.3 Vehicle Replacement Programme**

There has been no capital expenditure on replacement vehicles during the period.

## **1.4 Business Plan**

No changes have been made to the current Business Plan. The Plan is updated at least annually and is revisited at Board Meetings on a regular basis.

As previously reported, the Company have been commissioned to undertake the maintenance on the Gritters operating in the south of the County. As stated above, during the period TCL established a depot at Billingborough for this purpose.

The Company has also had to carry out a significant amount of work over the summer to bring Gritters back up to standard in readiness for the winter season. Reports from the Winter Maintenance Team have been really positive, with the results of the Company's efforts producing a very low number of minor defects at the annual September Rally. This compared favourably to the volume and severity of defects identified at last year's event.

All Gritters were fully operational and on-the-road ready for the start of this year's Gritting Season, and the Company are now successfully supporting the vehicles whenever they are deployed. Refinement of budget coding is currently underway. Going forward, this will allow the company to separately identify and report on different areas of activity eg Winter Maintenance and/or Passenger Transport.

## **OPERATIONAL MATTERS**

### **1.5. Health and Safety**

#### a) Covid19

Following return to school in September, a number of the pupils carried tested positive for Covid and 3 TCL drivers subsequently contracted the virus.

5 staff in total have tested positive for Covid since May. The Government no longer supplies Lateral Flow Test kits to businesses like TCL. This means drivers and Passenger Assistants (PA) are now only tested via PCR test if they display symptoms.

Specific Covid Grants for Local Bus Services and Dedicated Education Transport were previously used to provide financial support for PPE, additional cleaning costs etc. Unfortunately cessation of these Government Grants has resulted in no further support being paid to Operators for these costs. The Company is still maintaining cleaning standards and protocols but is now having to fully bear the cost.

### **1.6 Human Resources**

#### a) Staffing/Recruitment

During the period covered by this report, 3 Technicians have been employed at the Billingborough Depot. 4 Drivers and 3 Passenger Assistants also needed to be recruited due to several people leaving for reasons of ill health or retirement plus increased pupil numbers being allocated to the local SEND schools from September.

Like many operators TCL have also been impacted upon by a shortage of drivers within the market. Recruitment has proved challenging, with several drivers accepting positions only to back out just prior to starting because they had received a more lucrative offer. The current net staff number is 144.

#### b) Training

During July, all workshop technicians underwent first aid training on a course specifically designed for the workshop environment. Training to administer epilepsy medication was undergone by some crews in August and Supervisors received Fire Marshall training in September.

#### c) Sickness

3 drivers remain off on long term sick.

## **1.7 Legal Compliance**

a) Drivers hours  
No issues to report.

b) Vehicle inspection compliance

TCL's One School One Provider (OSOP) contract into Sandon School was subject to an unannounced check by the council's Inspection Team on the 6 October. This approach forms part of TSG's contract compliance regime with pre-planned but unannounced 'on the spot' audits being conducted across all sites on a rolling programme. No compliance concerns were identified.

c) Operator's Licence

The Company has not been subject to any DVSA checks over the past five months.

d) MOT Pass rate

MOT results are a useful indicator of maintenance standards and these continue to show improvement. During the past five months, 26 vehicles (14 x PSV and 12 x Class 4) were put through an MOT, all but two passed first time. Of the two vehicles that failed to achieve a first-time pass, one was for a faulty switch which developed whilst on the test lane. Despite showing acceptable emissions readings on the Company's test equipment, the other vehicle failed the tailpipe test, the criteria for which changed recently. For mitigation, the Company has now changed the way in which it carries out the exhaust emissions testing.

The Company's MOT performance produces a Combined (PSV & Class 4) first time pass rate of 92%, well above the national average of 88.99%. The Company continues to strive for first time passes across the board.

## **1.8 Fuel**

The last update highlighted that fuel prices were rising (up to £1.20 per litre by April) and that further increases were likely. This has indeed been the case with fuel prices continuing to rise month on month. October's fuel cost £1.43 per litre.

## **1.9 Contract Updates**

At review, it was considered that the 5C Coningsby CallConnect held by TCL would be likely to attract a healthy number of bids this time round and so the contract was put out and awarded to the market. TCL are continuing to operate other CallConnect Services in areas where there is a lack of interest and/or competition.

The Company has continued to meet all of its Local Bus commitments even during periods of driver shortage. Following last minute notifications from some home to school drivers/PAs that they were taking up alternative employment, temporary arrangements

were necessary for a few SEND pupils at the start of the school term until recruitment and training of new personnel could be achieved.

### **1.10 Vehicle Damage and Accidents**

#### a) Major accidents during period

Three third party liability incidents have resulted in damage to vehicles over recent months. Installation of CCTV on all CallConnect vehicles has helped TCL, and other companies, to successfully evidence third party culpability.

#### b) Third Party claims against TCL

The Company has accepted liability for one incident that occurred during August. The TCL driver underestimated the size of the gap between the verge and another vehicle, resulting in panel damage and a broken window. The claim was dealt with through the Company's insurance.

### **1.11 Customer complaints**

One complaint was received regarding lack of advanced notice about a change of personnel on a SEND contract. This scenario occurred as a result of the usual crew calling in sick on the Sunday night when the pick-up was required the following morning.

### **1.12 New Business**

Other than the commencement of Gritter maintenance no new transport contracts commenced during the period.

### **1.13 Property**

The Barrowby Depot lease has recently been renewed.

The private landlord of the Spalding Depot has indicated a rent increase of 25%, as consequence alternative sites are currently being explored.

No operational issues have been reported for any of the depots.

### **1.14 Supply chain**

No delays have been reported in the receipt of parts and supplies, but some providers are now chasing for payment far earlier and the cost of some goods and services have risen noticeable e.g., PPE/Workwear along with the cost of fuel outlined previously.

## **2. Conclusion**

The Company has seen steady growth and its management structure remains lean. TCL continues to be an invaluable asset for the Council, through the provision of value for money transport services along with its ability to support other areas of the Council's business with pressures, such as winter maintenance.

### **3. Consultation**

#### **a) Risks and Impact Analysis**

n/a

### **4. Background Papers**

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

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