Committee report

Committee	**CORPORATE SCRUTINY COMMITTEE**
Date	**7 SEPTEMBER 2023**
Title	**COST INCREASES FOR SCHOOL TRANSPORT**
Report of	**CABINET MEMBER FOR CHILDREN'S SERVICES, EDUCATION AND LIFELONG SKILLS**

1. Summary

1.1 The purpose of the report is to outline the factors influencing Isle of Wight Council's (IWC) school transport cost pressures over the past 10-year period (2012/13 – 2022/23). Many local authorities have reported the growing concern regarding school transport cost pressures.[1]

1.2 The overall cost of providing School Transport has increased from £3.6M in 2012/13 to £4.3M for 2023, whilst the number of children receiving school transport reduced from 2,317 to 1,614.

1.3 This report explores the differences in costs between transport for IWC mainstream, Special Education Needs (SEN) and Post 16 children and young people (CYP).

1.4 This paper tracks costs since 2012/13. This is because, in 2014, significant reforms to the legislation[2] applicable to SEN children came into operation. As a proportion of these children are eligible for transport assistance, these changes have had an impact on costs.

2. Background

2.1 There are 16,667[3] pupils attending primary, secondary and SEN schools on the Island and 1,614 (9.7%) are eligible for school transport. The cohorts of pupils are broken down by the following: 1,111 mainstream pupils travel to school on buses under the Southern Vectis contract, providing the most cost-effective form of travel and 503 SEN pupils travel on a mix of small vehicles (taxi and minibus provision) that are at a higher unit cost due to the complex needs of the pupils.

1 As reported by the County Councils Network, 25th March 2022.

2 Education & Healthcare plans (EHCP) replaced Learning & Difficulty Assessments in 2014 and extended the rights of children & young people from 18 up to 25 for special education provision to meet their needs.

3 As informed by Summer 2023 Census.

2.2 The Education Act 1996 places a duty on Local Authorities (LA) to provide free home to school transport for all eligible children, which includes children with Special Education Needs & Disabilities (SEND), those living outside of the statutory walking distance, or they cannot walk because of their special education needs or disability and those parents in receipt of free school meals or are in receipt of the maximum amount of working tax credit.

2.3 The Department for Education (DfE) published revised school transport statutory guidance[4] for all local authorities that came into effect from June 2023. The revision to policy includes considering parental preference of SEN school provision when assessing transport eligibility. This has the potential to increase SEN transportation costs as a parental preferred school could be a further distance compared to their nearest suitable school to their home address.

2.4 The number of mainstream children who are provided with school transport has fallen by 44% since 2012/13 from 1,992 to 1,111, total costs reduced from £2.9M to £1.9M over the same period. The reasons for the decline are outlined in section 3.

Figure 1: Number of Mainstream Pupils Provided by School Transport 2012/13 - 2023

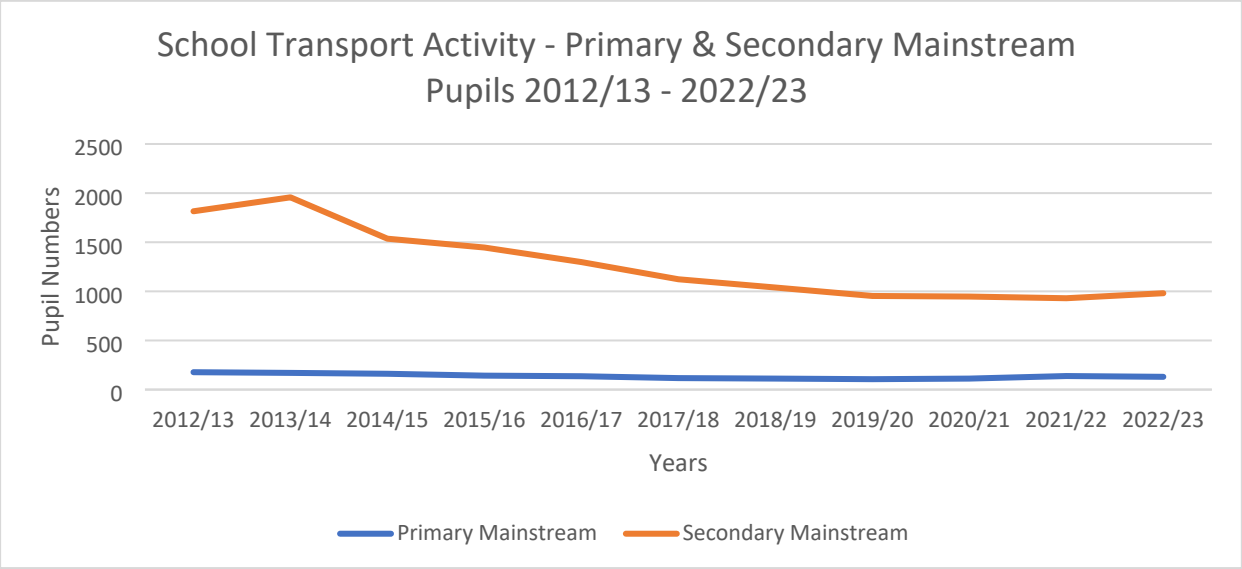


Table 1: Costs of Mainstream School Transport – 2012/13 – 2023

Transport Type	2012/13	2022/23	Change	% Change
Primary Mainstream	£251,047	£221,859	(£29,188)	(11.63)
Secondary Mainstream	£2,640,199	£1,674,179	(£966,020)	(36.59)
Total	£2,891,246	£1,896,038	(£995,208)	(34.42)

4 Revised DfE School Transport Statutory Guidance for children of compulsory school age came into effect on 29th June 2023.

2.5 The number of SEN children (excluding Post 16) on transport has more than doubled over the same period, increasing from 169 to 352, and total costs increased from £448,622 to £1.7M during this period.

Figure 2: Number of SEN Pupils Provided by School Transport 2012/13 - 2023

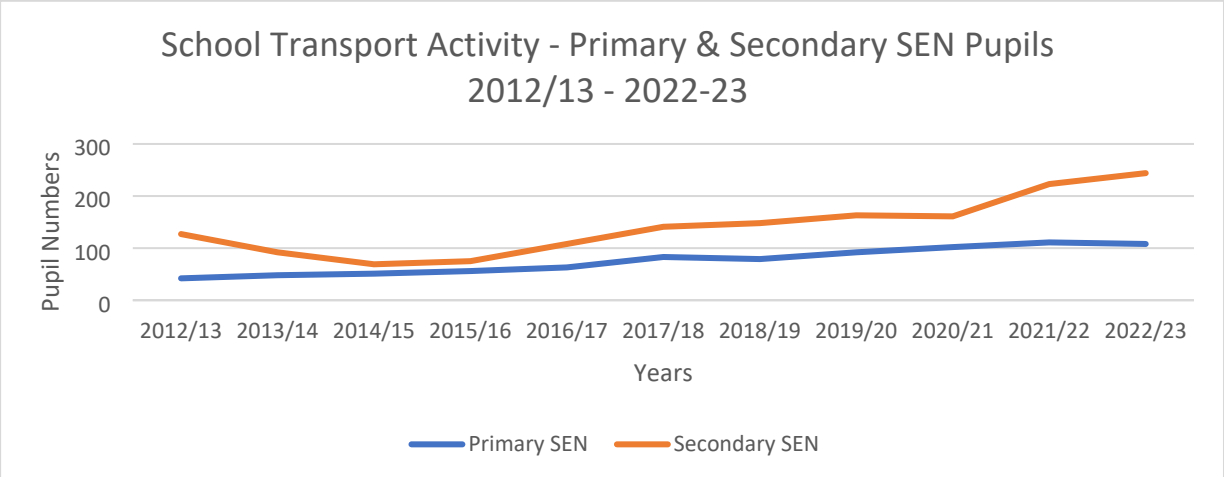


Table 2: Costs of SEN School Transport – 2012/13 – 2023

Transport Type	2012/13	2022/23	Change	% Change
Primary SEN	£111,492	£524,679	£413,187	370
Secondary SEN	£337,130	£1,185,386	£848,256	251
	£448,622	£1,710,065	£1,261,443	

2.6 Post 16 pupil numbers have increased by 44% from 105 to 151 during 2012/13 – 2022/23 period whilst costs have increased by over 160% from £278k to £733k.

Figure 3: Number of Post 16 Pupils Provided by School Transport 2012/13 - 2023

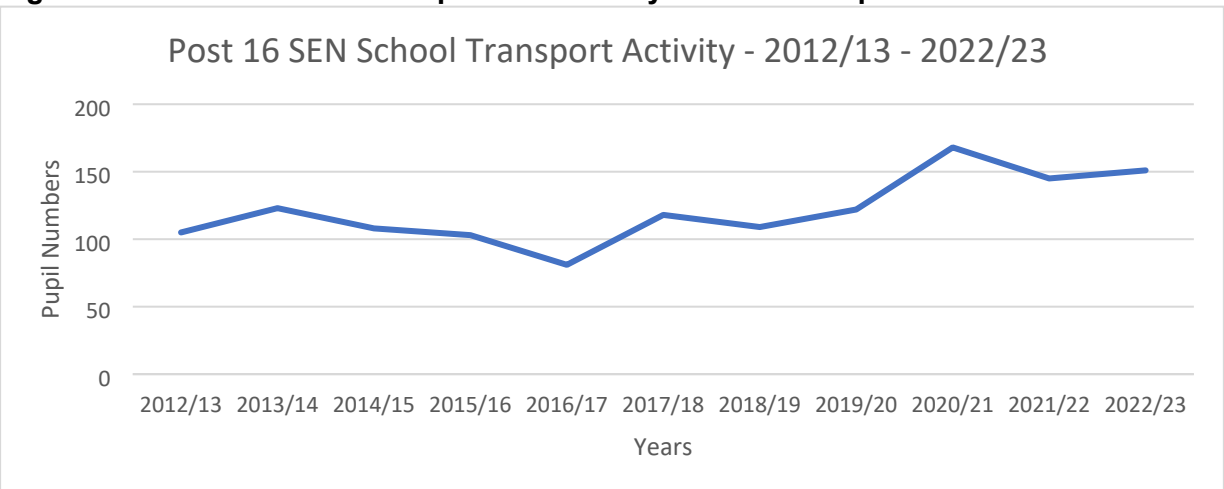


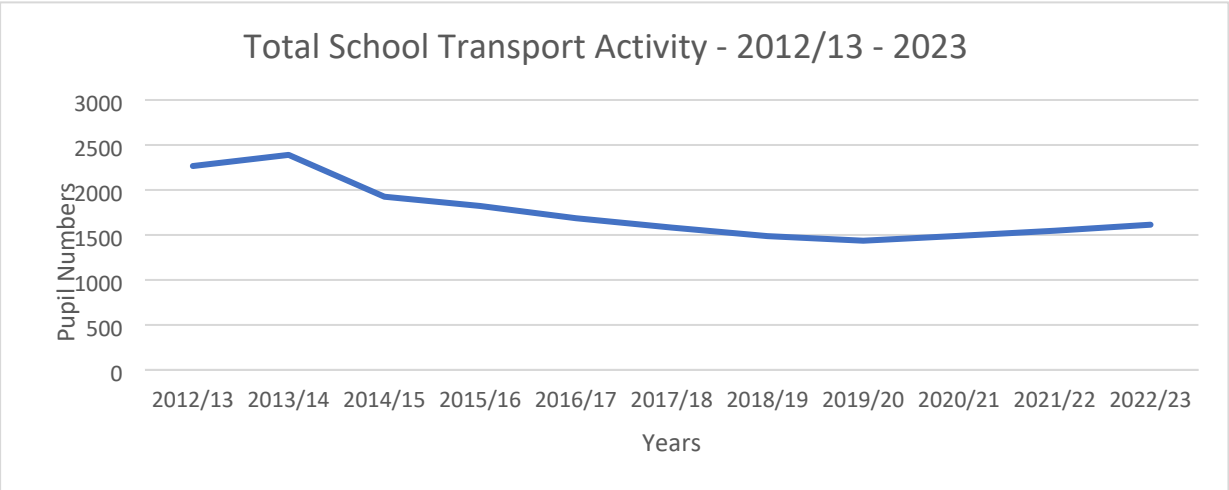
Table 3: Costs of Post 16 Transport – 2012/13 – 2023

Transport Type Post 16	2012/13	2022/23	Change	% Change
Total	£278,730	£733,579	£454,849	163%

3. Pupil Numbers by Cohort

3.1 Since 2012/13, the total number of children receiving School Transport has decreased from 2,317 to 1,614.

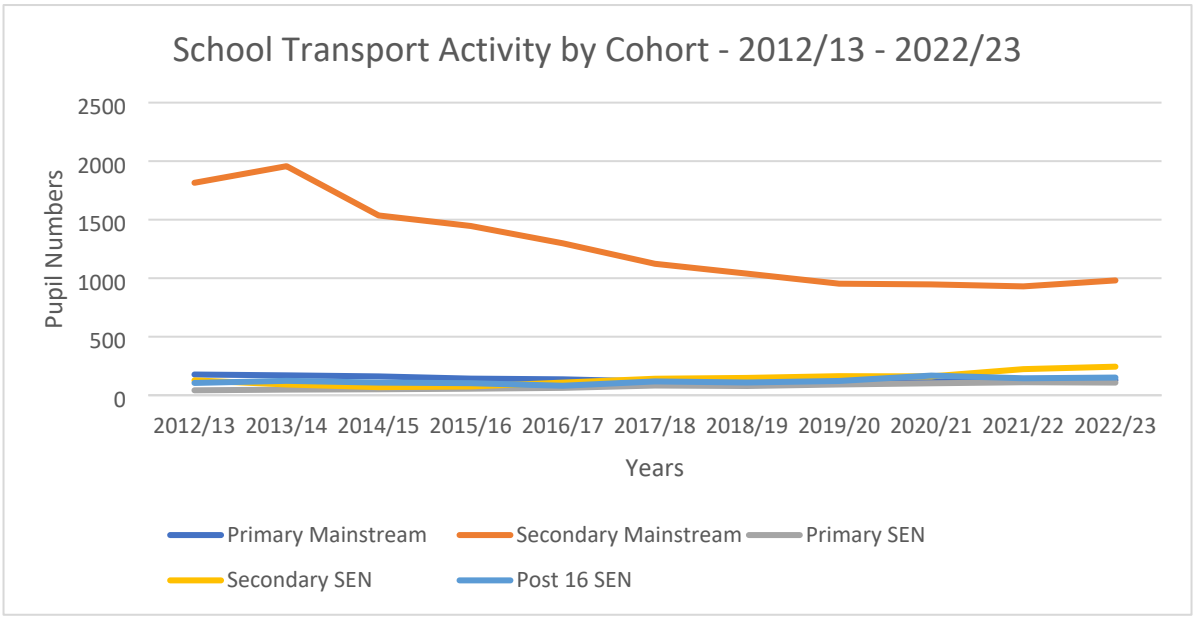
Figure 4: Total Number of Children receiving School Transport



3.2 This overall decrease reveals very different trends when comparing the numbers for mainstream and SEN transport provision.

3.3 The number of mainstream children receiving school transport has decreased from 1,992 to 1,111 (44%) since 2012/13. This includes a steep decline in transport for secondary children reducing from 1,815 to 981 (46%). This was a result of the combination of the removal of catchment areas in 2015/2016 and the DfE agreement for the Island Free School (IFS) to be opened in Ventnor. Prior to this, hundreds of children across South Wight (i.e., Ventnor and surrounding areas) were eligible for transport to Newport schools.

Figure 5: Number of Children receiving School Transport by Cohort



3.4 Over the same period, the number of SEN children receiving transport has increased from 169 to 352 (108%). Demand modelling[5] indicates that this could increase to 461 by 2027/28.

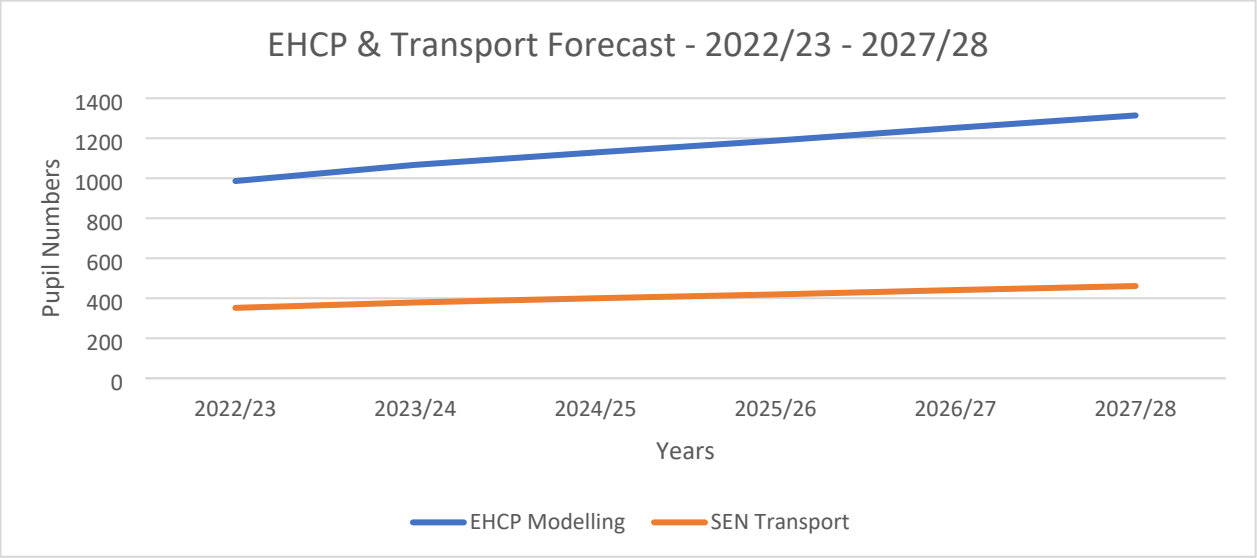
3.5 The pressure on increased pupil numbers has been driven by SEND reforms introduced in 2014, where the rights of children and young people who required support for special education provision was extended from 18 up to 25. The reforms placed additional burden of requests for school transport beyond compulsory school age for 19–25-year-olds, who previously wouldn't have been eligible.

Table 4 – EHCP & SEN School Transport Forecast – Primary & Secondary

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
EHCP Modelling	986	1,067	1,129	1,188	1,252	1,314
SEN Transport	352	379	400	419	441	461
Ratio (average)	36%	36%	36%	36%	36%	36%

Source: EHCP modelling at high mid-point based on safety valve growth/trend data coupled with flattening of population data (Census 2022/23).

Figure 6: SEN EHCP & Transport Forecast – 2022-23 – 2027/28



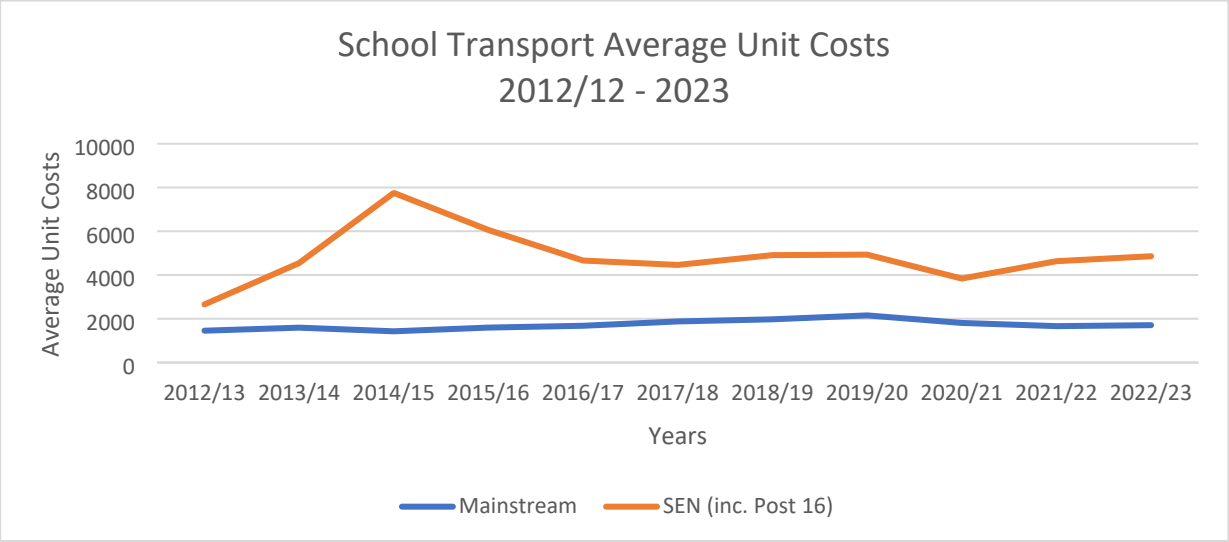
4. Cost of Transport by Cohort

4.1 Since 2012/13, the "unit cost" (the average cost of providing transport to each child) has risen for both mainstream and SEN cohorts.

5 Transport Data: Capita One reports were used as source data; Model assumes that the same percentage of SEN (pre-16) children receiving transport remains the same at 36% and represents an average for primary and secondary SEN, as per the 2022/23 academic year.

4.2 In the same period, for children travelling to mainstream schools, the unit cost rose by 17% from £1,451 to £1,707 per annum. Containing the increase over this period has been a significant achievement when considering the rate of inflation over this period. The increase is attributed to eligible pupils qualifying for Network passes to travel to and from school on public bus routes. The spend on Network passes rose by 23% in the academic year 2022/23 which included a 9.2% inflationary increase. A review of network passes will take place to establish whether further capacity can be found on more cost-effective contracted school transport.

Figure 7: School Transport Average Unit Costs – 2012/13 – 2023



4.3 In the same period, costs for SEN Children have increased, the comparable unit cost increased by 83% over the same period and average per child from £2,655 to £4,858 per annum. The demand for taxi arrangements has increased over the past 3 years by 80% from 67 contracts in 2020/21 to 119 in 2022/23 which is a significant contributing factor to the increased costs, along with the rise in eligible children.

4.4 For eligible children attending a mainstream school, the numbers of children travelling, and the total cost has decreased over time. It was £2.9M in 2012/13 and is £1.9M in 2022/23. The main reasons for the decline in mainstream pupils travelling is described in paragraph 3.3.

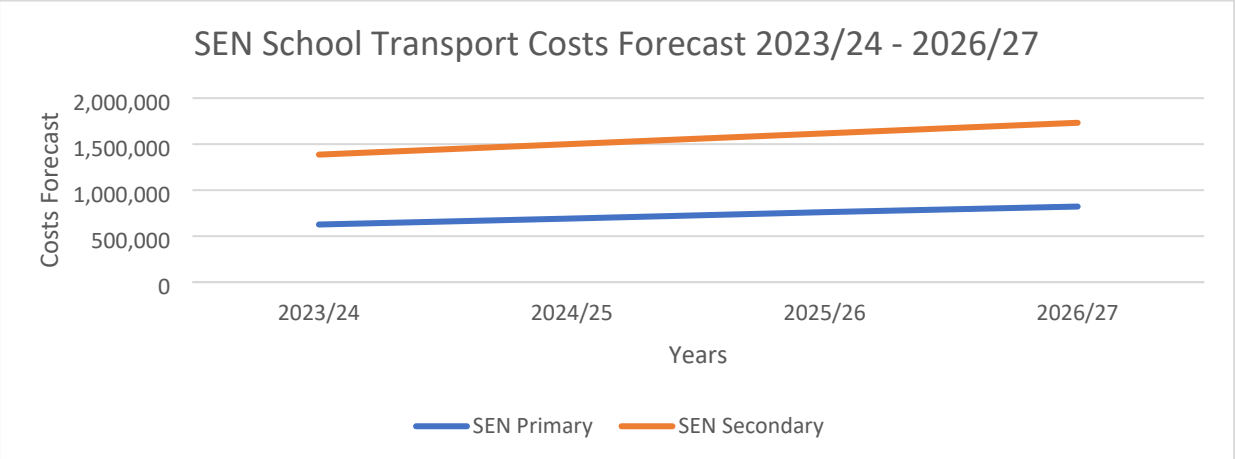
4.5 Over the same period, total SEN transport (excluding Post 16) costs have increased by 281%, from £448,622 to just over £1.7M, although children receiving transport has just over doubled. In 2012/13, SEN Transport accounted for 13% of the total transport spend, now it is 39%. The impact on SEND reforms has been covered in paragraph 3.5, further potential causes of this are outlined in section 5 of this report.

Table 5 – School Transport Proportion of Spend – 2012/13 - 2023

Type	2012/13	2012/13 Proportion	2022/23	2022/23 Proportion
Primary Mainstream	£251,047	6.91%	£221,859	5.11%
Secondary Mainstream	£2,640,199	73%	£1,674,179	38.5%
SEN Primary	£111,492	3%	£524,679	12%
SEN Secondary	£337,130	9.3%	£1,185,385	27.3%
Post 16/FE	£278,730	7.7%	£733,579	16.9%
Total	£3,618,597	100%	£4,339,681	100%

4.6 If current trends in the growth in numbers of SEN children continue (unmitigated),[6] and the cost of transport for those children continue to rise, transport spend and activity for this cohort could increase to £2.6M by 2026, taking into account estimates of inflation. The total spend on school transport for all cohorts of children could reach £5.7M by 2026/27 based on current forecasts and trends.

Figure 8: SEN School Transport Cost Forecast – 2023/24 – 2026/27



5. Potential Reasons for the Rise in Costs

5.1 There is a shortage of places at dedicated SEN schools on the Island[7], coupled with the number of children with an EHCP rising by 115% since 2014.[8] Whilst not all children with an EHCP attend a special school, the rise in numbers creates extra pressure on places. The knock-on effect for transport is that when

6 This refers to no reduction in EHCP growth.
7 As referenced within the Safety Valve programme.
8 EHCP data from Capita One SEN Reporting suite.

a suitable place is found for a child, it can be further away and therefore the transport costs more.

5.2 Market factors: there is a lack of capacity in the transport provider market (taxis/minibuses) who are registered with the IW Council's Dynamic Procurement System (DPS). There are 40 licenced taxis registered on the DPS. With under-supply in the market, prices are driven up as a result of the lack of competition. There is also a lack of competition on the Island in regard to large vehicles/buses, with Southern Vectis being the main provider.

5.3 The narrow road structure on the Island results in the need for smaller vehicles to be used, which in turn increases the cost of transport. Smaller vehicles tend to be more expensive per mile than larger minibuses or buses. For example, the children travelling to St Catherines School, an independent non-maintained school (INMSS) are unable to travel by a larger vehicle due to the road layout. Instead, these children are currently distributed across 5-8 seat taxis and 4-seater taxis.

5.4 The Island has the 5th highest number of pupils with EHCP's across England[9] and there is an increased demand in requests for specialist provision. To meet the shortfall in provision, more INMSS schools, and a range of education providers, based both on and off the Isle of Wight are used, to accommodate pupils and their learned needs.

5.5 Children with SEND are more likely to require an adapted vehicle or a Passenger Assistant, both of which are in short supply, or travel solo in a car. All of these factors increase the average cost of providing transport. For example, a current contract for a solo taxi provision in Newbury costs £39,000 per annum for two trips weekly, with a passenger assistant.

5.6 Inflationary pressures driven by the cost-of-living and fuel price increases have created pressures on operators to increase driver pay, this accounts for a proportion of smaller vehicles transporting 1-4 children. Of 93 taxi and minibus contracts in place across 2021/22 and 2022/23, 46 of these saw an increase in cost of over 10%.

6. Post 16 Transport

6.1 Transport to schools and to college/sixth form for students over 16 years old are not statutory requirements. The DfE statutory guidance allows local authorities to exercise discretion in this area. The Isle of Wight Council withdrew subsidised transport for mainstream Post 16 students in September 2017. The Council provides fully funded transport to Post 16 students with an EHCP, if deemed eligible. Post 16 students attending St Georges, as their named school will qualify for funded transport, providing they live over the 3-mile rule. The same entitlement applies to Post 16 institutions and colleges.

9 As referenced in the Safety Valve application.

The school transport policy states that if a child has been in receipt of home to school transports due to their EHCP requiring it for their school education (4 – 16-year-olds), the presumption is that such arrangements will continue.

6.2 Post 16 transport shares features with SEN transport, as the needs of the students are similar. However, as there are even fewer suitable placements, travel distances are further on average; most of the Post 16 provision is in the Newport area.[10] Due to smaller numbers, it is also less likely that several students will be travelling on a similar route. Both these factors increase the costs.

6.3 Between 2012/13 - 2022/23, the number of Post 16 children with an EHCP receiving free of charge transport has risen by 44%, from 105 to 151 pupils. Total costs for post 16 transport in 2022/23 were just over £733k, based on 151 pupils travelling, an increase of 160% from £278k in 2012/13. The unit cost for post 16 travel has increased from £2,655 to £4,858 per annum over the same period. Forecasting suggests that this could increase to approximately £900k by 2026/27.[11]

Table 6: Post 16 SEN Transport Growth

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
EHCP Modelling	412	422	423	420	418	420
Post 16 SEN Transport	151	156	156	156	156	157
Ratio	36%	36%	36%	36%	36%	36%

Source: EHCP modelling at high mid-point across SEN & Post 16 based on safety value growth/trend data coupled with flattening of population data (Census 2022/23). Data includes Post 16 & 19 students.

7. Summary of Financial Position, Savings Achieved and Future Plans

7.1 A £154k cost pressure has been reported in Q1 of the 2023/24 financial year due to increased demand for SEN transport provision.

7.2 Following the retender exercise of the main Southern Vectis contract in September 2020, and wider review of transport provision, the service met formal savings targets of £321k in 2020/21 and £374k in 2021/22.

7.3 Strong supply chain management has kept mainstream cost increases below inflation.

7.4 Route optimisation activity has helped reduce cost pressures, for example, the removal of a higher cost taxi provision and pupils accommodated on existing

10 Due to smaller numbers of pupils travelling and different timetabling to their education settings when travelling from different areas of the Island. A spend to save scheme is to be investigated at one of our Post 16 providers.

11 Assuming the same percentage of post 16 SEN children receiving transport remains at 36%, as per academic year 2022/23.

SEN small bus transportation reduced annual travel costs by £29k per annum (2022/23).

7.5 In order to address the cost pressures, a number of areas where savings and efficiencies may be possible:

- Optimised Route Planning: more efficient planning that enables transport routes to be consolidated and combined maximising vehicle capacity and cost effectiveness.
- Spend to Save Scheme: investigating the feasibility of providing minibuses to schools for their own use, on the condition that those schools use the vehicles to transport children to and from school using their own staff as drivers. This replaces the need for higher cost, operator lead, contracted transport.
- Parental Mileage Allowances: continuing to offer parents a mileage allowance to support them taking their own children to school, only if this is more cost-efficient than transport commissioned through contracted operators.
- Process efficiencies: reviewing and ensuring the strict application of the school transport policy, in particular higher cost SEN transport decision making.
- Personal Transport Budgets: exploring the viability of developing and offering personal transport budgets to parents and families that replace high cost commissioned transport. If viable this option would require an update to the transport policy.
- Funding has been secured for a new 75 place SEN school and has been identified to be situated on the Old Carisbrooke College site. This provision would support children with special education needs from 2026/27 and could reduce overall transport costs depending on the geographical area for current and future children and young people eligible for transport.
- There is also the potential to reconsider eligibility for post 16 transport and only offer a statutory minimum service by introducing a parental contributory to the overall costs of transport. This would be subject to consultation.
- To review all discretionary elements of the policy in line with updated DfE guidance. Currently the IWC school transport policy includes a number of discretionary entitlements including homeless entitlement,[12] looked after children (moving from placements)[13] and Year 10 & Year 11 (house move during GCSE's).[14]

12 For those families who may experience homelessness free transport will be provided for a maximum period of six months for the children of families who have been relocated to a different area but have registered a request with the Housing Department to return to their previous area when permanent accommodation becomes available.

13 For children in the care of the Local Authority free transport (limited to a bus pass only) will be provided to children who move family placement but wish to remain at their current school.

14 If a pupil attending their nearest secondary school and qualifying for free transport moves house nearer to a different secondary school, the Council will provide free transport to the original school, where this is requested by parents, provided that the pupil has attended for one academic term and that the move takes place while the pupil is in years 10 and 11 (GCSE) only. The service to the original school will normally only be provided by public service bus pass.

8. Changes that could reduce Transport Cost Pressures

8.1 The containment of increasing costs and demand is out of the control of the Local Authority without changes to statutory policy. However, as outlined in this report, the increases in school transport expenditure on the Island are driven by SEN and Post 16 demand.

8.2 If central government were to delegate responsibility for setting school transport policy to local authorities, such policies could take into account local demography, infrastructure and deprivation. This could facilitate:

- Through means testing, asking those families who can afford to pay, to make a contribution to the cost of school transport. Administration overheads charges would need to be factored into means testing which would be offset by income generation.
- Amending the eligibility criteria and placing greater emphasis on parents' responsibilities to get their children to school. For example, children would only become eligible if they live further than the statutory distance and where their parents can demonstrate that they are unable to get them to school.

9. Conclusion

9.1 The report has analysed school transport costs over the past 10 years.

9.2 Overall costs of school transport have increased by 20% from £3.6M (2012/13) to £4.3M (2023). Cost containment has been a significant achievement given prices have increased on average by 36% over the same period.[15]

9.3 Through robust commissioning costs have been contained, the renewal of the mainstream transport contract achieved a £321k in 2020/21 and £374k in 2021/22. Overall increase in costs through the 10-year period has been contained to 17%.

9.4 The main drivers of cost pressures in school transport are SEN and post 16 transportation. This is due to rising demand and costs that are significantly beyond inflation. These factors are outside of the service's control and difficult to influence.

9.5 The revised school transport statutory guidance may further impact SEN transport costs as parental preference must be taken into consideration with naming a school within the student's EHCP. A parental preference school may be further away from the pupil's home address potentially increasing costs.

9.6 The rise in school transport costs and demand can only be curbed by a statutory change to policy.

15 As reported by Bank of England using Office for National Statistics inflation data based on CPI.

10. Recommendations

10.1 Pursue proposals that help reduce cost pressure within the school transport service. These include route optimisation that helps consolidate the number of routes and existing vehicles required to transport pupils to and from school, promotion of parental mileage allowances that negate the need for higher cost contracted transport and investigation of spend to save schemes with colleagues on the Island.

10.2 Review of Network bus pass provision, assessing opportunities for contracted operator led transport solutions where this provides greater cost effectiveness.

10.3 Research and development of a Personal Travel Budget that provides families with flexibility and control over their child's journey to school whilst reducing the Council's reliance on higher cost contracted transport.

10.4 Continued robust contract management ensuring tender and pricing offer best value coupled with ensuring there is sufficient small operator led transport registered on the DPS.

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