**Supported Transport Digital Contract Management System**

**Project Overview Note**

**Introduction**

1. Current budget saving commitments within The Council's 'Medium Term Financial Strategy', associated with the implementation of a digital contract management system (known as 'Shepherd'), is no longer able to be met. This has resulted in a £800k pressure for The Council's budget within 2024/25. As such, the Performance & Corporate Services Overview & Scrutiny Committee requested background and further information on the project due to the scale of financial impact of this.

**Background**

2. In 2019, opportunities for service improvements and potential cost savings within Supported Transport were explored. As part of that work, it was identified that increased use of technology might help achieve this in a variety of ways. In particular; increased availability of data to help support management of the service and decision making; along with using technology to improve management of both contracted and directly provided services.

3. A joint project across Supported Transport, IT, Innovation and Digital (including iHub) was established and in 2020 some initial scoping and feasibility work was undertaken. This work identified the potential financial and non-financial benefits of such a technology focused solution through a single holistic system approach. With the main aspects of a new system and equipment providing:

   - Real time & historical data – facial recognition driver log-on, student boarding, routing knowledge and optimisation, incident awareness and management.
   - Automatic payments to contractors – based on a digital footprint of what actually happened (not invoiced for what was supposed to happen).

4. The market research undertaken at the time had not identified any market providers of such a single system that would also be suitable for home to school transport. As such, working with the private sector and taking an incremental, proof of concept approach was concluded as the best strategy. This would enable the county council to develop requirements, check/test aspirations, enabling improved needs identification and associated benefits – with the expectation there would be an end product with a suitable support offer that could be procured.

   **Financial Commitments**

5. At Full Council on 09 Feb 2021, as part of the budget setting process, the expected savings were approved as outlined in the table below. Savings were then delayed and reprofiled at Full Council on 08 Feb 2022 and 14 Feb 2023.

| | 2022/23 £000 | 2022/23 £000 | 2022/23 £000 | 2022/23 £000 | Total £000 |
|---|---|---|---|---|---|
| 22EP11 | -350 | -250 | -50 | -150 | -800 |

6. Overall, there was an investment of £100k in this project. £75k was an allocated budget investment, £25k was from Supported Transport one-off underspends. About £15k of that was for mobile equipment and cards which can be repurposed.

7. The savings related to more effective operational management and contract management (contract payments, and improved route and capacity optimisation) impacting on both transport costs and staff required, based on anticipated contract retendering dates.

## Procurement

8. A contract with a value of £75k to undertake this project was directly awarded to IM23 ltd in June 2021. IM23 ltd were awarded the work as they were known to officers having worked on other projects requiring innovative thinking and development of ideas. In addition, the team had not identified any other potential company interested in working with the county council on this project - they were considered a unique provider in the marketplace.

9. Due to project delays and challenges a further investment of £25k was subsequently made in the hope these could be addressed and overcome. This additonal spend was approved by the Project Board utilising budget from Supported Transports in-year underspends.

10. The work delivered the development and testing of a system which included the software interface as well as equipment on vehicles; achieving what was highlighted in paragraph 3.

## Governance

11. The project was managed and governed by the iHub who provided updates to the service's senior leadership team.

12. Following projects delays, staff changes and the need to conclude direction, a revised project team was put in place with a new board stood up Nov 2022 chaired by the Director of Highways and Operations (supported by the Director of ITID).

## Current Position

13. A decision to end the project was made in August 2023 by the Project Programme Board following a review of the project, latest financial assessment and refinement of systems needs.

14. It was concluded that whilst the original ambition had merit, the approach of one system doing everything had issues. In addition, it would cost more than

originally expected annually to include everything identified as needed (in particular the system support needs), and that some of the benefits were not as great as originally anticipated. This was a difficult but correct decision to take, although it meant that saving was not achievable.

15. Use of technology to enhance the Council's data for supported transport and enable improved efficiency is still being pursued. The focus however is now investigating isolated technology solutions for specific aspects which is how the market in this field seems to have developed. In particular; route optimisation, smart ticketing, driver vetting and vehicle tracking. Following the learning from this project, there will be a greater focus on use of technology that exists and is tried and tested rather than seeking to push boundaries within this particular sector.

16. The understanding, intelligence and data the team now have from the project will be used to inform future business cases and council requirements/specifications.

**Reflections and Lessons Learnt**

17. The Council has values that include 'daring to do it differently' and 'always learning'. Innovating to try and solve challenging issues means there will be failure at times, leading to not delivering savings and abortive cost/investments. This should be totally acceptable, providing that the governance, risk management and reporting is clear.

18. The main reflections and lessons learnt from the project, are:
    a) The need to robustly understand and outline both development/pilot needs as well as likely mainstream requirements from the start, or ensure the project is suitably contracted and staged to enable the work to be in phases.
    b) That it is not sensible or appropriate to commit (or over commit) potential financial savings when there is risk and uncertainty around a new initiative.
    c) Strong governance that not only reflects the level of expenditure, but also the level of any saving committed is required.
    d) The need for extra due diligence around clear and accountable governance structures and responsibilities when there are multiple teams involved.
    e) That it is important to recognise and appreciate that many start-up / innovation companies won't necessarily have the support or ability to operate our mainstream needs.
    f) To ensure that there is an understanding by all parties regarding the different needs between proof of concept, pilot and full operation stages, and how the transition between each will be undertaken and approved.
    g) Ensure that all relevant interested parties are fully briefed and continually communicated with throughout such projects.

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