

Title of report: School Transport Operating Model (formerly known as Pilot Programme for School Transport Operating Model)

Decision maker: Cabinet Member - Transport and Infrastructure

Decision date: 31 March 2026

Report by: Chief Operating Officer - Resident Services

Classification

Open

Decision type

Key

This is a key decision because it is likely to result in the council incurring expenditure which is, or the making of savings which are, significant having regard to the council's budget for the service or function concerned. A threshold of £500,000 is regarded as significant.

Notice has been served in accordance with Part 3, Section 9 (Publicity in Connection with Key Decisions) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

Wards affected

(All Wards);

Purpose

That the Cabinet Member for Transport and Infrastructure agrees to implement a programme for delivering school transport routes through the council's arms' length trading company Hoople. This will extend the existing school transport operating model to include an additional option for delivering transport in partnership with Hoople, Herefordshire Council's Local Authority Trading Company (LATCo).

Recommendation(s)

That:

- a) **Cabinet Member approves the implementation of a pilot programme for delivering school transport routes in partnership with Hoople, Herefordshire Council's Local Authority Trading Company and;**
- b) **Cabinet Member delegates authority to the Chief Operating Officer of Resident Services to take all necessary actions and operational decisions, including but not limited to entering into contracts or other legal agreements, as required to implement this decision.**

Alternative options

1. **Option 1: Continue with Fully Outsourced Transport Providers (Not recommended)**
 - Maintains existing contract model with local operators.
 - No internal resource required.
 - **Limitations:**
 - Market capacity, no ability to manage the market, price volatility
 - Limited control over driver training, behaviour management, and safeguarding standards
2. **Option 2: Insource all transport routes (Not Recommended at This Stage)**
 - Entire service operated through the council or its arms' length company Hoople.
 - **Limitations:**
 - Requires significant upfront investment
 - High risk without incremental testing
 - Lack of evidence on cost efficiency or scalability
3. **Preferred Option:** Implementation of a programme for delivering school transport routes in partnership with Hoople, Herefordshire Council's Local Authority Trading Company.
 - Supports a controlled and evidence-based approach
 - Allows comparative analysis of cost and savings, quality, and resilience.
 - Enables early assessment of workforce, compliance, and vehicle management processes.

Key considerations

Background

4. Herefordshire Council has a statutory duty to provide school transport which is defined by national legislation (primarily the Education Act 1996) which is to provide free, suitable home-to-school transport for eligible children based on distance, age, low-income eligibility, SEND, mobility issues, and circumstances where the nearest school cannot offer a place. This is set out in more detail in the council's policy - [Home to school transport policy](#).
5. The council works in partnership with schools, families, pupils and representative groups such as Parent Carer Voice to ensure that school transport is delivered in a safe and flexible way that is based on the individual needs of each child and their families, and promotes independence and connections for pupils. It is also increasingly important to ensure that transport is delivered in a best value, financially sustainable way.
6. Herefordshire Council is facing significant and escalating financial pressures in its home-to-school transport budgets. Rising costs of currently commissioned travel, increasing need through limited local special school provision, and a general increase in demand of children and young people meeting the criteria for statutory free transport provision is making

the current operating model financially unsustainable. National pressures compound this locally: the number of Educational Health and Care Plans (EHCPs) has doubled in a decade, and the County Councils Network projects national transport costs rising to £3.6bn by 2030, heavily influenced by taxi usage.

7. In order to address the financial challenge in a way that does not negatively impact on children and families and children's access to education, the council is delivering a transformation programme to address the rising costs of school transport. There are several strands to the transformation, including:
 - a. Upgrading the digital management of transport routes to enable transport sharing to be maximised, and to deliver additional congestion and environmental benefits.
 - b. Renegotiating arrangements and costs for existing transport contracts, including negotiations with taxi companies to identify opportunities for reducing costs.
 - c. Reviewing the operating models for transport, including identifying opportunities for alternative delivery models for the most expensive contracts.
 - d. Identifying opportunities to reduce demand within the transport system without compromising pupil's needs through consistent application of school transport policies and maximising the opportunities for family-led and independent travel where possible.

Rationale for implementing a new operating model through Hoople, the council's Local Authority Trading Company (LATCo)

8. Detailed analysis shows that the current outsourced taxi-based model is high-cost and opportunities to share transport are not always maximised. In 2025/26 the council is forecasting a spend of £15m on school transport, an increase of £2.3m from 2024/25. Around half of this is spent on taxis. Analysis of this spend and business modelling shows that for the more expensive contracts, delivering transport through Hoople can bring down the costs significantly, in some cases by nearly 50%.
9. The purpose of the programme is to test and review whether the council can provide transport at a lower cost than is currently achieved through the existing contracting model, while maintaining a high-quality service that continues to meet need.
10. The programme is designed to:
 - a. Test the feasibility and effectiveness of operating a portion of the school transport service internally.
 - b. Provide greater operational control over routes, driver standards, safeguarding practice, including matching of shared travel options for children, and customer service.
 - c. Reduce dependency on external market availability, particularly in areas where capacity is limited.
 - d. Evaluate financial implications, including whether an expanded transport delivery model can provide better cost stability and reduce long-term contract inflation.
 - e. Generate evidence to support future decision making regarding the broader operating model for school transport.
11. The first routes are being planned to go live by the end of April 2026, with at least 10 routes being operational by June 2026, and up to 50 routes from September 2026. The initial routes will be closely monitored to test the model and ensure that a high-quality service is being delivered. Close engagement will take place with families where changes are proposed to

existing arrangements, and the Council will work to provide an efficient and responsive service that meets the needs of families, helping manage expectations and maintaining credibility.

12. If the operating model is successful and scalable, the anticipated saving from delivering 50 routes through the new council model compared with the existing operating model is £530k.

Advantages of implementing a new operating model through Hoople (LATCo)

13. **Better route planning and fleet utilisation**

- a. Innovative strategies—including route optimisation and maximising vehicle use—are needed to manage increasing demand and complexity of need. The proposal for delivering some school transport routes through Hoople will better enable the council to:
- Consolidate routes
 - Reduce reliance on single-occupancy journeys
 - Flexibly deploy vehicles according to daily needs
- b. There is also an opportunity to use the vehicles and drivers for a wider range of council services which might include education, social care or demand responsive transport. This will be explored once the school transport delivery is embedded and stabilised and may further drive down costs through shared usage of vehicles and drivers.

14. **Standardisation of costs for school transport routes**

By owning, leasing or hiring vehicles and employing drivers directly, the council can:

- a. Set transparent cost structures based on mileage and staffing levels
- b. Remove profit margins and avoid “spot price” contracting
- c. Ensure consistent, fair pay for drivers
- d. Expand the market by being part of the delivery process

15. **Greater control over SEND transport needs**

Tailor specialist vehicles and trained drivers to specific needs

- Build consistent relationships with children and young people, giving parents and carers greater confidence
- Reduce costly bespoke or emergency-purchase taxi arrangements

Delivering some school transport routes through Hoople offers a credible and financially responsible strategy to reduce expenditure, strengthen oversight, and ensure stable provision for children—particularly those with SEND. It offers the council more control over costs, improved service quality, more predictable budgeting, and a sustainable framework for meeting statutory school transport obligations.

Implementation will include the following elements

16. **Recruitment and workforce capacity expansion**

A sustainable school transport service will require a reliable and skilled workforce. The availability of suitable drivers is already recognised as a significant challenge within the local transport market, and Hoople are planning targeted and proactive recruitment campaigns. This will include focused outreach, clear role profiling, and competitive employment packages to attract and retain appropriately qualified staff. Building a stable driver workforce is essential for ensuring both service continuity and high-quality delivery.

17. **Training and professional development**

To operate a safe and effective school transport service, all drivers and passenger assistants will receive comprehensive training. This will include core modules on safeguarding, behaviour management, and safety procedures, ensuring staff are fully equipped to support children with a range of needs, including those with SEND.

Ongoing development opportunities will also be embedded to maintain competencies and ensure staff remain up to date with best practice and statutory requirements.

The SEND and Children with Disabilities services in Children's Services will support driver awareness / skills training promoting good cross-sector working relations.

18. **Route planning and scheduling**

Effective internal capacity for route planning will be critical to service efficiency. Teams responsible for scheduling have already implemented access to new tools, data, and expertise to design cost-effective routes that minimise journey times and ensure reliability. This includes the capability to adapt quickly to changing demand, new pupil allocations, and operational issues that arise during the academic year.

19. **Operational supervision and quality assurance**

Strong operational oversight will be required to ensure that service standards are consistently met. Clear mechanisms for monitoring quality, compliance, timeliness, and staff performance are being established from the outset. This includes routine supervision, structured performance review processes, and the ability to intervene promptly when corrective action is needed.

QA reporting will include feedback from Children and Young People; their parents/carers and the SEND service to ensure we have a comprehensive understanding of how the services are experienced.

Compliance and safety requirements

20. **Regulatory compliance**

All vehicles used within the service will be required to meet appropriate vehicle standards, supported by robust inspection regimes. Regular mechanical checks and preventative

maintenance schedules will be embedded into operational processes to always ensure safety and legal compliance.

21. **Safeguarding**

Given the vulnerability of many transported pupils, safeguarding will remain paramount. Enhanced / DBS checks and Certificate of Good Conduct for individuals who do not hold a British passport will be mandatory for all operational staff, alongside robust safeguarding protocols and clear reporting pathways. Staff should be confident and competent in recognising concerns and responding appropriately.

22. **Insurance and liability**

Clear and comprehensive insurance arrangements will be secured. Responsibilities for vehicle, employee, and passenger liability will be defined and agreed in advance, ensuring full coverage and compliance with statutory and organisational requirements.

23. **Review and future decision-making**

A comprehensive monitoring and evaluation framework will be used throughout the implementation period to assess financial performance, operational reliability, safeguarding compliance, and the overall user experience. At the end of this, a formal review will be presented, setting out the evidence base and recommendations for future delivery options, including whether the in-house model should be sustained or expanded.

Community impact

24. The community impact associated with the decision is expected to deliver the following benefits:

- Increased service reliability, particularly for SEND pupils and families currently affected by driver shortages or failed routes.
- Potential to build stronger relationships with schools and parents due to direct operational oversight.
- Consistent standards across routes, supporting positive experiences for children and young people.
- Improved safeguarding controls with directly trained staff.
- Freeing up more taxis for other people to use to travel. There are often issues with visitors and locals alike struggling to find taxi provision in the city.

Environmental impact

25. Herefordshire Council provides and purchases a wide range of services for the people of Herefordshire. Together with partner organisations in the private, public and voluntary sectors we share a strong commitment to improving our environmental sustainability, achieving carbon neutrality and to protect and enhance Herefordshire's outstanding natural environment.

26. This decision has no direct climate change implications. However, the pilot enables the council to specify vehicle standards, including low emission or electric vehicles where feasible.
- Opportunity to optimise routes more effectively, reducing mileage and carbon emissions.
Supports long-term sustainability goals through modern fleet procurement.
Transfer single passenger journeys into multiple passenger journeys, enable a considerable reduction in specific number of vehicles travelling throughout the county on a daily basis.
Reducing distances individuals need to travel to access education establishments.

Equality duty

27. Due to the scope of this project and its potential impact on certain protected characteristics, an Equality Impact Assessment (EIA) is attached as an appendix to this report.
28. In summary,
- the implementation of a pilot programme for delivering school transport routes is expected to have a positive impact across two elements of the Public Sector Equality Duty because it directly addresses barriers that disproportionately affect children and young people with Special Educational Needs and Disabilities (SEND), as well as their families.
- Eliminate discrimination*: Neutral – the statutory offer remains unchanged.
 - Advance equality of opportunity*: Positive – improved reliability particularly benefits SEND pupils dependent on consistent and specialist transport.
 - Foster good relations*: Positive – more predictable and better- managed operations support improved trust with families.

Resource implications

Financial

29. The approved 2026/27 SEN Transportation budget is £8.7 million as shown in the table below. The budget includes the C1: SEN and HTST review savings target of £2.0 million. (Note: this excludes any contractual inflation as this will need to be applied for from the Corporate Inflation Fund (CIF) earmarked reserve in-year).

SEN Transport Provision	2026/27 Approved Budget £'000
Gross Expenditure	10,581
Income	(209)
Net Expenditure	10,372
2026/27 Saving Target	(2,000)
Net Expenditure	8,372

30. The current cost of the routes that are proposed to be delivered as part of this programme are estimated to be £2.7 million. The reduction in cost estimated by delivering up to 50 school transport routes through Hoople is estimated at £0.7 million a 27% saving (full year effect/193 school days).

There will be some minor start-up costs required to implement the service which include training costs for new drivers and up-front costs for hiring and licensing the vehicles required to deliver the service to the required specification. These costs will be covered by the cost reduction that will be achieved by reducing the costs of the routes.

Staffing

- Operational staff (drivers) employed via Hoople.
- Internal oversight for performance management, route planning, and evaluation.
- Liaison staff between Hoople and HC to ensure smooth launch and running of the service.
- Back office/support office pay and running costs.

Legal implications

31. The assumption is that the service will be delivered by Hoople Ltd directly to the residents of Herefordshire on request and at the cost of the Council.
32. Accordingly, the employees and equipment will be within Hoople, and a service level agreement will be agreed for the period of the pilot. The agreement will need to include the scope of services but also the performance required and KPIs. The pilot will need to consider the outcomes (and costs required) whether or not the pilot is considered to be successful.
33. Hoople is 80% owned by the Council and exerts sufficient control and influence over the company. This means that contracts can be awarded under Part 1 of Schedule 2 of the Procurement Act 2023 without the requirement to follow the usual public body procurement rules.
34. The relevant legal provisions for this decision can be found in the council's constitution www.herefordshire.gov.uk/constitution.

Risk management

Risk / opportunity	Mitigation
Risk: Difficulty recruiting drivers	Early recruitment campaign via Hoople; competitive pay; flexible contracts. Different licencing arrangements
Risk: Higher upfront cost than expected	Phasing of go live; leasing/hiring vehicles; ongoing financial monitoring.
Risk: Compliance or safety failure	Strict adherence to regulatory standards; full training programme; regular audits.
Risk: Market pushback from existing providers	Engagement with providers; clear communication that this is a pilot only.

Risk: Proves too successful and demands expansion	Identify future funding for further capital expenditure
Opportunity: Increased service reliability	Build flexible internal capacity to respond to demand changes
Opportunity: Enhanced safeguarding control	Direct training and supervision of staff.
Opportunity: Future cost stabilisation	Use pilot data to model long term financial benefits.

Consultees

Political Group Consultation – 17 March 2026

- Supportive of the initiative and the ambition to deliver value and maintain quality
- Tracking the finances closely will be critical, especially building in all costs and contingencies required, and regularly reviewing during the initial stages
- Recognise that school transport is a statutory service and that providing it through the local authority trading company as part of the Teckal arrangements is a valid way to provide the services
- Lots of support for embedding the programme and maximising the use of vehicles for social care, adult services and DRT (and any other uses)
- Long term look at possibility of using EVs once services are embedded
- Support for freeing up taxis to provide journeys for other customers at school times

Parent Carer Voice – 17 March 2026

- Supportive of council and Hoople working together to provide school transport
- Supportive of approach to assurance and safeguarding – particularly around the training of drivers and assurance that they work for the council
- Feel that parents will be supportive and that the service being provided by the council will offer reassurance and quality

Hoople Ltd

Appendices

Appendix 1 Equality Impact Assessment (EIA)

Background papers

None identified

Glossary of terms, abbreviations and acronyms used in this report

HTST = Home to School Transport

[SEN](#) (Special Educational Needs) focuses specifically on learning difficulties or educational needs that require extra support.

[SEND](#) (Special Educational Needs and Disabilities) is broader, encompassing SEN *and* children with disabilities (physical or mental impairments) that may not necessarily affect their education.

Hoople - A "Teckal" council-owned arm`s-length company—more formally known as a **Local Authority Trading Company (LATC)** operating under a *Teckal* exemption—is a separate legal entity (usually a company limited by shares) that is wholly owned and controlled by one or more local authorities