Finance and Resources Committee

10.00am, Thursday, 8 September 2016

Approval to Award Contract for Business Travel Services

Item number	7.3
Report number	
Executive/routine	
Wards	

Executive summary

This report seeks approval from Committee, to award a contract to Redfern Travel Limited ('Redfern') for business travel services for a period of three years with the option to extend the contract for a further 12 months. The value of travel expenditure over the four years is estimated at £1,200,000.

The Council will generate savings of £106,181 over the four years by adopting this new contract with Redfern Travel Limited.

Other non financial benefits include the ability to choose travel packages in real time, being given greater flexibility in travel options and having access to a larger choice of accommodation. The travel options available will be the lowest price for standard travel in the UK or the best value for overseas and long haul trips.

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Report

Approval to Award Contract for Business Travel Services

Recommendations

1.1   It is recommended that Committee approves the award of the contract for the delivery of an on-line booking service for all Council business travel to Redfern Travel Limited.   The contract will be awarded on 10 September 2016 and will operate for a period of 3 years, plus the option to extend for a further period of 12 months.

Background

2.1.   There is a Council drive to reduce non-value added processes; the current process for booking travel does not provide added value, for instance the amount of time spent on requesting, approving and booking travel.

2.2.   The travel market is now very dynamic with prices and availability fluctuating on a minute by minute basis. The Council's current manual booking of travel services via telephone, email approval and subsequent Oracle purchase order does not capture best rates due to the length of time from identifying the best option to seeking approval and booking the travel.

2.3.   Moving to an on-line booking service will improve service delivery by reducing current inefficiencies and duplication of effort in booking travel and remove delays in the process.

2.4.   It is estimated that the current manual system of booking basic travel within the Council can take up to 40 minutes for staff to book their travel. Elapsed time, allowing for stoppages within the booking process, has not been measured. Booking travel on the on-line system will take 10 minutes and will be completed in real time. This change will reduce administration effort across the Council and the Arms Length Organisations ('ALOs') equivalent to 1 FTE per year, therefore increasing capacity.

Main report

Requirement for Business Travel Services

3.1   The adoption of Scottish Governments Travel Services framework will provide the Council with direct access to the dynamic travel market place via Redfern's online portal, allowing the Council to instantly book a range of modes of transport and accommodation at real time prices/availability.

The following modes of travel are included in the Business Travel Service:-

- Airline bookings (flights);
- Hotel bookings;
- Ferry travel;
- Coach travel;
- Rail travel;
- Bus travel; (except local bus services within Edinburgh) and
- Taxis (except Edinburgh Taxis as this is a different contract).

3.2   Business travel can be a very complex service, consisting of multiple transactions per month. Currently it is supported by a verification process between oracle, invoices, and payment orders which produces a robust audit trail. By using a web-based system the verification process will become more automated but still maintains the required level of control.

3.3   To support the implementation of the new contract there is a requirement to develop new systems, policies and processes which are both robust and flexible that allows Council employees to book business travel themselves within agreed limits under the new organisational structure.

3.4   Each user must be registered on the system and will be identified by their unique username and password. It is a breach of IT Security policy if users share their username and password. Reports can be created on users activities and unusual trends in travel will be picked up and reported back to the user's line manager.

3.5   Within the system, each user will be profiled, depending on their role and grade, and limits will be set for the value of travel they can book for each mode of travel required. This will reduce the risk of travellers booking outside the levels of spend set down for transport and accommodation.

3.6   The booking system has been developed to offer the best cost travel options, from the basic train return tickets on a specific day, to more complex travel arrangement with multiple destinations by air, rail, boat and the associated accommodation. Travel requirements can be chosen to reflect the best option to meet individual travellers travel itinerary.

3.7   Once travel requirements are entered into the search system the default position will list the lowest priced items at the top of the results. The lowest price is determined by the cost controls set within the system.   Once travel items are selected, then travel is booked at a click of a button. Confirmation of the booking is sent to the traveller either via email and/or Smartphone.

3.8   There are several controls in place within the system to identify anomalies. There is a Green, Amber and Red traffic light system that is shown against all travel options. Options in the Green category are within the users limits. Amber options can only be chosen if the user has given a just reason for choosing this option. This justification is recorded as part of the audit trail. Red options cannot be chosen.

3.9   In cases of emergency Redfern Travel offer a 24 hour 7 day a week support service that travellers will be able to access either by email or by telephone.

3.10 Sampling of the usage, spend and invoices will take place by the Business Support Service to ensure accuracy and quality of information.

3.11 Information on spend and invoices can be downloaded and entered into the Council's Enterprise Resource Planning system. This will allow matching with the invoice and re-distribution of cost direct to each cost code.

Role of the Business Support Service

3.12 The Council's Business Support Service will provide a strong strategic centre to provide overall contract management as well as support front-line delivery, streamline current and future processes and help move towards a "right first time" customer-focused approach.

3.13 The Business Support service will also be responsible for the back office support required to manage the business travel process. Their role will include:-

- Managing the contract between the Council and Redfern Travel;
- Approving the registration of users and set the limitation for each account in accordance to the role and grade of the user;
- Managing the administration of the web-portal, ensuring new users are fully registered and any changes to user accounts are completed;
- Monitoring travel trends and usage across all services;
- Monitoring spend and verify against submitted invoices;
- Approving consolidated invoices. Notifying services by exception of any anomalies; and
- Measuring the benefits received from the business travel services contract.

Role of Human Resources Team

3.14 Human Resources will be responsible for the Travel Guidance document and any associated policies ensuring that they are kept updated.

Travel Guidance Document

3.15 An updated travel guidance document has been developed to support the new travel booking system (online and offline).

3.16 All travellers on initial registration on the Redfern portal must agree to book travel in accordance to the guidance.

3.17 Travel guidance document also makes reference to the Council's insurance policy and related contact details.

Procurement Approach

3.18 The Scottish Government Framework for Travel Services lot one (SP –14 -005) came into effect on 1 September 2015 and will run to 31 August 2018 with the option to extend for a further period of 12 months. The framework agreement offers:
- A one-stop shop solution for all their travel and accommodation requirements;
- Access to self-booking tool; and
- Clearly identifiable transaction charges.

3.19 The cost quality ratio of the framework agreement is 60% quality 40% price this was set by Scottish Government on framework inception to drive best value from this dynamic marketplace via collaborative purchasing across all Scottish Local Authorities. Four tenders were received with Redfern emerging as the successful contractor, the new framework generated savings of 37% on previous tendered pricing.

3.20 Redfern booking fees will be fixed for 3 years including the option to extend for a further 12 months.

3.21 A team, representing the service users, payments, ERP systems (Oracle and Business World), ICT and business support have been involved in assessing the requirements of the online system. Several demonstrations have taken place to a range of audiences from technical to services users. Each representative is satisfied that the on-line system can deliver a business travel service better or equal to the service delivered at the moment.

Measures of success

4.1 Over the last four years the Council spends on average £350,887; projected cost savings to the Council against current booking fee and rebate equates to £106,181 over the 3 year period of the contract, plus one year extension option by adopting the framework.

	16/17	17/18	18/19	19/20	20/21	Total
Cost Savings on the booking fee and rebate	£13,266	£26,549	£26,549	£26,549	£13,266	£106,181

Full breakdown of the savings and assumptions are shown on Appendix 1.

4.2 Moving to a self service booking process, the new increased efficiency across the Council travel booking arrangements will free up officers time to perform more valued added work, this equates to one FTE saving.

4.3 Using Redfern travel portal there are opportunities to secure real time reduced prices for flights, trains and accommodation which should deliver long term benefits and cost savings.

Financial impact

5.1. The requirement for a purchase order will change to a non-purchase order function with a consolidated monthly bill, further reducing officer administration to book travel. As a result a number of robust processes will be introduced to ensure that the traveller and line manager are recording and approving all travel, into an auditable system before payments can be processed to the supplier.

5.2. The existing payment method will be adapted to allow Payment Services to accept one consolidated invoice and identifying all departmental cost charges, which will be reconciled by Payment Services and costs recharged directly to each department using the service.

5.3. The costs associated with procuring this contract are route one estimated at up to up to £10,000.

Risk, policy, compliance and governance impact

6.1 A revision of the travel guidance will accompany the new booking process. All system users are required to sign up to this guidance.

6.2 Each user will have limits set to the value of travel they can order. This limitation will be governed either by their role or pay grade. The online service will only offer access to travel within the set limits. Any travel or accommodation outside limits cannot be chosen.

6.3 The Business Support service can monitor usage of accounts. In addition, unusual trends can be flagged up by Redfern Travel

Equalities impact

7.1 An Equality Rights Impact Assessment has been conducted and assessed as low risk. This is an internal service with no direct impact to the public.

Sustainability impact

8.1 Sustainability in service delivery remains a key focus of all services and has particular relevance here in the efficient allocation travel and transport solutions. Making best use of travel arrangements reduces miles travelled and hence contributes to improved air quality and reduced carbon emissions.

8.2 In accordance to the sustainability policy a risk assessment has been under taken to identify the sustainability risk associated with booking business travel using an on-line service. The outcome of the sustainability risk assessment is that booking business travel via a portal is a low risk and no further action is required.

Consultation and engagement

9.1 All service functional areas that regularly book travel have been given the opportunity to be represented within the project team and to take part in a demonstration of the system, as well as invited to ask further questions.

9.2 Interested parties from Payments and from commercial operations have also been given the opportunity to take part in demonstrations.

Background reading/external references

Sustainable Procurement Policy

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Links

Coalition pledges	P30 - Continue to maintain a sound financial position including long-term financial planning
Council outcomes	CP13 - Transformation Workforce Citizen & partner engagement Budget
Single Outcome Agreement	SO1 - Edinburgh's economy delivers increased investment, jobs and opportunities for all
Appendices	Appendix 1 – Full breakdown of savings and assumptions

	FY16/17	**FY17/18**	**FY18/19**	**FY19/20**	**FY20/21**	**Grand Total (£)**
Savings if 95% of bookings are made online	£4,220.61	£8,441.23	£8,441.23	£8,441.23	£4,220.61	£33,764.90
Savings if 10% of bookings are made offline	£190.00	£397.00	£397.00	£397.00	£190.00	£1,571.00
Hotels (rebate of 8%)	£3,696.56	£7,393.12	£7,393.12	£7,393.12	£3,696.56	£29,572.48
Rail (rebate of 3%)	£1,462.46	£2,924.91	£2,924.91	£2,924.91	£1,462.46	£11,699.64
Corporate flight spend (5%)	£3,696.56	£7,393.12	£7,393.12	£7,393.12	£3,696.56	£29,572.48
Total (£)	**£13,266.19**	**£26,549.38**	**£26,549.38**	**£26,549.38**	**£13,266.19**	**£106,180.50**