



David Bonn



David Bonn is a Director of Bonn Business Solutions Limited based in Glasgow.
ITSolutions@bonn.myzen.co.uk
Bonnbusinesssolutions.co.uk

David considers the forthcoming Central Government spending cuts, and what this means for the Transport Industry

The press was full of statements regarding the recent announcement by the Chancellor that he is asking non-protected departments to look into reducing their costs by 25% and 40% over a 4 year period.

I'm sure this was met by the gnashing of teeth by many involved in the transport industry. It is early days in the process and we must give those with the best knowledge time to identify if and how these reduction targets can be met. I'd be surprised if there was a list of ready-made cost reduction areas listed on a sheet of paper on any chief executive's desk today.

Looking to drive further costs out of an operational budget isn't easy. Delaying the replacement of equipment, systems and staff can appear to reduce budget spend but is it really delivering savings in the long term? How else can we look to drive down costs? Is there enough sharing of assets and resources being done? Could the operation of Urban Traffic Control systems be more centralised such that they cover a larger geographic area requiring fewer systems in total?

Is industry taking advantage of Cloud hosted environments where the Software as a Service and even the Operations as a Service models could be adopted to deliver some of the costs savings.

Many suppliers are not yet able to deliver SaaS or OaaS models, this will require product investment but to remain competitive in the market this will be on their development road map. Many clients have concerns over the security of data etc but as the pressure to deliver cost savings intensifies these models will need to be considered and where financially beneficial be adopted.

Are we doing enough joined up thinking between departments whether they are at local authority or national levels to deliver passenger benefits by encouraging modal shift? By investing in one area of transport we may be able to encourage a change in transport user behaviour reducing the need to spend on another area thereby reducing overall cost but at the same time having a focus on improving the environment for the transport users.

Will we just have to accept that the bus/ferry/train service frequency will change and be driven by usage rather than to a defined timetable with many of the scheduled journeys carrying a very small number of passengers? Is it

not reasonable to expect that the bus/ferry/train services carrying only a very small number of people on it can't be sustained in the future?

While allowing commercial-only decisions to dictate a timetable is not the answer, a degree of pragmatism needs to be allowed such that the timetables and the passengers numbers are reviewed on a periodic basis to see if an alternative schedule would reduce costs and in many cases reduce the associated subsidy many of these operators receive.

The term "deliver more for less" is not a new one - we have heard it used for many years usually associated with less money being available. Indeed many changes have been made in the supply industries to adopt new working methods, procurement approaches etc. that have reduced the overall delivery cost of transport contracts.

Can more be done? I'm sure some further small steps can be taken but what that is doing is taking money away from the overall supply chain which in many cases is already operating on very thin margins. Will this reduction in spend

going into the industry not result in a reduction in income, causing companies to shed labour and in some cases withdraw from the industry completely?

What then of the role of the resources working in the transport industry - will we see a further "brain drain"? Many companies have reported that they are struggling to recruit staff with the required skills to service the current increase in spend in the transport industries. Whether it's the spending power of Crossrail, HS2, TfL or Transport England that has attracted all the available resources to meet increased spending plans there are shortages of resources in many transport areas. If we are to see significant budget cuts in the near future is there a benefit to bringing new blood into the transport domains to see them released in two or three years time when the budget cuts bite?

We lost a lot of good people to other industries in recent years when funding dried up and many individuals are reluctant to come back into an industry where cuts are again being mentioned. What many businesses and individuals would like to see is stability and a degree of certainty of budgets for a few years ahead to enable better workload planning.

“ By investing in one area of transport we may be able to encourage a change in transport user behaviour reducing the need to spend on another area ”