

DEL TRAVEL POLICY: REVIEW APRIL 05 TO MARCH 06

1. INTRODUCTION

- 1.1 A review of Departmental travel costs in the 05/06 financial year is provided below for information and consideration. This report analyses the way in which savings have been maximised across the year and investigates further efficiencies.

2. EXPENDITURE

- 2.1 In the 01/02 year, prior to the implementation of the revised Departmental Travel Policy, a total of £230,650 was spent on air travel. Since the introduction of the policy, the volume of bookings has remained consistent whilst spending on travelling has fallen dramatically. 2005/06 has continued to show savings in the expenditure with a further decrease of £7,000 from 2004/05, for a greater number of bookings. A comparative breakdown of expenditure and volume of travel is provided below:-

01/02 Base Year	No of flights	% of Total Flights	Total Cost	% of Total Cost
Domestic	463	91%	£117,300	51%
European	25	4%	£11,500	5%
USA	21	5%	£101,200	44%
All	509	100%	£230,000	100%

04/05	No of flights	% of Total Flights	Total Cost	% of Total Cost
Domestic	533	93%	£83,670	71%
European	29	5%	£10,380	9%
USA	14	2%	£23,134	20%
All	576	100%	£117,184	100%

05/06	No of flights	% of Total Flights	Total Cost	% of Total Cost
Domestic	592	94 %	£84,931	77 %
European	26	4 %	£3,944	4 %
USA	11	2 %	£21,253	19 %
All	629	100%	£110,128	100%

- 2.2 These tables also highlight that expenditure in 2005/06 has continued to show a reduction in cost from the base year rate, namely £119,872 for a greater number of bookings from previous years. The volume of bookings for domestic flights has continued to rise with the number of bookings 10% higher than 2004/05. The average cost of a domestic flight has also decreased from £156.97 in 2004/05 to £143.46 in 2005/06.
- 2.3 The number of flights to European destinations remained static in 2005/06, however the cost of flights has significantly decreased by 38% when compared to the costs in 2004/05.
- 2.4 This continued decrease in expenditure on staff travel can be attributed primarily to the increased use of the internet for bookings, enabling Personnel (Services) Branch to take advantage of online discounts and eliminate travel agent commission charges (£14 per booking). The total amount spent on travel agents fees in 2005/06 was £3170.

	2005-06		2004-05		2003-04	
Total Flights	629		576		573	
Travel Agent	184	29%	198	34%	286	50%
Online	445	71%	378	66%	287	50%
Total Spend	£110,128	-	£117,184	-	£135,630	-
Total Agent Spend	£56,392	51%	£69,289	59%	£96,913	71%
Online Spend	£53,736	49%	£47,895	41%	£38,717	29%

3. UNIT COSTS

The comparison of average air fares, before and after the implementation of the revised procedures, provides a consistent benchmark against which to assess the performance of the Travel Policy. The table shows the continued

reduction in average fares together with the percentage savings per flight achieved in 2005/06, compared to 2004/05 and prior to the introduction of the policy:

Destination	Unit Costs Pre-policy	Unit Costs 04/05	Unit Costs 05/06	% Reduction
Domestic	£268	£156	£143	46%
European	£511	£357	£152	70%
USA	£4,442	£1,652	£2,157	51%

This table indicates that the percentage reduction in unit costs to all destinations has been consistently maintained since the introduction of the revised Travel Policy, with domestic air fares continuing to fall. The most significant decrease in the past year has been in the cost of European flights. It has been noted, however, that there has been an increase in the unit cost of flights to USA in comparison to 2004/05.

The continued use of the internet booking has shown further cost effectiveness with a reduction in the cost of the average air fare from £156 in 2004/05 to £143 in the 2005/06 financial year. This can be attributed to the fact that staff are continuing to use Gatwick, as an alternative to Heathrow. The financial benefits of encouraging staff to use this destination for travel to London are evident from the table below:

05/06	Total spend	No of flights	Average fare
Heathrow	£25,573	117	£218
Gatwick	£31,963	214	£149

The economy airlines have significantly expanded the UK destinations from Belfast and the table below illustrates the update of the most used destinations and the costs involved:-

05/06	Total spend	No of flights	Average fare
Birmingham	£4,233.27	39	£108.54
Bristol	£3,417.20	29	£117.83
Cardiff	£4,072.06	33	£123.39
Edinburgh	£2,638.79	27	£97.73
Glasgow	£3,700.87	47	£78.74
Manchester	£4,980.29	35	£142.29

4. ONGOING MONITORING/CONTINUED IMPROVEMENT

4.1 Use of Business Class

The table below illustrates that the number of business class flights to domestic destinations has decreased significantly in 2005/06. In order to ensure that this trend continues, it is recommended that Directors continue to pay close attention to the reasons staff provide to justify their preference for a more expensive flight option.

	No of flights	% of UK flight	Total cost	Average Fare
UK Economy	580	98%	£81,844	£141
UK Business	12	2%	£3,087	£257

4.2 Late Bookings

It is important to reiterate that the savings achieved through internet bookings are maximised where staff provide advance notice of travel. The booking guidelines encourage staff to submit travel requests one month in advance of the departure date where possible. In 2005/06 the number of travellers achieving this target has increased at around 22% of total bookings. The average time between the submission of the travel request and the departure date is, in fact, 22 days.

4.3 Delays in Approval

Whilst this is an improvement on booking trends prior to the policy, relatively short notice prohibits Personnel (Services) Branch from maximising early bookings and achieving greater value for money. It should be noted that due to the nature of Economy flights any delays in approving the flight options can mean an increase in the original price of the flight. In 2005/06 a total of 197 bookings were approved over 2 days after the initial options were issued, this resulted in a total increase of £4,851 over the original price of the fare.

4.4 Last minute Changes and Cancellations

During 2005/06 it has been noted that there had been a total of 20 last minute changes and cancellations to flight bookings. The total extra cost involved in this was £2557. While this is a relatively small proportion (2%) of the overall cost in flights, staff are encouraged, where possible, to ensure that details are correct at time of booking.

5. OTHER BUSINESS

5.1 Business Lounge

In 2005/06 there had been limited use of the Business Lounges in Heathrow and Gatwick with a total of 10 bookings costing a total of £224.

5.2 Rail Travel

Throughout 2005/06 there had been a total of 259 tickets purchased for rail travel costing £10,279. As the table below illustrates, the majority of tickets purchased for rail travel were for the Heathrow and Gatwick Express.

2005/06	NO OF TICKETS PURCHASED	COST
Heathrow Express	76	£2,217
Gatwick Express	97	£4,640
Translink	45	£2,502
Other rail journeys	41	£920
TOTAL	259	£10,279