

**TAYSIDE AND CENTRAL SCOTLAND TRANSPORT PARTNERSHIP****21 AUGUST 2007****DEMAND RESPONSIVE TRANSPORT****Report by Director**

**This report updates the Partnership on progress with development of Scottish Executive proposals for establishment of an Enhanced Demand Responsive Transport Initiative and seeks the Partnership's approval of general principles for operation of the new initiative.**

**1 RECOMMENDATIONS**

1.1 That the Partnership Board :-

- (i) notes progress on the development of Scottish Executive proposals for a new Enhanced Demand Responsive Transport Initiative as outlined in the report;
- (ii) approves the general principles for operation of the proposed Enhanced DRT Initiative as set out in 3.2 of the report; and
- (iii) receives a report on further developments and detailed proposals for operation of a Regional DRT scheme to a future meeting.

**2 BACKGROUND**

- 2.1 At a meeting of the Joint RTP Chairs Forum with the former Transport Minister on 9 January 2007, the Minister announced proposals for expanding the role of DRT. Following the meeting, Scottish Executive officials wrote to RTP's, Councils and Community Transport/DRT groups advising that the existing Rural Public Passenger Transport (RPPT), Rural Community Transport Initiative (RCTI) and rural and urban DRT funds were to end on 31 March 2008 and be replaced by an Enhanced DRT Initiative, with funding to be allocated to and managed by RTP's. Summaries of the Executive's existing RPPT, RCTI and DRT schemes are given in the Appendix.
- 2.2 The proposed changes have potentially significant operational and financial implications for RTP's, their partner Councils, many of whom are supporting rural bus services through RPPT allocations, and Community Transport (CT) and DRT providers.
- 2.3 As a result of concerns raised by Councils on the proposed transfer of RPPT funding to Transport Partnerships, CoSLA Leaders met with the Transport Minister in April. At that time the Minister reaffirmed the Executive's decision to end the RPPT/RCTI/DRT funds on 31 March 2008 and replace these with a single Enhanced DRT Initiative budget, allocated to RTP's, from 1 April 2008. The Minister also invited RTP's and Councils to bring forward alternative options for achieving the Executive's objectives.
- 2.4 A number of officer meetings have been held on the matter over recent months, with regular updates being reported through previous Director's Reports.

### 3. DISCUSSION

- 3.1 Arising from officer meetings between RTP's, CoSLA, the Society for Chief Officers of Transportation in Scotland (SCOTS) and the Association of Transport Coordinating Officers (ATCO), options for implementing the Executive's proposals in a manner designed to guarantee protection of existing, contractually committed RPPT funding allocations to Councils were developed. These were discussed at a meeting on 20 June, when Executive officials advised that the new Transport Minister has confirmed he intends to proceed with the Enhanced DRT Initiative proposals, as they were announced in January.
- 3.2 It was confirmed that there will be a single Enhanced DRT budget from 1 April 2008, which will be allocated to RTP's, with no separate RPPT funding to Councils. The following general parameters for operation of the new Enhanced DRT Initiative from 1 April 2008 were agreed, for recommendation to RTP's :-
- (i) all Enhanced DRT Initiative funding from April 2008 to be allocated to RTP's;
  - (ii) it will be for RTP's to agree and allocate funding to support existing RPPT funded services with their constituent Councils;
  - (iii) RTP's will have flexibility to determine how best to operate and allocate Community Transport and DRT funding in accordance with local needs;
  - (iv) RTP's must honour existing RCTI project commitments until their expiry in 1,2 or 3 years time;
  - (v) minimum percentage allocations will be negotiated with individual RTP's in light of the Comprehensive Spending Review outcome, but there will be no requirement to allocate 50% of additional funding to DRT (the Executive's original proposals had required this);
  - (vi) up to 20% of the allocated budget will be able to be spent on Capital and administration costs.
- 3.3 The above principles for operation of the Enhanced DRT budget were considered and agreed by the Joint RTP Chairs Forum on 26 June, and are recommended for adoption by all RTP's.
- 3.4 It is the intention to develop detailed procedures and arrangements for implementing the Enhanced DRT Initiative across the TACTRAN region, in consultation with the Public Transport Officers Liaison Group and local DRT and Community Transport Groups, once the national funding arrangements have been agreed later in the autumn. In progressing arrangements for implementing the proposals regionally, RTP's will also need to have regard to cross-boundary consistency, where appropriate.
- 3.5 The meeting on 20 June also considered a proposed funding allocation mechanism, which had been suggested by Scottish Executive economists. This is based on the existing RPPT formula, with weighting towards rural areas (defined as settlements of less than 1000) and population dispersal, with a lesser weighting for total population. There are concerns that the proposed formula gives insufficient weighting to rural areas/settlements above 1000 population and it has been agreed that RTP's will investigate the scope for developing an alternative formula and submit this to Scottish Executive officials before the outcome of the Comprehensive Spending Review in October/November. Options are currently being worked on and will be reported to the next Joint RTP Chairs meeting on 27 September, with a view to enabling further discussion with Executive officials at meeting on 18 October.

3.6 Under the current funding arrangements TACTRAN's allocation for 2008/09 would total approximately £875,000 (2007/08 prices) broken down as follows :-

- (i) RPPT - £688,000 (currently allocated to Councils)
- (ii) RCTI - £ 34,000 (funding 3 existing DRT schemes)
- (iii) Urban DRT - £ 103,000 (currently allocated to Dundee City Council)
- (iv) Rural DRT - £ 50,000 (currently allocated to Angus Transport Forum)

3.7 It is expected that the above amounts will be uplifted in 2008/09 for inflation. Any additional funding for the Enhanced DRT Initiative through the Comprehensive Spending Review process would be allocated on the basis of the mechanism to be discussed further, as outlined in 3.5 above.

#### **4 Consultations**

4.1 This report has been prepared in consultation with the Chief Officers Liaison Group, who are in agreement with the proposals

#### **5 Resource Implications**

5.1 The confirmed level of funding allocated to TACTRAN for 2008/09 under the Enhanced DRT Initiative will not be known until the outcome of the Comprehensive Spending Review. The introduction of a regional scheme for managing and distributing funding through the Enhanced DRT initiative has potential workload implications, which will require to be addressed in detailed development of a regional scheme.

5.2 As indicated in 3.2 (vi) above, under the current proposals RTP's will be able to utilise up to 20% of their eventual funding allocation to fund Capital and scheme administration costs. The detailed resource implications will be addressed in a future report dealing with detailed implementation of the Enhanced DRT Initiative.

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#### **NOTE**

No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (and not containing confidential or exempt information) were relied on to a material extent in preparing the above Report.

**CURRENT DEMAND RESPONSIVE TRANSPORT INITIATIVE**

**Introduction**

1. Pilot DRT funding of £1m per year (£0.5m for both rural and urban areas) was first made available in respect of a small number of projects between 2003-06. Successful projects were awarded further funding in 2006 to enable them to continue operations until at least the end of March 2008. No funding commitments have been made beyond March 2008. Current projects are likely to seek ongoing funding from their RTP from April 2008.

**Rural Areas**

2. The rural budget supported several projects in areas which were considered to be doing less well than others in relation to RCTI support. Funding commitments in 2007-08 are shown in the table below:

<b>Operator</b>	<b>Grant</b>
Aberdeenshire Council	£51,500
Angus Transport Forum	£49,955
Argyll & Bute Council	£49,440
Fife Council	£182,825
Highland Council	£37,389

**Urban Areas**

3. The urban budget enabled support for one project in each City Council area. Funding commitments in 2007-08 are shown in the table below:

<b>Operator</b>	<b>Grant</b>
Aberdeen City Council	£ 99,601
Dundee City Council	£103,000
Edinburgh City Council	£149,350
Glasgow City Council	£149,350

**Administration**

Monitoring and Claims

4. Councils are required to provide six-monthly progress reports at the end of October and April each year, which provide details of their project's achievements. LA's claim their grants at quarterly intervals in arrears. They also submit an audit certificate by 30 June each year showing actual expenditure met from their grant award in the preceding financial year.

## **RURAL COMMUNITY TRANSPORT INITIATIVE (RCTI)**

### **Introduction**

1. The RCTI grant scheme was introduced in 1998-99 as part of the Rural Transport Fund. The scheme's aim was "to fund community transport measures which will be of particular help in the more remote areas of Scotland particularly where there are no scheduled bus services or where the services are very limited".

### **Funding Rounds**

2. Latterly, there were 2 funding rounds per year. New applicants wishing to apply for funding and existing projects wishing to apply for continuation funding submitted bids to these rounds. The rounds worked to a fixed timetable.

### **Training for Project Staff**

3. The Executive provided detailed funding guidance at regular seminars which were held across Scotland. These proved useful in raising people's understanding of the policies and administration arrangements. Related benefits included more accurate and timely grant claims and far fewer telephone enquiries directed to the Executive.

### **Grant Awards**

4. Grant awards were limited to a maximum of 75% of estimated eligible project costs. Projects were encouraged to claim grant within one calendar month at the end of each quarter. At the end of each financial year, the total in-year expenditure was calculated and the final payment adjusted to ensure that the project had received all that it is due for that year.

### **Monitoring Requirement**

5. Projects were required to submit a standard six-monthly progress report to the Executive at the end of April and October each year. Projects also copied these reports to the CTA for information. The reports enabled the Executive to monitor projects' performance against the targets proposed in their funding applications.

## **RCTI GRANT SCHEME: EXAMPLES OF ELIGIBLE & INELIGIBLE EXPENDITURE**

### **Eligible Expenditure**

#### **1. Vehicle Purchase**

- Cost of vehicle
- VAT
- Road Tax, Registration, Delivery
- Insurance
- Conversion costs
- Signage on bus

2. **Coordinator/Development Worker**

Salary

Expenses - travel, accommodation, subsistence

Accommodation - rent, electricity, phone, fax

Photocopying

Stationery

Computer equipment

Advertising

Training

In-kind costs supported by letter from other organisation (usually a local authority allowing free rent, heating, lighting, etc)

3. **Project Costs**

Business support

Training drivers

Section 19 and 22 Permit costs

Auditors fees

Company House fees

Fuel

Vehicle servicing and repairs

Bus/taxi hire (when essential to cover for temporary non-availability of own vehicles)

CTA membership

Hire of operators

Hire of meeting rooms

Volunteers expenses

Drivers expenses

Drivers salaries

Prizes/raffle tickets/snacks only as part of fundraising events

## RURAL PUBLIC PASSENGER TRANSPORT (RPPT) GRANT SCHEME

### Introduction

1. The RPPT grant scheme was introduced in 1998-99 as part of the Rural Transport Fund. The scheme's objectives were:

- to improve transport accessibility in rural areas;
- to reduce social exclusion from transport services; and
- to improve connections in remote rural areas.

2. The budget was divided amongst all LAs, except the 4 City Councils, according to a funding formula. There was no need for LAs to submit spending proposals at the beginning of each financial year. The formula was changed for use from 2007-08 but, following consultations with CoSLA, results were adapted to ensure that no LA received less than in 2006-07.

3. The 2007-08 budget was £7.4m as set out below. No funding commitments had been made beyond 2007-2008.

### GRANT ALLOCATIONS 2007-08

Local Authority	2007-08 (£000)
Aberdeenshire	726
Angus	223
Argyll & Bute	838
Clackmannanshire	59
Dumfries & Galloway	547
East Ayrshire	84
East Dunbartonshire	55
East Lothian	92
East Renfrewshire	54
Eilean Siar	547
Falkirk	82
Fife	163
Highland	1447
Inverclyde	51
Midlothian	71
Moray	175
North Ayrshire	109
North Lanarkshire	71
Orkney Islands	284
Perth & Kinross	322
Renfrewshire	58
Scottish Borders	356
Shetland Islands	350
South Ayrshire	139
South Lanarkshire	224
Stirling	143
West Dunbartonshire	55
West Lothian	76
<b>Total</b>	<b>7401</b>

## **Administration**

**5.** Councils claimed grant in arrears at either quarterly or six-monthly intervals and also completed an Audit Certificate by 30 June each year, which showed which services their grant was used to support in the preceding financial year.