INTRODUCTION

My name is Alex Macaulay and, since July 2006, I am Partnership Director of SEStran, the South East of Scotland Transport Partnership, having previously been Projects Director of tie Ltd., a head of service with the City of Edinburgh Council, Depute Director of Transportation with Lothian Regional Council, an Associate Director with a major transportation consultancy and Assistant Director of Roads and Transportation with Central Regional Council.

SEStran (South East Scotland Transport Partnership) is the statutory transport partnership of the eight local authorities Clackmannanshire, East Lothian, City of Edinburgh, Falkirk, Fife, Midlothian, Scottish Borders and West Lothian. It should be noted that, due to the tightness of time from the invitation to present evidence, the SEStran Board has not had the opportunity to consider this evidence. Therefore any opinions expressed are my own.

The Cabinet Secretary for Finance and Sustainable Growth announced the Scottish Budget Spending Review 2007 to Parliament on the 14th November. On the same day, supplementary information was provided by civil servants on the implications for Regional Transport Partnerships.

In terms of the detailed implications of the Budget there are areas that are not yet clear. In presenting my evidence to the Committee, I have sought to highlight these areas and the possible implications for SEStran for the Committee’s benefit. I am sure there will be further discussions with civil servants soon which will clarify matters and the outcome of those discussions will be reported to future board meetings of SEStran.

SCOTTISH BUDGET SPENDING REVIEW 2007

The key elements of the Cabinet Secretary’s announcement as they will affect SEStran are outlined below.

Chapter 17 of the Spending Review heralds a new relationship between Central and Local Government. In recognition of local government’s vital role, the Scottish Government is seeking a new and much more productive relationship with local government, where they work in partnership to deliver agreed national outcomes and local priorities which give the best outcomes for people right across Scotland as well as the communities in which they live.

As part of the new relationship, local government will be expected to contribute to the delivery of the national Strategic Objectives, outcomes, indicators and targets, and in this way to support the Scottish Government in the delivery of its overarching purpose.

The funding on offer as part of the overall package will enable local authorities to deliver across all of their various functions. It brings together virtually all the funding that will be provided to local government which, in previous spending documents, would have been included under different portfolio headings.

A list of those specific (ring fenced) grant schemes that are expected to continue in 2008-09 and those that will be incorporated into the local authority settlement total is provided in table 17.02 of the Budget. The prospect that the list of ring fenced funding may reduce further by 2010-11 is highlighted.
There are some further pockets of funding allocated to local government, in addition to those included within table 17.02. These include, for example, a significant contribution to the Edinburgh tram project;

Table 17.02 indicates, under Finance and Sustainable Growth, that Regional Transport Partnership Capital Grant is specifically included in the ring fenced section i.e. not included in the rolled up local government settlement

As covered later in this report, we are advised that this does not apply to all Regional Transport Partnerships and, apart from ring fencing of SPT funding, RTP capital has been included in the rolled up local government settlement.

Chapter 20 presents the draft budget for Finance and Sustainable Growth. The budget for Sustainable and Active Travel promotes alternatives to car use and more active forms of travel, particularly cycling and walking, by supporting projects which raise awareness or facilitate sustainable travel choices.

The budget for Transport Strategy and Innovation provides running cost support for regional transport partnerships, the Mobility and Access Committee for Scotland (MACS), Passengers’ View Scotland and support for innovative transport solutions. In the case of RTPs, this provides for the Scottish Government’s match funding of Local Authority requisitions. However, there is no allocation for RTP Capital grant.

Among the budget changes indicated in this section is increased provision for sustainable and active travel to promote alternatives to car use and active travel, particularly cycling and walking. This is consistent with verbal information from civil servants that direct funding for travel planning is being continued in 2008/9.

Chapter 27 presents the Draft Local Government budget. The key change in the local government budget is the inclusion in table 27.01, for the first time, of all specific revenue and capital grants that were previously recorded separately from the core local government finance settlement. As part of a move to outcome agreements, it is expected that the levels of ring-fenced specific grant funding streams and regulation will be substantially reduced. The sums released will be provided as general resource and capital grant. This, in turn, provides local authorities with much more flexibility in allocating resources to frontline services taking into account local circumstances and priorities. Further details of the resource and capital funding streams that will continue as specific grants will be confirmed following further consultation with local government. There is no mention of RTPs in this section.

THE SCOTTISH GOVERNMENT/COSLA CONCORDAT

The concordat sets out the terms of a new relationship between the Scottish Government and local government. It underpins the funding to be provided to local government over the period 2008/9 to 2010/11 and has been endorsed by both the Scottish Ministers and by the COSLA Presidential Team.

It should be noted that RTPs are not members of COSLA and have not been involved in the development of this concordat.

There is only one reference to RTPs in the concordat, at Annex B, where under Finance and Sustainable Growth, Regional Transport Capital Grant is identified as continuing to be Ring Fenced in 2008/9. The table in Annex B is the same as table 17.02 of the Scottish Budget.

The Concordat provides a jointly agreed package which will give local authorities substantially greater flexibility and also greater responsibility. In future, the onus will be increasingly on authorities to reach decisions on where money should be spent to achieve agreed outcomes.

Annex A of the Concordat includes a total of 45 indicators and targets that will be used to monitor progress towards meeting the Government’s high level targets. Only two of these relate directly to transport.

**Indicator 4:** Reduce the proportion of driver journeys delayed due to traffic congestion.
**Indicator 36:** Increase the proportion of journeys to work made by public or active transport.

**ADVICE FROM CIVIL SERVANTS**

Supplementary to the above published documents, the following advice has been obtained from civil servants on the implications of the announcement of the Spending Review.

RTP Core funding will continue to be provided by direct Government Grant based on the current 50% match-funding arrangement with Councils.

Other "Transitional Costs" funding to RTPs will cease.

Travel Plan Grant funding to RTPs will be continued for a further year in 2008/09.

DRT/RPPT/BRDG/PTF/ITF funding is to be allocated to local authorities as part of the Local Authority Settlement for 2008/09.

The Capital Grant direct to RTPs will be ended and rolled into the Local Authority Settlement. The only exception to this applies to £25m of the total £46.3m which has been ring fenced for Strathclyde Partnership for Transport. Consequently the treatment of SPT and therefore the local authorities within that area as compared to that of the other Regional Transport Partnerships and their partner authorities is fundamentally different.

**SEStran Draft Regional Transport Strategy**

SEStran presented its draft Regional Transport Strategy to Scottish Ministers on 31st March this year in line with the programme defined by Government. The RTS represents an ambitious programme for the SEStran area. In introducing the RTS Councillor Russell Imrie, the SEStran Chair said:-

“As Chair of SEStran, I am proud to introduce our Regional Transport Strategy. It represents an historic first opportunity to plan for the long-term transport needs of over 1.5 million people, living in Scotland’s most economically vibrant region. In developing the strategy, we have consulted extensively with stakeholders and the public, to ensure that as wide a range of views as possible from around the region are reflected.

South East Scotland needs a transportation system that is comprehensive, sustainable and inclusive. It must meet the needs of business and ensure that people living in the region can share in its prosperity. It must provide a choice of suitable transport options that will improve access to health care, education, public services and employment opportunities. It must also contribute towards reducing the emissions of greenhouse gases, and reducing the growing problem of traffic congestion.

Through our Regional Transport Strategy, SEStran wants to encourage people to make smarter choices when travelling. We want them to consider a range of transport options, including; cycling and walking, making sensible use of their cars, avoiding single occupancy journeys wherever possible, and by making public transport their travel mode of choice.

We are already supporting a significant programme of initiatives that offer real added value to public transport provision. In 2006-7 alone we supported over 50 infrastructure improvement projects, in partnership with local authorities. This year we will spend an additional £10 million on projects ranging from park and ride, to bus priority schemes and improved cycle paths. Over the next 15 years, we hope to invest almost £1 billion in improving infrastructure and transport services throughout the South East Scotland, as the Regional Transport Strategy is implemented.

The Regional Transport Strategy is no quick fix. It will take time, planning and resources to ensure that South East Scotland has a transportation system that fully meets the needs of the whole community. It will also take close cooperation with a wide range of partners and stakeholders. SEStran aims to make that system a reality, starting now.”
The RTS has an ambitious vision for the SEStran area as follows:-

‘South East Scotland is a dynamic and growing area which aspires to become one of northern Europe’s leading economic regions. Essential to this is the development of a transport system which enables businesses to function effectively, allows all groups in society to share in the region’s success through high quality access to services and opportunities, the environment, and contributes to better health.’

In seeking to deliver on this vision the RTS has identified a series of objectives under the following headings

‘Economy’ – to ensure transport facilities encourage economic growth, regional prosperity and vitality in a sustainable manner

‘Accessibility’ - to improve accessibility for those with limited transport choice or no access to a car, particularly those who live in rural areas

‘Environment’ – to ensure that development is achieved in an environmentally sustainable manner

‘Safety and Health’ – to promote a healthier and more active SEStran area population

The RTS delivery has been divided into three areas. These along with the RTS proposed budgets which are additional to Local Authority core budgets currently funded through Capital Consents are set out below:-

**Region-wide initiatives** – measures affecting the whole SEStran area

<table>
<thead>
<tr>
<th>£,000</th>
<th>Short Term 2008-2011</th>
<th>Medium Term 2011-2016</th>
<th>Long Term 2017-2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>15,843</td>
<td>44,985</td>
<td>50,047</td>
</tr>
<tr>
<td>Capital</td>
<td>14,450</td>
<td>64,100</td>
<td>63,100</td>
</tr>
<tr>
<td>Total</td>
<td>30,293</td>
<td>109,085</td>
<td>113,147</td>
</tr>
</tbody>
</table>

**Initiatives for specific areas and groups** – aimed primarily at accessibility and providing minimum levels of service to specific localities and groups, and rural areas more generally

<table>
<thead>
<tr>
<th>£,000</th>
<th>Short Term 2008-2011</th>
<th>Medium Term 2011-2016</th>
<th>Long Term 2017-2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>15,361</td>
<td>44,830</td>
<td>59,306</td>
</tr>
<tr>
<td>Capital</td>
<td>6,000</td>
<td>12,000</td>
<td>12,000</td>
</tr>
<tr>
<td>Total</td>
<td>21,361</td>
<td>56,830</td>
<td>71,306</td>
</tr>
</tbody>
</table>

**Network-based initiatives** – covering carefully targeted physical infrastructure schemes and public transport supply on the principal travel corridors

<table>
<thead>
<tr>
<th>£,000</th>
<th>Short Term 2008-2011</th>
<th>Medium Term 2011-2016</th>
<th>Long Term 2017-2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>33,379</td>
<td>76,781</td>
<td>64,180</td>
</tr>
<tr>
<td>Capital</td>
<td>116,327</td>
<td>162,668</td>
<td>51,160</td>
</tr>
<tr>
<td>Total</td>
<td>149,706</td>
<td>239,449</td>
<td>115,340</td>
</tr>
</tbody>
</table>

We are advised that the total transport budget to be transferred from previously ring fenced budgets and that has now been rolled up into the Local Authority Settlement is £46.3m for 2008/9. Of this an £11m allocation to Glasgow underground has been ring fenced for SPT.
This leaves a balance of £35.3 million which matches the annual total announced for 2006/7 and 2007/8 by Tavish Scott in December 2005 comprising:

TACTRAN £3.328m
HiTrans £3.530m
NESTRAN £3.012m
Zettrans £0.177m
SEStran £9.614m
SWestrans £1.112m
SPT £14.228m
Total £34.941m

Taking the Glasgow Underground figure of £11m and the £14m above for SPT this reconciles to the total of £25m which we are advised has been ring fenced for SPT and not rolled up into the Local Authority settlement leaving approximately £21m which has now been allocated directly to local authorities in the rest of Scotland. None of the £21m will be allocated to RTPs. On the basis of the information available, I would estimate that SEStran local authorities’ share of the monies rolled-up would be £9.6m.

It should be noted that SEStran is currently managing a budget of £14.8m for this financial year. This includes a one of total of £4.571m for projects funded from the Public Transport Fund and the Integrated Transport Fund. We had hoped that the monies previously part of the ITF and PTF would have been re-allocated to transport in some way. On the basis of the figures covered in paragraph 5.5 this would not appear to be the case representing a reduction in available transport funding. If the SEStran area’s share of available capital funding is £9.6m as outlined in paragraph 5.5 and if this level is maintained over the three year period of the budget, this would represent a total capital available for transport in the SEStran area to contribute towards meeting the objectives of the RTS of the order of £28.8m compared to the RTS bid of £130.783m. It is therefore apparent that the aspirations contained in the RTS for delivery of capital projects will need to be severely curtailed in the light of available finance.

In the context of revenue we are advised that while core funding and Travel Planning funding for RTPs will continue in 2008/9, the transitional funding that has contributed this year to funding of RTS initiatives will cease. The possible implications of this for RTPs is summarised below based on a distribution similar to last year.

<table>
<thead>
<tr>
<th></th>
<th>2007/8</th>
<th></th>
<th>2008/9</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Core</td>
<td>RTS</td>
<td>Total</td>
<td>Core</td>
</tr>
<tr>
<td>TACTRAN</td>
<td>210</td>
<td>320</td>
<td>530</td>
<td>210</td>
</tr>
<tr>
<td>SEStran</td>
<td>360</td>
<td>900</td>
<td>1260</td>
<td>360</td>
</tr>
<tr>
<td>HiTrans</td>
<td>200</td>
<td>330</td>
<td>530</td>
<td>200</td>
</tr>
<tr>
<td>Nestran</td>
<td>350</td>
<td>320</td>
<td>670</td>
<td>350</td>
</tr>
<tr>
<td>Shetland</td>
<td>247</td>
<td>200</td>
<td>447</td>
<td>247</td>
</tr>
<tr>
<td>South West</td>
<td>100</td>
<td>200</td>
<td>300</td>
<td>100</td>
</tr>
<tr>
<td>SPT</td>
<td>400</td>
<td>1030</td>
<td>1430</td>
<td>400</td>
</tr>
<tr>
<td><strong>1867</strong></td>
<td><strong>3300</strong></td>
<td><strong>5167</strong></td>
<td><strong>1867</strong></td>
<td><strong>2848</strong></td>
</tr>
</tbody>
</table>

It should be noted that the SEStran core budget for 2007/8 included £60,000 for the Round the Forth Cycle path, match funded by the Local Authorities. It is not clear whether this element of core funding will continue. In addition to the above figures for 2007/8, SEStran has been awarded £92,000 for part funding of the cross Forth hovercraft trial.

On the basis of the above figures, the available funding for revenue spending on RTS implementation is likely to be reduced by around 14% In the case of SEStran approximately £0.75m a year with possibly £0.1m a year for travel planning, would produce a total of £2.55m over three years. It should be emphasized at this point that these are my estimates in
advance of detailed discussions with officers of the Scottish Government. Compared to the RTS bid of £64,583m over the same period this level of funding would not make an impression on provision of viable alternatives to use of the private car in the SEStran area.

**IMMEDIATE IMPLICATIONS FOR SESTRAN**

The continuation of core funding from the Scottish Government to match fund the local authority contribution is welcome. This covers the cost of staff, office accommodation, supplies and materials and communication. As such the core functions of SEStran can continue.

The loss of transitional costs funding is regretted but not surprising in the context of a tight budget settlement. This funding in the past covered the exceptional costs of establishing SEStran. The scale of any residual revenue budget to cover project work is not yet clear but on the basis of the national budget as published it could be of the order of £0.75m which represents a reduction of 17%. Consequently rather than planning for increases in project management capability, I propose no change to staffing levels with a redeployment of existing staff to reflect this budget. At present we have a total of four part time consultants supporting our revenue and capital programme and their involvement would cease at the end of this financial year.

Travel Plan funding will be continued for 2008/9 and when read in conjunction with the three year budget for sustainable and active travel which is planned to increase it would not be unreasonable to budget for £100,000 a year. This would continue to fund the travel plan officer and the level of activity he is presently managing with no potential for growth.

The change of government policy on the allocation of DRT/RPPG/RCT grant away from RTPs directly to local authorities removes the need for a DRT officer post for which we had advertised and interviewed. I have now written to all the candidates advising them that, with regret, I am not now in a position to make an appointment. The major implication of this is that the prospect of developing region wide initiatives in this area to better target resources and encourage shared use of facilities such as regional dispatch centres has now become remote with the likelihood that local authorities will focus on local need in their spending priorities.

The removal of direct capital grant from RTPs and its allocation directly to local authorities has a major impact on SEStran. We are currently controlling a capital budget of £14.8m and had hoped that this may have been increased through the consolidation of Scottish Government ring fenced budgets. However, this budget has been reduced to £9.6m and is now allocated directly to the local authorities as part of their block settlement. It is now a matter for the local authorities firstly to determine their priorities for transport spending as compared to other service areas, secondly to decide if any of that transport budget should be allocated to Regional rather than local priorities and thirdly whether the delivery of transport projects should be carried out by the local authorities themselves or by the regional transport body. This introduces a high level of uncertainty as regards regional transport investment in the SEStran area with the possibility that the already tight budget settlement will be cut further by transfer of funds to other service areas. This is in contrast with the position in the west of the country where SPT have been successful in continuing the ring fencing of capital to them to the extent of £25m, approximately the same level as this current year. It is difficult to understand why if there is a case for ring fencing in the SPT area, that same case is not just as pressing in other regions of Scotland.

Within SEStran we have successfully managed a capital programme of £9.6m in 2006/7 and are managing a programme of £14.8m in 2007/8. The 2006/7 programme was brought in within 4% of the approved budget and we are on target to deliver this year’s programme on budget. A comparison between the original approved budget and the out turn expenditure by local authority area is shown below. During both financial years, as a result of unforeseen circumstances in the local authority delivery of projects, the SEStran board has approved significant re-distribution of funds between the partner authorities while still ensuring that spending was directed to SEStran priorities. This has been achieved with the agreement of the partner authorities but could only have been achieved because SEStran was in control of the budget and able to make adjustments in a timeous manner. This will not necessarily be possible if the budgets are controlled by the individual authorities with the possibility of any
adjustments being kept within any particular authority and directed towards other service areas. Consequently, if this were to take place, SEStran’s ability to deliver it’s Regional Transport Strategy could be severely compromised.

### SEStran Capital Programme 2006/7 and 2007/8

<table>
<thead>
<tr>
<th>Local Authority Area</th>
<th>2006/7</th>
<th>2006/7</th>
<th>2007/8</th>
<th>2007/8</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Approved</td>
<td>Out Turn</td>
<td>Approved</td>
<td>Projected</td>
</tr>
<tr>
<td></td>
<td>Budget £</td>
<td>(£ Aug 2006)</td>
<td>Budget £</td>
<td>Out Turn £</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(June 2007)</td>
<td>(Nov 2007)</td>
</tr>
<tr>
<td>CEC</td>
<td>2,876,000</td>
<td>3,755,000</td>
<td>9,170,778</td>
<td>7,280,000</td>
</tr>
<tr>
<td>Clackmannan</td>
<td>220,000</td>
<td>217,439</td>
<td>122,561</td>
<td>173,000</td>
</tr>
<tr>
<td>East Lothian</td>
<td>205,000</td>
<td>148,887</td>
<td>636,439</td>
<td>580,000</td>
</tr>
<tr>
<td>Falkirk</td>
<td>850,000</td>
<td>1,210,143</td>
<td>825,209</td>
<td>1,207,000</td>
</tr>
<tr>
<td>Fife</td>
<td>2,104,000</td>
<td>1,859,226</td>
<td>1,532,004</td>
<td>1,550,000</td>
</tr>
<tr>
<td>Midlothian</td>
<td>830,000</td>
<td>829,820</td>
<td>861,197</td>
<td>1,591,000</td>
</tr>
<tr>
<td>Scottish Borders</td>
<td>280,000</td>
<td>312,868</td>
<td>493,317</td>
<td>544,000</td>
</tr>
<tr>
<td>SEStran wide</td>
<td>304,040</td>
<td>79,545</td>
<td>450,000</td>
<td>76,000</td>
</tr>
<tr>
<td>West Lothian</td>
<td>850,000</td>
<td>938,452</td>
<td>756,548</td>
<td>857,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>8,519,040</td>
<td>9,252,553</td>
<td>14,838,053</td>
<td>13,278,000</td>
</tr>
<tr>
<td><strong>Grant level</strong></td>
<td>9,613,565</td>
<td>14,838,053</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Within the above figures there have been significant adjustments required to major projects which have been accommodated through a combination of adjustments within local authority areas and transfers of funds between authorities. Again this has been possible through the ability of the SEStran board to make timely decisions without the need to seek individual local authority approval of the changes. This ability to pro-actively manage the programme will be severely restricted if not eliminated through the new funding arrangements.

### EFFECTIVE PARTNERSHIP WORKING

SEStran has worked effectively as a partnership with not only the constituent local authorities but also Scottish government and the wider transport industry. Liaison meetings and forums on bus, rail, cycling and travel planning are held regularly with representatives from across all sectors of the industry in attendance. At all stages of project delivery consultation is inclusive with various project teams now formed with personnel drawn from local authorities, public transport operators and Scottish government agencies. SEStran has facilitated many successful transport interventions with the most recent high profile project being the Forthfast Hovercraft trial in partnership with Stagecoach, The city of Edinburgh Council, Fife Council, Lothian Buses and the Scottish Executive. Other projects on the cusp of delivery include a proposal to provide High Occupancy Vehicle lanes on the southbound approach to the Forth Road Bridge in partnership with Fife Council and Transport Scotland and also a project to deliver a region wide Real Time Passenger Information System with all the constituent SEStran authorities and bus operators participating. Sestran has already provided funding to roll out the City of Edinburgh Council passenger information system into East Lothian and Midlothian and these systems are proving to have many benefits not only for the travelling public but also the management of bus operations. Last year SEStran procured bus registration system software and a server that now acts as a data hub for all the partnership authorities with financial savings being made through economy of scale and the need for less hardware. This database will provide useful data for the implementation of other projects and is of great benefit to the smaller local authorities with less resource to deal with these issues.

Over the past year SEStran has developed successful and effective partnership working, which demands good communication and consultation with all participants. The Partnership Board contribute greatly to this process and to date there has been no need to vote on any agenda issue as consensus has always been achieved through debate at meetings. This process has enabled SEStran to successfully manage its capital budget and direct funding at delivery of the Regional Transport Strategy and keep within budgets as described earlier in this evidence.
SEStran is in the process of implementing management systems to further improve the project delivery process and these include the establishment of a series of term framework contracts which will cover all aspects of transport interventions and greatly reduce the project delivery time, a project appraisal system to prioritize proposals and a risk management strategy being developed to include both strategic and project risk. The office management structure has also now been established and developed to enable the delivery of the Regional Transport Strategy and this will require review if capital funding is not made available.

**SUMMARY**

The statement that Core funding will continue to be provided by direct Government Grant based on the current 50% match-funding arrangement with Councils is welcomed.

The announcement that Travel Plan Grant funding to RTPs will be continued for a further year in 2008/09 and that there appears to be a continuing commitment to increased funding for sustainable transport over the three year budget period is also welcomed.

The decision that DRT/RPPT funding is to be allocated to Councils as part of the Local Authority Settlement for 2008/09 is regretted in that it could severely prejudice the ability to develop DRT on a regional basis and thereby provide economies of scale and better targeting of investment.

The decision that other "Transitional Costs" funding to RTPs will cease is noted.

The levels of capital and revenue that have either been allocated to transport or rolled up in the local authority settlement from previous transport budgets falls far short of that required to make significant improvements to transport in the SEStran area as defined in the regional transport strategy.

The decision that Capital Grant direct to RTPs is also to be ended and rolled into the Local Authority Settlement is greatly regretted. This will severely prejudice SEStran’s ability to deliver on the objectives contained within the regional transport strategy and could result in a further erosion of transport’s share of available budgets.

Alex Macaulay
SEStran Partnership Director
22nd November 2007
HITRANS is the statutory Regional Transport Partnership covering most of the Highlands and Islands (Highland Council; Moray Council; Orkney Islands Council; Western Isles Council and parts of Argyll and Bute).

Its duty as a Model 1 Partnership is to prepare and submit for the approval of the Minister a Regional Transport Strategy (RTS); to undertake research and gather information about the transport needs of the region; coordinate actions by individual Councils; and to implement the regional transport strategy and related projects in partnership with the Local Authorities, Community Planning Partners and other agencies in the region.

The Regional Transport Strategy was submitted to the Minister in March 2007 following its endorsement by each of the constituent Councils and major stakeholders including Highlands and Islands Enterprise. Its key aim is to enhance the region’s viability and to enable the region to compete and support growth.

Since its creation in December 2005 HITRANS has delivered significant improvements in transport services and infrastructure across the region working in partnership with its constituent Councils, transport operators and the Government’s agencies. In particular high quality transport interchanges in Port Askaig, Fort William, Lochmaddy and Kirkwall have been developed, low floor accessible buses have been introduced across the region, and active travel schemes introduced to encourage modal shift and improve people’s health.

The Partnership has carried out a number of studies to support the development of transport priorities identified within the Strategy including work to identify levels of service and need for road based public transport, an audit of the potential for greater active travel in our key settlements across the region, the case for improving access to our most remote areas, and studies to establish the economic benefit from major infrastructure improvements on the major arteries servicing the region. It has worked closely with the Councils, Highlands and Islands Enterprise and stakeholder groups in undertaking this work.

Implications of the Budget Spending Review proposals on the Highlands and Islands.

HITRANS welcomes many of the announcements in the Scottish Government Spending Review as presented to Parliament on 14th November and notes with interest the new concordat between the Government and CoSLA with its associated commitments and National Performance Framework.

The following commitments are identified within the Review which will support transport provision across the highlands and islands.

1. the intention to reduce rail journey times between our major cities,
2. the introduction of a Rail Small Programme,
3. increasing expenditure on maintaining trunk roads,
4. continuing support for Highlands and Islands Airports Limited,
5. a commitment to fund the continuation if the Air Discount Scheme,
6. increasing support for sustainable and active travel,
7. a commitment to funding a trial of Road Equivalent Tariff on ferry services,
8. funding for a new ferry service between Campbeltown and Ballycastle.

The Budget Spending Review document reflects the proposed funding settlement across the whole public sector at a strategic financial level aimed to allow appropriate Parliamentary scrutiny. It does not at this stage provide detail of individual funding streams, the amounts involved or the detail of their distribution. It is understood that this will be provided in the Local Government Settlement document which is to be presented to Parliament in December.
The comments offered at this time must therefore reflect the limited information currently available on the intended transport allocations.

Clarification has been sought from Scottish Government officials on the implications of proposals in the Review as it impacts on transport service delivery across the country. From these helpful discussions the following is our understanding of the Government’s intentions,

1. Ring fencing of transport funding will be limited to RTP capital grant for SPT which will continue at its current level, and funding for cycling, walking and safer streets,
2. Previous capital grant allocations to the 6 other RTPs are to be discontinued, with capital funding in future being allocated directly to Councils as part of the local government block capital allocation, with no prioritisation, or ring fencing for transport,
3. Current ring fenced funding for Demand Responsive Grant, Rural Public Passenger Grant, Bus Route Development Grant, School Travel Coordinators, Piers and Harbours Grant, and the Public Transport Fund are to be rolled up into the overall local government settlement in 2008/09.

The government has identified its Purpose is ‘to focus government and public services on creating a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable growth’ and this is reflected in the Government’s Economic Strategy published on 13th November. This document identifies the need to improve the infrastructure supporting economic growth, of which transport is arguably the most important particularly in providing equity of opportunity. The Budget Review in reflection of this important focus provides for encouraging economic activity and investment across Scotland, thereby sharing the benefits of growth. It provides ‘increased investment in Scotland’s strategic transport networks, providing over £2.5billion by 2010-11 to support the efficient movement of goods and services’. It is therefore concerning that no mention is made of the need to incur expenditure on the improvements to the A82 at Pulpit Rock and Crianlarich within the Budget timeframe to ensure completion of these projects in 2011/12 as previously indicated as their intention. These schemes are critical as an initial stage of the work necessary on this route to enable regeneration of the beleaguered economy of the west highlands and islands.

To meet the Governments aims of ‘generating greater and more widely shared employment’ and ‘additional choices and opportunities for Scotland’s people’ transport must play a major role and local government is being tasked through the concordat with helping deliver these outcomes. The National Performance Framework includes some 45 national indicators and targets to achieve its identified National Outcomes, of which only 2 relate to transport

- **Indicator 4** Reduce the proportion of driver journeys delayed due to traffic congestion.
- **Indicator 36** Increase the proportion of journeys to work made by public and active transport.

To ensure optimum achievement of these targets joint working between Councils, through RTPs, will be necessary as commuting now occurs on a much larger than that covered by individual Councils.

Local Government faces significant challenges in delivering services across a wide agenda in the next 3 years within the concordat agreed by CoSLA. Removal of ring fencing of funding in a number of areas will provide them with the opportunity to optimise the use of both revenue and capital funding in achieving their goals reflecting local need, however this will inevitably result in reductions of service in some areas. Historically a number of Councils faced with such circumstances have found it necessary to reduce investment in infrastructure maintenance and transport service provision to meet pressing short term requirements elsewhere.

**Demand Responsive Transport**

Ring fenced additional grant was previously offered to Councils to improve the availability of minimum levels of public transport in rural and remote rural areas through the Rural Public Transport Grant, where commercial and Council supported services were either inadequate or unavailable. Funding was additionally supplied through direct Government grant to support
the delivery of demand responsive and community transport services, through the DRT and Rural Community Transport Initiatives, to the most mobility challenged groups who would otherwise be unable to access services. The budget proposals remove protection for all three of these funding streams. This is particularly significant in the HITRANS area where some £4.5m of the current overall £10.5m of funding is directed in reflection of the significant challenges of peripherality and sparsity faced by communities in the region. Based on information currently available there is no guarantee that Councils will be able to maintain or develop services in this area given the tight budget settlement and the other pressing challenges they face.

The RTPs had, prior to the Draft Budget Statement, been tasked with delivering these transport services from 2008/09. They had, with Scottish Government, agreed an appropriate distribution mechanism across the country for the anticipated enhanced level of funding, which ensured services would not be put at risk but rather improved in the years ahead. HITRANS has, in meeting this commitment, already invited applications for funding of Community Transport Projects run by voluntary organisations without funding from April 2008, in reflection of the need for continuation of the services provided by this sector. This action was instigated to provide a degree of reassurance to the recipients of these valued services and to minimise the employment implications for the delivery organisations in the months ahead. HITRANS also committed to ensuring no on-going services currently supported by any of the other funding streams would be lost were the appropriate funding and responsibility for providing these services passed to it for delivery.

**Capital Investment in Transport Infrastructure**

As identified above in Para 1.4 significant transport improvements have been delivered by RTPs in the past through the provision of capital investment and it is encouraging that this approach to funding is being maintained on a ring fenced basis in the SPT area ensuring necessary enhancements in transport services are delivered to meet the needs of that region. Given the success of the other RTPs in achieving equivalent benefits within their areas through partnership working with their constituent Councils, it is disappointing that the rest of Scotland is not being offered guaranteed levels of capital investment in the transport sector as that to be enjoyed in the west.

Within its Regional Transport Strategy HITRANS identified the need in the short to medium term for significant levels of investment in the smaller Council areas necessary to ensure these communities could add value to the overall economy of the region and the country as a whole. These priorities which require high levels of capital funding to deliver, including replacement of the local ferries in Orkney and the completion of the spine road in Eilean Siar, are likely to be outwith the ability of these individual Councils to fund within their overall allocations, yet a delivery commitment was agreed by all in the Partnership as part of a regional approach to prioritising investment needs, reflecting an inclusive approach across the region to meeting our aims.

The RTPs each await approval of their regional transport strategies and commitment from Government to implement the associated programmes which identified common goals across wide geographical areas. The Budget Spending Review identifies no opportunity before 20010/11 to initiate the regional strategies which reflect the aims of the National Transport Strategy, possibly resulting in a loss of strategic direction across the country in this sector which is so critical to achieving economic growth.

**Piers and Harbours Grant**

As for other capital funding streams, in the specific area of Piers and Harbours capital support, grant has historically been managed by the Government to support one off capital improvements to piers and harbours owned by Councils and Harbour Trusts in the west and northern isles necessary to ensure delivery of lifeline ferry services. The grant, which would meet up to 75% of the capital cost of the works, is now to be rolled up into the local government settlement across Councils. There is no indication as yet as to how the funding will be distributed between Councils, but irrespective, the mechanism for funds to be managed in a manner that supports demands for substantial capital funding for individual projects across the country will be lost. Individual Councils may well not be in a position to
provide capital support in the necessary timescale with knock on impacts on Government’s ability to maintain lifeline links to island and peninsular communities.

Conclusion

There are a number of positive proposals in the Scottish Budget Spending Review 2007 for transport service delivery, which HITRANS would welcome. Without knowing the detail of the proposals in specific areas in terms of funding levels relative to current expenditure, and to what extent Councils will be able to support investment in transport services and infrastructure improvements which are so critical to enhancing the viability of the highlands and islands, it is difficult to comment in detail on the budget proposals or the impact they will have. HITRANS continues to be committed to improving transport services and networks which are so critical to our country and the highlands and islands in particular, and will work jointly with all its partners and stakeholders to deliver a region able to compete and sustain growth.

Dave Duthie
HITRANS Partnership Director
22nd November 2007
Introduction

Strathclyde Partnership for Transport (SPT) formally came into effect on 1 April 2006 as a result of the Transport Act (Scotland) 2005. By virtue of this legislation and supporting orders, SPT is a successor body to what was SPTA and SPTE and has had all powers and responsibilities transferred to it, with the exception of rail franchise management powers. SPT has played a vital role in the delivery of transport in the West of Scotland since the creation of SPTE following the Transport Act 1968, and has maintained these vital transport links and services through the various local government changes since this time. SPT has a proven track record of delivering transport in the West of Scotland.

SPT is different from the other four multi-council Regional Transport Partnerships (RTPs) and has been created under what has become known as a model three partnership. In effect this means that SPT has a board of 20 elected members nominated by constituent councils plus up to 9 other members appointed by the Transport Minister. SPT is responsible for not only transport planning, and promotion but also delivery in the West of Scotland. SPT owns and operates the Glasgow Subway and Renfrew Ferry, and delivers many bus related services throughout the West of Scotland, including the delivery of key policy areas such as school transport services, rural transport planning and delivery, and demand responsive transport on behalf of the 12 councils making up the SPT area. SPT also manages all bus infrastructure, bus stations, bus stops and importantly information standards and distribution. This includes filling the gap left in the private sector bus networks where a socially necessary service is required. This budget is significantly constrained. We are also confirmed by Parliament as the promoter and delivery agent for the Glasgow Airport Rail Link, and actively pursuing many other essential large transport projects.

Since its creation in 2006, SPT has produced and submitted the regional transport strategy (RTS) to the Transport Minister which identifies the required interventions aimed at growing the economy and prompting modal shift over the next 15 years. It has aimed to ensure that our plans are affordable, provide quality accessible transport solutions for all areas of the economy, improves transport information and actively contributes to regeneration and the continued growth of the economy of Scotland in the widest sense. Importantly the RTS identified a step change was required specifically in relation to bus travel and delivery, and SPT has made significant steps in partnership with all of its stakeholders and regulatory organisations to ensure compliance with licence and registration commitments by private commercial operators who deliver 95% of bus mileage in the area. In support of these RTS aspirations and objectives, SPT is now monitoring unacceptable competitive behaviour as a step to ensuring quality and accessibility in transport.

SPT currently has a net revenue budget of approximately £45 million (gross revenue expenditure £70million) and a current capital spend in 2007/2008 of approximately £35million. SPT works in partnership with a vast array of key stakeholders to ensure that transport solutions are delivered in a cost effective and targeted way, contributing wherever possible to constituent councils desired outcome targets. SPT revenue funding is derived via requisition from the 12 constituent councils while capital grant is made directly from the Scottish Government.

Response to Budget Announcement

SPT welcomes and supports many of the announcements in the governments spending review presented to Parliament on 14 November 2007. In particular SPT notes with interest...
the agreement between the government and COSLA, and the desired national targets. SPT is actively engaged with all of its constituent councils to ensure that targets dependent upon or related to transport across the region are co-ordinated and delivered in a cost effective and sensible fashion. However, SPT is concerned that a number of these national outcomes require further consideration in terms of deliverables e.g. indicator 4 – increase the proportion of journeys to work made by public and active transport. This is a key aim of SPT with many interventions identified that will contribute to such a target. However it must be recognised that such an indicator is influenced by two possible areas – the first is the propensity to travel as a result of other policies such as housing policy or economic policy resulting in workplaces and residential areas no longer being co-joined, and the second is the availability and quality of the alternative travel modes. Quality transport interventions require funding of both capital investment and ongoing revenue to support these assets ad services.

Support for Capital Projects and Transport Infrastructure

SPT welcomes the government’s announcement that capital funding will continue to be ring fenced for SPT capital projects, acknowledging the important role SPT plays in delivery of transport infrastructure delivery. This is a critical source of funding to ensure that the SPT owned and delivered services via the Glasgow Subway, Renfrew Ferry, and supporting bus infrastructure projects and contributions to smaller scale transport solutions can be targeted and delivered within the resources available and allows local priorities to be set and met. The outcome of the SPT initiative developing bus action plans will require capital investment if targets on quality, modal shift, vehicle quality and accessibility are to be met.

SPT recognises that for major projects such as GARL, Crossrail and Glasgow Subway modernisation it will be necessary to develop full financial cases in support of increased expenditure, and this will require central government support similar to that provided for the GARL project. SPT is also continuing to look at alternative routes of finance to support large scale projects such as spend to save initiatives, contributions from other agencies including the private sector and European funding in support of projects.

The detail available at this stage on capital funding, while confirming that financial support to the GARL project, does not allow a detailed analysis of the capital funding available for other projects such as Crossrail and the Subway modernisation. Both projects will positively contribute to the economic wellbeing of the West of Scotland and Scotland as a whole, and SPT is concerned that at this stage funding has not been earmarked to support these projects.

Support for Revenue Activities

SPT is funded for revenue services and debt charges relating to previous investments via a requisition from the 12 constituent councils, and historically has made the case that the level of revenue funding available is insufficient. This continues to be the case, particularly in relation to bus related services where the commercial market fails to deliver quality services in circumstances where it is not commercially viable but where and when social needs are prevalent. In funding terms, transport needs are assessed in priority terms against all other services delivered by local government, and quite rightly local priorities determine where funding is spent. However, the legacy of SPT being responsible for delivery while having limited influence directly over the available funding, a set of circumstances transferred from the previous SPTA, remains to be an issue. While SPT can determine a "needs based budget" for the regional area, in reality securing funding for this is always at risk in circumstances where the councils, who are not responsible for transport directly, determine that the available funding should be allocated elsewhere. This issue is now profound with the proposal to unhypothecated specific funding in relation to bus related transport.

SPT welcomed the previous announcement that funding for specific policy areas was being transferred to SPT directly, principally funding in support of demand responsive transport, community transport and rural transport. This was agreed as a significant step forward in the continued funding and delivery of quality bus services. SPT delivers all of these services, with the exception of community transport, on a regional basis currently achieving economies of scale, taking cognisance of route management and delivery of best value, and ensuring that bus services are delivered across local authority areas. SPT believes strongly in the merit of community transport but is concerned at non regulatory nature that exists. SPT has
highlighted a requirement to undertake an audit of community transport provision, which is presently unknown, and has no recognised standards in terms of quality, safety or governance.

SPT is therefore very disappointed and feels an opportunity has been lost by the recent budget announcement that DRT funding, rural transport funding and community transport funding is now to be unhypothecated and included within the local government settlement. As a result there can be no guarantee that these services will be planned on regional network basis, securing the highest level of services within the resources available. The funding available to SPT in support of these services will now be at the discretion of individual councils and at a local level which puts at risk the regional network planning benefits, e.g. what will now happen to a socially required service, not operated by the commercial market, which runs through three local authority areas. This service will be at risk should any one council determine not to provide funding in support of this area. Economies and efficiencies will be lost, good service planning will be eroded and ultimately the ability to travel in support of social need and supporting local economies will be at risk.

SPT, following the first announcement to direct the funding to RTPs had commenced plans which included setting quality targets across the whole of the SPT area, putting some control and regulation into the community transport area, and planning for a regional wide central booking and scheduling system in support of DRT, and to support community transport operators and council owned fleets to improve efficiency by undertaking all demand responsive trips in the SPT area. Without the surety of the funding as previously indicated there is a risk to this initiative which supports and demonstrates public service economy, efficiency and sound planning.

SPT would urge the Committee to press for this area to be re-considered in relation to the West of Scotland where SPT is the body responsible for delivering directly these areas of government policy.

SPT welcomes the continuation of RTP core costs - in SPTs case some £400,000, although as result of the model three structure the core costs of SPT are substantially greater than this. In addition, SPT welcomes the statement to support further sustainable transport and travel planning initiatives.

**Conclusion**

SPT considers that the announcement with regard to transport revenue funding has taken a "one size fits all" approach to funding, and the proposed change in policy regarding DRT, community transport and rural transport funding has not taken cognisance of the fact that SPT is the delivery vehicle for all of these policy areas in the West of Scotland, not the individual councils. As a result there is a risk to the delivery of robust qualitative services on a regional basis which supports socially necessary services in areas where the commercial market fails and thus support to economic growth could be undermined.

The announcement to continue capital support to SPT is welcomed and will allow SPT to determine the investment plans for services it delivers directly, while also acknowledging that alternative funding sources in support of larger scale investment will continue to be sought.

Valerie Davidson
Assistant Chief Executive (Business Support)
SUPPLEMENTARY WRITTEN EVIDENCE FROM COSLA – 5 DECEMBER 2007

Evidence to Transport, Infrastructure and Climate Change Committee – 27 November 2007

I write with regard to the evidence I gave to the Transport, Infrastructure and Climate Change Committee on 27 November.

Regrettably, due to misinterpretation of the position by my officers, I indicated to the Committee that all Regional Transport Partnerships (RTPs) capital budgets would remain ring fenced this coming financial year as in previous years, and would therefore be distributed to RTPs through local authorities.

Having checked further, I have been informed that while this is the case for Strathclyde Partnership for Transport, it is not the case for the other RTPs. To be clear, for all but SPT, the capital budgets have not been ring fenced under the Spending Review, and will instead be passed direct to individual local authorities. It will be for them to decide what to do with this money. However, as I said clearly in my evidence, transport is key to delivering many of the outcomes both national and local, and I would be surprised if councils did not continue to support regional transport arrangements at similar levels to before.

I apologise for any confusion that may have been caused by my relaying this misinformed position.

Yours sincerely

Cllr Alison Hay
COSLA Spokesperson for Regeneration and Sustainable Development

SUBMISSION FROM THE FREIGHT TRANSPORT ASSOCIATION – 5 DECEMBER 2007

FTA Response to the Draft Budget

The Freight Transport Association Scotland welcomes the publication of the Draft Budget and would like our comments to be considered as part of the Transport, Infrastructure and Climate Change Committee's scrutiny of the Budget Process 2008/09.

The spending commitments on transport infrastructure in the budget are crucial to delivering and maintaining the right infrastructure for business success and continued economic growth. In our opinion, developing better transport infrastructure is critical to the delivery of the Scottish Government's Strategic Objectives. Therefore, the FTA welcomes the Government's commitment to further transport investment and supports the aims and objectives contained in the Draft Budget.

However, the FTA is very concerned about future funding of the Regional Transport Partnerships. FTA was very supportive of the development of a strategic approach to transport based on regional priorities. However, the removal of the capital grant from the RTPs to the local authorities is of concern as RTPs will be required to bid for transport funding and, within the context of a tight budget settlement, local authorities will have competing priorities for delivery of local services such as education and social work.

The Freight Transport Association Scotland would be happy to have further dialogue with the Transport, Infrastructure and Climate Change Committee on this matter, if required.
THE SCOTTISH BUDGET and TRANSPORT
A response to the Draft Scottish Budget - December 2007

This Response by the Scottish Association for Public Transport to the Transport Infrastructure and Climate Change and Finance Committees of the Scottish Parliament is a contribution to possible amendments to the finalised budget due for parliamentary approval by February 2008.

Overall SAPT Response

The rise in total Scottish Government spend is restricted to 0.5%. Total rail spend falls by 1.2%. Motorway and trunk road spend rises by 9.2% but spend on major rail projects is down 7.8%. (Source: Scottish Government’s Budget 2007: Winners and Losers, Briefing 2, Centre for Public Policy Research). Comparisons appear to be with previously planned levels of spend rather than with actual spend in previous years. There is a need for greater clarity on capital and recurrent spend – and on the proportion of the latter related to costs of capital and PFI/PPP.

Judged against the prime aim of sustainable economic growth, the Budget has been criticised both for a preference for revenue spend over transport infrastructure investment, and for too high a priority for road investment. Given the SNP commitment to sustainable economic growth linked with 80% cuts in CO2 by 2050, there are convincing grounds for a lesser rise in Scottish Government allocations to road transport than those applied to other sectors. Transport is the fastest rising source of CO2. There is a plausible argument that greater emphasis should be placed on measures to tackle emissions from transport.

The structure of the transport investment budget is as important as the totality. The mix of road and rail and of large and smaller schemes may not be optimal. This consideration will be a necessary part of the Strategic Transport Review, due in 2008 and looking at spending beyond 2011. Increased transport spending may be very dependent on finding extra sources of funding and further reforms related to project procurement, borrowing powers and fiscal change.

However, three major issues relating to transport spend require urgent consideration in budget discussions. These are:-

- the structure of transport spend
- the impact of reduced ring-fencing on local authority decisions
- opportunities for efficiency gains and new sources for transport funding

The Structure of Transport Spend: CAPITAL v RECURRENT SPEND

The transport budget continues to incorporate a high level of recurrent spend – as on rail, bus and ferry support plus concession fare support and road scheme PPPs. These contain indirect elements of capital support. Yet high levels of recurrent support threaten capital investment – notably towards public investment to create a more efficient and sustainable transport network.

AIR and FERRY

The decision to phase out Air Route Development support is sensible. Continuing fares support on some routes to remoter areas in the Highlands and Islands are desirable. However, there should be correlation between the level of air and ferry support on a route-by-route basis to ensure the optimum balance of lifeline ferry and air service is provided.
The Budget includes a large rise in ferry service spending, likely to rise further if a form of Road Equivalent Ferry Tariff (RET) is introduced. Greater capital spend to deliver an improved network of terminals and routes could reduce the future level of ferry revenue support needed. The inquiry into ferry routes to be conducted by the Transport, Infrastructure and Climate Change Committee should help identify opportunities for this. Any changes should, however, maintain good integration between ferry and rail services to reduce the need to transport cars. (There is a clear danger that RET could generate greater demand for carrying cars on ferries, where improved public transport links with cheaper tickets could make it more attractive to make passenger journeys more economically by ferry, train and bus).

ROAD and RAIL
A fall in recurrent rail support could result from rising passenger revenue and further efficiency gains from rail maintenance and renewals (see Network Rail Business Plan). The Budget implies that such savings could be use to increase investment in a range of small, medium and major rail and tram schemes delivering well against objectives.

However, firm funding for such schemes will reach only £20m a year by 2010-11. A larger total coming from public funds is essential if more rapid progress is to be made on schemes such as additional rail electrification, extra rolling stock, and network and interchange improvements. A more ambitious aim would be £80m a year by 2010-11, partly financed by efficiency gains in motorway and trunk road maintenance (as advocated in the Howat Report on Public spending published in May 2003) and by downscaling or extending the phasing of major road schemes such as the urban M74, the Muirhead Bypass section of the M80 and the Aberdeen Western Peripheral Road.

Subject to the outcome of technical studies, upgrading of the existing Forth Road Bridge rather than an additional crossing could also cut capital costs very substantially and provide a better fit for a sustainable economy with no overall growth in road vehicle kilometres but an increasing share of rail, bus, walking and cycling in movement in Scotland and Britain.

BUSES
Buses do less well in the draft budget with the proposed ending of Bus Route Development Grant (though it would be open to local authorities to continue such grants), and constrained growth in concession fare support and compensation for free bus travel. Decisions on other local transport grants pass to local authorities.

With respect to the social and accessibility agenda, there are opportunities for delivering better social value from a more radical appraisal and monitoring of spending on concessionary travel and on support for buses, ferries, rail and local air services. Present spend – notably the high level of spend on free bus travel for those over 60 and the disabled - is open to question as not delivering well against key accessibility objectives. One effect of free bus travel is to reduce revenue from over-60s on ScotRail train services, which will inevitably increase the cost of the next ScotRail franchise to be funded from the Scottish Government budget.

Our Association recommends amendment of the free bus travel arrangements as follows:

- free travel to be confined to local journeys (by bus or rail) for the disabled or those over the national pension age
- significant concessions for longer distance journeys and family travel within Scotland.

This should produce savings allowing the Budget to fund incentives for the expansion of taxi, community and demand responsive transport (DRT), connecting with public transport services.

On busier transport corridors and in cities, there is a risk that congestion and parking problems, which increase the relative competitiveness of public transport, may be used as an opportunity to raise rail and bus fares, without reinvesting the extra revenue into public transport improvements. This is a perverse incentive to shift from public transport to car use at congested peaks.

If peak charges are not levied for car use in congested areas, and if much parking remains free of charge or under-priced, bus and train fares should only be raised as part of programmes to increase public transport capacity and reduce overcrowding. At the same
time, the Budget and other actions by government, should facilitate the funding of developments to assist modal shift. This could be done by expanding the Walking, Cycling and Safer Route Grants to encourage local authorities to apply other ‘soft’ measures to encourage mode shift from cars.

Additional Sources of Fund

Since public spending on transport has to compete with other spending priorities including health and education, other opportunities for securing extra transport funding must be investigated. These include:-

1. additional income from users (including higher charges to reduce congestion and to contribute to the cost of major projects. It has to be noted that John Swinney has not ruled out tolls on a future Forth road crossing. There are also arguments that can be made for a Scottish Central Belt road charging framework sooner rather than later)

2. developer contributions and/or possible contributions from planning gain and business improvement levies

3. enlarged net contributions from parking charges and decriminalised traffic penalties

4. contributions from other new sources of local government taxation

5. contributions from enterprise and tourism bodies to projects seen to have a particular value for local economies and a continued spread of in-tourism throughout Scotland

Local Authorities, RTPs and Transport

A major issue is the response of local authorities to the removal of most ring-fencing. In theory, this could allow each authority to arrange its funding to ensure appropriate transport programmes in the light of local economic and social needs. In practice, there is a high risk that most authorities may continue existing policies giving low priority to equitable access and to road and pavement maintenance.

Yet the discipline of tight finance and pressure to make better use of the disparate vehicles, staff and volunteers already involved in overlapping local transport could lead to useful efficiency gains. NHS Boards are among those having rises of only 0.5% in real spending and are likely to be interested in ways of cutting their travel costs without loss of quality for out-patients and hospital visitors. A wide variety of vehicles are involved in providing local transport, spread between scheduled buses, school contract buses, NHS non-emergency vehicles, community buses, minibuses, taxis, private hire, and private cars whose owners are willing to give lifts. SPT has drawn attention to the opportunities for better use of these resources. This theme has also featured at recent seminars on DRT (demand-responsive transport). Yet there is little government support for more flexible community transport – contrasting with high support (per passenger) for many lightly loaded scheduled rural buses.

There are serious doubts about whether some local councils are large enough and have sufficient trained staff to deliver efficiency gains and better value for users through restructured local transport. The Budget’s apparent downgrading of RTPs with funding likely to shift to local authorities is a backward step unless linked to greater co-operation in local governance. There is high risk of a rundown in lightly used rural (and urban) bus services and a lack of action to replace such services with demand responsive alternatives giving better levels of local access but also linking with core scheduled networks – and so helping visitors as well as local residents. The other political risks are of marked differences in social access in areas with similar characteristics, and continued complaints to government about low spending by local councils on road and pavement maintenance and renewals.

Our Association suggests Budget and related amendments to reduce such risks and deliver positive social gains through:-

- revise and redefine Bus Operator Grant to become a Social Access Grant
- encourage local authorities to consider RTPs as agents for delivering DRT using new equipment and control centres to ensure better use of staff and vehicles
- require local authority and NHS Board Accounts to include full information on
the costs to these public bodies of transport operations and road maintenance together with arrangements to consult on planned changes and proposed investments.

Appendix

Summary of draft Scottish Budget

As expected, the draft Scottish Budget published in November is extremely tight. The Chancellor’s Autumn Spending Review and related change in Westminster allocations to Scotland have cut the real rise in funding coming to the Scottish Government to 0.5% for 2008/09 rising to 2.3% by 2010-11. Though some help in available through the agreement to draw down £900m of unspent funds, Enterprise and Finance Minister John Swinney has been forced to review government spending proposals over the next three years. Planned budget spend leaves no reserves and assumes a rise in efficiency savings from 1.5% a year to 2% - savings which will not be easy to achieve.

After intense discussions with COSLA, the aim of freezing Council Tax looks set to be delivered through a larger real increase in allocations to local government and the abolition of most ring-fenced funding. In real terms, allocations to local authorities rise by 1.6% a year over the next three years compared to a rise in direct spend by the Scottish Government of under 1.5% a year. The only transport grants staying ring-fenced are the capital grants to RTPs and Cycling, Walking and Safer Route Grants. The latter are to be raised from £6m to £11 a year with immediate effect. With respect to transport funding under direct Scottish Government control, ferry support is to be increased but Air Route Development Funding is to be phased out.

Exclusive of the ‘cost of capital’, the trunk road budget will rise by £9m next year rising to an increase of £155m in 2010/11. Design funding for a Forth crossing is provided. Rail and tram funding allows continued work on the Airdrie-Bathgate line, GARL, the Edinburgh tram and Borders Rail projects and a new fund is introduced for smaller rail schemes and rolling stock, starting at £10m a year and rising to £20m. A cut in concessionary travel spending is expected. Business rates are cut but the commitment to write-off student debt is dropped and the universities have gained only £30m of an expected £168m. The aim of the budget is stated to be to encourage economic growth compatible with renewable energy expansion and lower carbon emissions to the atmosphere while also tackling social priorities and popular concerns.