



THE HIGHLANDS AND ISLANDS STRATEGIC TRANSPORT PARTNERSHIP

**SCOTLAND'S TRANSPORT FUTURE
PROPOSALS FOR STATUTORY REGIONAL TRANSPORT PARTNERSHIPS**

CONSULTATION BY SCOTTISH EXECUTIVE

HITRANS RESPONSE

INTRODUCTION

1. In June 2003 HITRANS forwarded preliminary observations on Statutory Regional Partnerships to the Executive's officials who were drafting the consultation paper on proposals for a new approach to transport in Scotland. In September 2003 the consultation paper was published, and HITRANS organised a major seminar in Nairn for regional transport stakeholders. The output from that seminar along with HITRANS response to the consultation paper was forwarded to the Executive in December 2003.
2. In this response we welcomed the recognition that the voluntary regional partnerships have been successful. We noted that HITRANS is beginning to deliver the role envisaged when it was set up by the Highlands and Islands Convention, in advocating regional transport needs, developing regional transport strategy, identifying strategic projects and securing funding commitment. Therefore we confirmed support for moving from the voluntary partnership stage to the more formal statutory level to give authority to our regional transport strategy so that it can influence the programmes of the national transport providers. However we stressed that island community interests must be protected, that the Statutory Partnership must only deal with strategic planning and projects, and must be open and accountable.
3. In the December 2003 response we set out some key principles to be applied to the Statutory Partnerships. These were:

Subsidiarity should be a fundamental principle of the new arrangement, so that determining transport requirements and delivering them should be undertaken at the most local level that is reasonably feasible. Therefore the bulk of transport decision making and delivery should remain with Local Government. In our region (islands and remote communities and a highly decentralised economic structure) it is particularly important that the local authority retains control of its internal transport arrangements and funding. For example the ferry systems serving internal island group needs should remain as they are. The same applies to road maintenance and local bus subsidy. Local Councils must continue to have the ability to determine the funding of these services through GAE, and also the levels of capital to be applied to developing these services through prudential borrowing (or the Shetland funds), which should remain under their control.

Funding and Form should follow Function. The regional level should concentrate on regional strategy and help deliver regionally strategic projects. It should be a lean organisation utilising and building up the skill base which

already exists locally. Centralisation of scarce staff resources should be avoided. Continuity of service should be the aim.

Accountability and Transparency are vital to secure the confidence of local communities, transport operators and users. The Regional Partnerships must have a majority of members who are accountable to the local electorate and must conduct their business in public.

4. We are pleased to see that the proposals in the consultation paper recognise these principles. However we are concerned that proposals regarding the financial powers and voting systems are causing us some discomfort and for the first time have resulted in serious differences of view amongst our members. These concerns are outlined in our answers to the questions posed in the consultation paper. The questions are answered in reverse order, since functions, funding and constitution have a significant effect on members' views on the boundary of the Statutory Partnership.

RESPONSE TO THE QUESTIONS IN THE CONSULTATION

FUNCTION

5. The consultation paper suggests three functional models for the Regional Partnerships. Model 1 will be the production of regional strategy and priorities for investment with very limited transport powers concurrently with councils. Model 2 is an evolution of this over time with a transfer of functions from councils. Model 3 is the SPT function. Previously we have said that the statutory partnership should be lean and strategically focussed, and that the transport functions currently operated by local authorities in the region should remain with them. A Model 1 authority fits this requirement.

Questions 9 asks what local authority functions might be exercised concurrently with a Model 1 partnership in our region.

We do not envisage any functions being operated concurrently. We propose a Model 1 Partnership for our region with powers limited to preparation of the regional strategy. It will help deliver strategic projects in partnership with Local Authorities or national transport providers who will remain responsible for these functions.

Question 10 asks what local authority functions could be appropriate for delivery in our region by a Model 2 partnership

We do not envisage any functions being transferred and therefore we do not believe a Model 2 partnership is appropriate for our region.

Questions 11 and 12 relate to the Model 3 Partnership proposed for the West of Scotland area and we have no views on this.

Question 13 asks which model we would prefer to be adopted in our region.

As explained above we would prefer a Model 1 Partnership

Question 14. asks whether we would envisage the Partnership gaining further functions as it develops.

Again as explained above we would not envisage functions being gained over time

FUNDING

Revenue Support

6. Whilst recognising that requisition is not popular the consultation paper envisages that the partnerships will receive the majority of their running costs from requisition on constituent councils. It states that discretionary funding arrangements have not worked well and have been a source of instability for Strathclyde Passenger Transport. It also states that requisition ensures a democratic link for the regional transport partnership.
7. We see the Partnership as a Model 1 organisation concentrating on strategy. The running costs to perform this function will be slightly more than the costs of running the voluntary partnership because a statutory body will need to allow for premises and members costs, and should not have to depend on in kind help from its members. The current annual running cost for HITRANS is £250,000. We believe that the cost of a Model 1 statutory partnership will be in the order of £400,000. At present the Local Authorities are making a discretionary contribution of £112,500 to the running costs, with the Scottish Executive matching this and HIE providing £25,000. If the whole cost of running the Model 1 organisation were to be met by the constituent councils a fourfold increase in contribution by requisition might be difficult to fund.

Capital

8. The consultation suggests that any capital expenditure plans of the partnerships could be met by prudential borrowing or Scottish Executive grant. There will be the power to borrow money under Section 3(5) of the Bill. Loan charges will form part of the net expenses which under Section 3(1) of the Bill will be paid by constituent councils. This where significant requisition requirements could arise which could lead to cuts elsewhere in the local authorities transport budgets. The HITRANS Board has been unanimous in opposing this type of prudential borrowing (or call on the Shetland Funds) by the partnerships, funded by requisition on the constituent councils. A Model 1 organisation should not need to requisition for capital from local transport funds and HITRANS is firmly of the view that Section 70 grant should support regionally strategic project delivery.

Question 15 asks if we agree that there are no alternatives to requisition to provide stable and secure funding for the statutory partnerships.

The running costs of a Model 1 partnership and the additional duties and financial burdens imposed on Councils by this legislation should be reflected in the GAE settlement. Constituent councils should provide funding for these running costs but match funding from the Scottish Executive should continue as a substantial contribution. A discretionary funding arrangement for constituent councils to provide their share of running costs would not cause instability in a Model 1 partnership and is preferable to requisition.

Question 16 asks what costs are best met through requisition, prudential borrowing, and grant.

HITRANS is opposed to prudential borrowing or calls on the Shetland Funds for capital projects sponsored by the partnership because of the impact of loan charge repayments for strategic capital projects on stretched budgets. We envisage a continuation of the arrangements which have worked successfully over recent years whereby these projects are jointly funded by Section 70 grant, ERDF, and an agreed contribution from the constituent council benefiting from the project

CONSTITUTION

9. The consultation proposes that each constituent Council will be represented by a single councillor who will be able to send a councillor substitute to meetings. External members will be initially appointed by the Minister and thereafter by the partnership. No less than 30% of total membership should be external but they shall never have more than one third of the voting weight. External members should not have any political or purely local affiliation and should be drawn from key interest groups. Councillor votes will be weighted between 1 and 4 according to relative population of each constituent council. External members will have 1 vote.
10. Stakeholders should be engaged through Community Planning Partnerships or a consultative forum. Non voting observers could join the Boards. A management team comprising officers of councils and external members with Scottish executive officials should support the partnership.
11. In our current constitution HITRANS has seventeen members comprising a councillor and senior official from the seven councils, HIE, SCDI, and the Highland and Islands Public Transport Forum. Each member has one vote and decisions are reached by a simple majority. However voting is rare and the aim has been to seek unanimous agreement on decisions following substantial discussion and compromise.

Question 3 asks for our views on external members and whether they should represent other organisations in transport; or organisations outside the transport world; or be experts with personal experience to bring to the Partnership.

HITRANS recognises the benefits which have derived from having external members on our Board. We believe external members should represent the economic development and business interests of the region, and also the main public transport providers. Our preference would be to continue with the three existing external members which would represent 30% of total membership.

Question 4 asks whether we agree that the Partnership should appoint external member.

We agree.

Question 5 asks how we should involve stakeholders and people from the region

We have said previously that stakeholder groups should be established like the Highland Rail Partnership covering main transport themes with members taking responsibility for chairing such groups. Observer Board members have not been favoured with the exception of Executive officials. An officer management team would be necessary to support the partnership.

Question 6 asks if particular organisations should be represented on the Board.

In the response to question 3 above we list the three organisations which should comprise the 30% external membership.

Question 7 asks whether decisions should be reached by a simple majority of votes.

HITRANS currently operates successfully with one member one vote and simple majority voting as contained in the current constitution. The prospect of moving away from one member one vote has caused a divergence of views between HITRANS local authorities with four in favour of retaining the current position (one member one vote and a simple majority) and three in favour of weighted voting with a two thirds majority required for all decisions.

Question 8 asks what decisions should require more than a simple majority.

Any constitutional change, the adoption of the regional transport strategy, and the setting of the annual budget should require the unanimous agreement of the members.

BOUNDARIES

1. The proposal in the consultation paper is that the Highlands and Islands should be covered by one regional partnership and that the current HITRANS boundary should be the boundary for the new Statutory Partnership.
2. This reflects our response made last December where we said that the Highlands and Islands is a well recognised region for economic development purposes with many common transport issues not experienced elsewhere in Scotland. We said that the HITRANS area should be the area of the statutory partnership in order to provide sufficient gravitas and to be no less influential than the partnerships that will be set up elsewhere in Scotland. Some HITRANS members are reluctantly reviewing their continued membership of a Highlands and Islands wide partnership because of discomfort about weighted voting and financial requisition.

Question 1 asks for views on the proposed boundary and for any suggested modifications.

HITRANS continues to support the need for a strong partnership reflecting the special circumstances of the highlands and islands. It is concerned that statutory changes proposed to our voluntary way of working in relation to voting and finance are causing division. Shetland has indicated that it will not voluntarily participate in a partnership that includes all the highlands and islands unless it is satisfied with the constitutional arrangements for funding and voting. Argyll and Bute and North Ayrshire are still to determine their preferred boundary between HITRANS and WESTRANS on the Clyde.

Question 2 asks whether we see benefits or disadvantages to this boundary, and whether the proposed region could deliver transport improvements.

The advantages of a Highlands and Islands level partnership are the focus on strategically important issues and initiatives and prioritising strategic projects. The air network initiative is a good example. We have not envisaged the partnership delivering improvements itself. All delivery would be by local authorities or the national agencies. Grant may be channelled through the partnership for strategic priority projects where we have a good track record in delivery.

Howard Brindley
HITRANS Co-ordinator
January 2005