



## Conference, 15 November 2006, Harrogate PROCEEDINGS

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### 1 INTRODUCTION

#### County Councillor Clare Wood

- 1.1 I am delighted to welcome you to North Yorkshire, Harrogate and the Conference. I intend to ensure that the speakers keep to time and get through the programme and to ensure we leave time for questions. We want you to get as much out of the Conference as possible. I am the Executive Member responsible for the Integrated Transport Portfolio and best practice on transport social inclusion in North Yorkshire. North Yorkshire is the largest English county, the majority of the area is rural and sparsely populated. Developing the integrated passenger transport unit has allowed us to produce far better services. I know you are here to learn from our experiences in North Yorkshire. Accessing Futurebuilders has not been easy, it has taken almost two years. I must pay tribute to Lyn Costelloe as without her it would not have happened. If you go down this route the first advice is to find a Lyn.

**Note: the speakers' presentations have not been repeated here, as they are available separately; the text below contains each speakers' additional comments.**

### 2 COMMUNITY TRANSPORT: MAKING IT FIT FOR THE NEW CENTURY – THE NATIONAL PICTURE

#### Richard Armitage, Richard Armitage Transport Consultancy Limited

- 2.1 It is a particular pleasure to be here because of our history in North Yorkshire and the work we undertook with TAS Partnership on the North Yorkshire Community Transport Strategy. It is great to come back 2 years later to see what has happened.
- 2.2 This presentation is to look at the current and future financial and funding environment that Community Transport is working in. The different ways that community transport organisations have and are adapting to work with these new funding arrangements. The underlying policies and structures that are driving the change and the impact and outcomes that are resulting from the change.
- 2.3 Starting with a case study in Calderdale showing a community transport performing a service that is typical of the kind of work community transport

has done traditionally and fits well within the ethos of CT. This is a CT providing a community minibus to take patients to a local chiropody clinic. This ensures that the chiropodists do not get bad backs because they can work using ergonomically designed equipment. The domiciliary visit list is down as is the waiting list for chiropody services. The funding for this service had been hand to mouth. It now has a three-year funding commitment from the Primary Care Trust. However this is still not sustainable. The Acute Trust's Podiatry Department, the public sector unit that is benefiting from the service, is not paying for it. If the PCT has a change of heart the funding could disappear, as it has not been mainstreamed properly.

- 2.4 The general funding picture is gloomy; there are some key absences in funding that we had two years ago. Key areas of grant income for CT has gone, Urban Bus Challenge, Rural Bus Challenge, Rural Transport Partnership Funding and Parish Transport Grants. A total annual loss to the sector of £9.6m. Access to Bus Service Operators Grant (BSOG) for section 19 has resulted in a gain to the sector of £5m. Overall, there is a net loss to the sector. In any case, BSOG does not cover all CT areas; Wheels to Work, Shopmobility and most group travel are excluded.
- 2.5 At the same time we are seeing inflationary trends in basic costs for CT all at above national inflation rates. Drivers' earnings, insurance and energy costs all up and are rising at above average inflation. Vehicle replacement also more costly because of the quite correct expectations of improved accessibility and passenger comfort.
- 2.6 The funding environment is changing radically. For more information see *Guidance for the Funders of Community Transport* (CTA 2005). It is mercifully short and on our website ([www.ratransport.co.uk](http://www.ratransport.co.uk)) and available from the CTA website ([www.communitytransport.com](http://www.communitytransport.com)). The guidance gained high level interest and endorsement from national government.
- 2.7 So how are CT operators adapting to the new funding environment? Some CT operators are looking for scale economies and this is new territory. Some CT operators are worried about this, especially the potential for a loss of local control and the risk of losing the traditional ethos of community transport. Meeting the financial threshold for some contracts is too large for smaller CTs, a key reason why Lambeth & Southwark CT, already with an annual turnover of £500,000, has merged with Hackney CT. Milton Keynes Community Transport is a new social enterprise CT owned 50:50 by Ealing CT and Age Concern Milton Keynes. It can be seen, therefore, that new structures are being created to suit the circumstances.
- 2.8 Two of the CTs with Social Enterprise awards outside London are here today, Compass CT in Sunderland and Halton CT. Halton CT took the option to bring in extra funds by running a maintenance workshop, with a fully equipped MOT testing station, that serves the local community as well as servicing HCT vehicles. Wigan CT is here today, and is starting to grow, having just won its first contract for demand responsive transport from the Greater Manchester Passenger Transport Executive. There are some very different models emerging in response to filling the funding gap.

- 2.9 So how is the policy framework affecting Community Transport? North Yorkshire and several other counties and areas have taken a strategic approach to CT and the evidence is that this helps CT to develop well. Government reviews are promoting cost effectiveness. There is increasing pressure for CTs to become self-financing by tendering for public sector services. Procurement is a key issue. Full cost recovery is not in place yet. The CT sector and their funders are finding it difficult to get their head round full cost recovery. New forms of companies such as Community Interest Companies have been developed to help us to work on a social enterprise model.
- 2.10 The new funding environment is changing the way CT services develop. Traditionally CT has identified need and worked to meet it. CTs are now becoming contractors rather than grant recipients. This change is challenging. Funders are determining the content and determine the scale of provision. But CT can use the contracts to generate funds to help them keep the traditional role too. However, we can see that it is possible for contracts to distract from the core concepts. We are beginning to get competition between CTs and some fall by the wayside.
- 2.11 The key question is will the profit from contract work replace the funding for core services or will we lose the full value from CT? Remember that most of the transport currently provided by CT has no statutory basis.
- 2.12 We all need to get a grip on procurement. Especially as EU state aid rules apply above a low financial threshold, when competition for contracted service provision kicks in. The paperwork for this can be very tedious but it must be applied. How will the CT market be procured and what is the method of procurement? Who will commission it and is it going to be seen as a level playing field? Sustainability in the CT sector requires a proper financial package to make it work.
- 2.13 One of the reasons the need for CT funding is not recognised lies with yourselves. Too many expect to be funded without making the case properly. You need to demonstrate that you help funders meet their core objectives - make it easy for them to fund you - lots of statutory bodies benefit from your work - are they helping you to fund the service?
- 2.14 Outcomes and outputs: can you provide the evidence that CT is tackling social exclusion effectively?

### **3 NORTH YORKSHIRE CT STRATEGY: DELIVERING CHANGE**

**Richard Owens, Assistant Director, Integrated Passenger Transport**

- 3.1 The Integrated Passenger Transport section of North Yorkshire County Council is responsible for coordinating transport across the county. To give a flavour of the work we provide £5.4 million support for bus services. CT helps us to fill the gaps left by the regular bus services. The North Yorkshire commercial bus network carries about 15m people and 60% of the commercial network is fully accessible. We also coordinate daytime contract services. North Yorkshire is a large, mainly rural county and journeys by bus

to services can take a long time. For example: it takes 2 hours to get to Nothallerton Hospital by bus from Hawes

- 3.2 We see the Community Transport Strategy working with our Accessibility Strategy. CT is an integral part of our transport network. Connecting CT to the traditional bus network helps us to improve access.
- 3.3 Partnership working is vital in the mainstream services and in the CT sector. With the commercial sector we have worked to develop the infrastructure for the main services and seen passenger growth and modal shift. This works for both parties. We are now working in a similar way with the CT sector. Work on the CT strategy started in 1992 with Agenda for Action. In 1994 we got European funding to develop the countywide strategy. Government policy then put the focus on mainstream. We started again with CT in 2000 developing the strategy. We know we need to provide more stable finance, a better organisational structure and support services.
- 3.4 Rural Bus Challenge allowed us to deliver seven new services through the CT sector. This created a short term funding stream worth about £2m. It provided the basis for future development.
- 3.5 CT is well used but there are gaps in provision. There is unequal use across the county and that needs to be addressed. Demand and supply do not match.
- 3.6 We want to create umbrella organisations to assist smaller CTs to develop and get maximum benefit from the funding that is available
- 3.7 Funding from key players to be fed into the larger organisations. They will provide technical support for the smaller schemes and accreditation for those who meet minimum operational standards. They will disperse small grants to independent CTs. This will promote effective coordination within local areas. You can operate outside the umbrella but this makes it more difficult for NYCC to fund you.
- 3.8 The Futurebuilders bid required a stable contracting environment between NYCC and HDCT and its partners. NYCC estimates that HDCT will have access to around £750k contracts with NYCC per annum (about 2% of the transport contracted out by NYCC). This provides options for the bus to be used for local needs outside the core time requirement from the council. NYCC is working with district councils to co-ordinate funding through the Enhanced Two-tier Working initiative. Primary Care Trust contracting is much more difficult especially with the current restructuring of PCTs in the area.
- 3.9 We will be looking to re-brand the service. Customers don't want to be stigmatised so the service needs to be branded to appeal to a wide range of users, not as a care type service. We are looking for a consistent approach across the county.
- 3.10 We know we have to pay for it. But better coordination of CT working together and avoiding duplication will be more cost effective in the long-term. Better integration with NYCC and commercial provision will help us to achieve Local Transport Plan requirements.

## 4 QUESTIONS & COMMENTS

### **Michael Skinner, North Shropshire Community Transport.**

Q You talked about an umbrella body. What does it do?

A Richard Owens: It provides the core functions payroll, etc and manages the contracts for smaller organisations. There will be at least three in North Yorkshire.

### **Keith Taylor, Devon County Council**

Q I am interested to find out how you are managing the limitation on section 19. This is a problem for us.

A Lin Costelloe: You need to be open-minded and you can use other options but the permit 19 scope has been widened.

### **Jill Knight, Ryecat**

Q Is the panel aware of the changes in patterns of treatment under the NHS? We service 16 different hospitals it is disappointing that there is nobody here from the PCT. This needs to be rectified.

A Richard Armitage: The NHS were invited. Quite right the travel patterns are changing but it is not clear at the moment. For acute journeys the changes won't mean a shorter journey to hospital. But more services will be delivered nearer to home through the primary care trust. There is difficulty at national level, the eligibility rules for non-urgent Patient Transport Services and the travel expenses regulations (Hospital Travel Costs Scheme) have not kept up with changes in service delivery in the NHS. As more outpatient appointments are provided at primary care resource centres and local health centres is patient transport going to be provided to help patients get there? This issue is not being tackled at present. This will be a critical area for CT. However, we see no answers coming on this soon.

A Peter Fryer (GOYH): This is a problem we have identified and we are hoping to resolve. There will be a dialogue about where services are provided in relation to the location of the client base. The NHS is making changes without taking into account the external costs they are generating for individuals and other service providers.

### **Brian Cottam, Ryecat**

Q You referred to coordination of District Council funding through 2 Tier services. I am a district councillor and we are all strapped for cash. How do you intend to do this?

A Richard Owens: Through Local Area Agreements. Working together makes better use of the funding we are working with DC officers to enable this. We are looking at other service areas too.

### **Sue Hogg, Ryecat**

Q I live in a sparsely populated area of North Yorkshire. How do you find out what people want and how do you check people are getting it?

A Richard Owens: Local research with local officers, surveys, parish council forums and district councils. We also rely on local providers to feed back service user needs. Linked into the bus system. Bus companies are also consulted

- A Richard Armitage: CT operators need to up their game on recording their passenger journey purposes, who is travelling and who their target users are (the unmet demand in their area). The DfT CT and Social Exclusion Report will be out soon and this points to new ways of assessing and collating this information.

## **5 FUTUREBUILDERS AND COMMUNITY TRANSPORT**

### **Marianne Patterson, Futurebuilders England**

- 5.1 The Treasury's 2004 Crosscutting Review Voluntary Sector looked at how the voluntary sector could deliver public services and be able to win full cost recovery for their services. This showed that the two key areas preventing voluntary sector providers bidding for contracts was the lack of full cost recovery and lack of finance for development. The aim of Futurebuilders is to assist the voluntary sector to secure contracts and move away from grant dependency. The total investment fund is £125m and it is designed to build the capacity of the voluntary sector.
- 5.2 Five key areas of public service delivery were identified, community cohesion, crime prevention, education and learning, health and social care, and support for young people. Applicants for Futurebuilders funding can cover one area, several or all of these areas.
- 5.3 We are looking for investments that lead to significant improvement in service delivery. There must be clear value added that results from the service being provided by a voluntary sector organisation. The investment must contribute to the sustainability of the community organisation. We will support you in this. There must be evidence of partnership between the local authority or other public sector body and 3rd sector. We want to see joint planning and working together before you apply.
- 5.4 This is an experimental fund. Futurebuilders is not a grant giver. The money provided is a loan. Don't apply if you are looking for a grant.
- 5.5 Each investment is a bespoke mix tailored to suit each organisation. There is a £50,000 minimum investment and we have total pot of £125m. The investment is unique in that it can cover revenue, capital and capacity building costs.
- 5.6 Some organisations will receive a grant and a loan if they need more development.
- 5.7 We also offer development grant for strong applications that need additional support to become ready for the full process. This may include consultant support or funding to fill a post to enable you to negotiate contracts and develop the business. You can then reapply when you are ready.
- 5.8 We offer support to help first time borrowers. There is no personal security required from trustees. We can lend unsecured and we take more of a risk than traditional lenders.
- 5.9 However, the assessment process is thorough. You get a dedicated investment officer. They become very committed to the schemes and investment. They will work with you. Investments are designed for

affordability on a case-by-case basis. You can phase the draw down so that you receive the money as you need it and so save on interest.

- 5.10 So far we have invested over £63m in 173 organisations nationwide. Some are small user led organisations. For example, Eskmore Caring for Carers have a £70k investment, relatively small for us. The largest so far is 5.2million. HDCT is first full CT investment by Futurebuilders. Over half of the applicants to Futurebuilders have never borrowed before.
- 5.11 There has been debate at Futurebuilders about CT eligibility for investment. The criteria for funding is that you must be directly delivering a service in one of the five key areas. As CT providers provide such a wide range of services it is essential for CT bids to demonstrate how they are providing a service in the key service area or areas defined within our remit.
- 5.12 Purchaser commitment is crucial and can affect eligibility. The investment R HDCT is not a blueprint for future CT investments but bear in mind the key principles behind the bid.
- 5.13 The development grant at HDCT was in part to resolve issue of purchasing vehicles with a lifetime of less than the loan.
- 5.14 The £1.16m investment. Included capital for depot and ICT, this was provided with a 2-year payment holiday, to allow the income stream to develop before payment on the capital becomes due. A £0.5m guarantee to the vehicle leasing company and an overdraft guarantee. It also includes a capital grant and revenue grant to cover the Finance Manager's salary revenue grant to allow project manager time to manage the project. There is also a Capacity Building grant to assist in the move to contracting.
- 5.15 Application and assessment is via an online application form. You can expect a decision within 25 days on stage 1. The Stage 2 process is more complex. This includes a phone conversation with investment officer and you will be asked to send business plan within one month. They will arrange an assessment visit if the business plan is good enough. The there will be a two way meeting to give a realistic appraisal. Any investment recommended by the investment officer goes to board for decision.

### **Tips for success**

- Are we the right funder for you? Make sure before you apply.
- When you apply name the potential purchasers we will contact them and they need to have heard of you.
- Have your plans ready and plan ahead for sustainability 3 5 or 10 year vision.
- 51% rule at least 51% of your income must come directly or indirectly from the public purse.
- Be honest about your development needs. We will help you meet these needs.
- Web address use it to look at the other case studies.
- Hassan Sharon and myself available to chat over lunch, or phone us.

## **6 THE FUTUREBUILDERS BID**

### **Lyn Costelloe, Harrogate District Community Transport/Little Red Bus.**

- 6.1 As you can see from the picture not all of the buses at the Little Red Bus Company are red. But our name comes from the people who use the service.
- 6.2 Looking at previous investment in CT, the Rural Transport Partnerships were good for development but probably not all of the money was wisely used. Rural Bus Challenge helped us to develop links with NYCC and show what we could do. Not all the services tried were the right ones but they gave us a chance to refine them and get them mainstreamed.
- 6.3 The effects of Best Value, Local Area Agreements, Local Strategic Partnerships and Compacts are still coming on stream.
- 6.4 The North Yorkshire Community Transport Strategy helped us to get things together.
- 6.5 We have developed a wide range of services, but the Umbrella service is new. The model supports the smaller organisations and helps them to get access to a range of services, licences and contracts.
- 6.6 Harrogate Borough Council helped us by providing half price concessionary fares for passengers using CT services.
- 6.7 The concerns we had were about the centralisation of public services so that people could not reach them, especially in the health service.
- 6.8 We were also contacted by a headteacher asking if we could help with congestion at local schools where 25 four-wheel drive vehicles were parked outside the school gates. This is leading to a new project, Little Red Bus goes Green.
- 6.9 We didn't have some aspects of the core infrastructure we needed. Finding suitably designed vehicles is a problem and if anyone knows of a vehicle that is accessible, reliable and looks good, let me know.
- 6.10 We also had to deal with sustainability and competition. There is so little funding available and this builds up barriers between people all chasing money from the same limited pot.
- 6.11 The image is important. People don't want to travel on a "community transport" vehicle. Local users named ours Little Red Bus. Quality vehicles make it more acceptable for more people to use CT. The public sector needed other people to help it meet its targets and it needed a quality service. Our aim is to avoid duplication. Value for Money is vital if you are going to get funding.
- 6.12 The old way was to be prescriptive, but it is difficult to get a good level of response from the public sector. It is difficult for statutory agencies to work with the voluntary sector. So we have to help them by working together and developing a package that is suitable.
- 6.13 Local Authorities don't like making decisions so you need to give them a reason for making a decision quickly. We need to build up trust and establish a good track record to help them believe in us.

- 6.14 We have all had to take a risk, the council and the voluntary sector partners. You have to be prepared to multi-task and take the opportunities that present themselves. But you need someone to keep your feet on the ground. The management board has been crucial at all of the voluntary organisations.
- 6.15 Partnership has to be serious. We knew we had a niche and could offer better services and one way to fund services is by investing. We had already met the Futurebuilders England threshold of 51% of income from contracts.
- 6.16 Then, we asked ourselves: can we do it - can we bid for Futurebuilders? Can we solve all these problems on our own? Are we really prepared to share? We had the demand but lacked the infrastructure.
- 6.17 Partnership is the day job now, it is not an optional extra. Local delivery is best and working together makes it more difficult for people to pull out. If we were going for a single scheduling scheme we had to agree to work towards common standards and attain critical mass.
- 6.18 We attended the July 2004 Conference on Futurebuilders. Our outline strategy was put together. We already knew who the stakeholders were but we offered it across the county. Most of the smaller CTs did not believe us and could not get their head around the loan aspects. The 3 partners came together and we put the proposal in. In April 2006 we got confirmation of the investment.
- 6.19 It was not very easy. You need to understand the accountancy side and you have to satisfy them that it is financially sound. You grow through the process, as you are made to be realistic and honest about your organisation. But the process went on so long that it became embarrassing to go anywhere and be asked about how it was going. But in the end it was rewarding and worthwhile and I would recommend it.
- 6.20 We must have a working partnership: who is doing the work? None of us had much time. The development grant helped. And you have to trust your partners to fulfil their part of the work. Convincing the Futurebuilders board was not so easy; they had to get to understand CT before they could award the grant.
- 6.21 The model is quite complicated. But our model was about sustainability of CT. We didn't want to become just another bus company. We needed to provide a network in a rural area that has the 3 umbrella organisations and provide more transport. We can't all have a full staff team for every CT but we can have one between us if we share. Doing it this way allows the other CTs to develop. To be part of the group you must meet the minimum standard. But you can still operate as a CT outside the umbrella. The investment advisor made the difference. And we got assistance from 2 consultants through the development grant.
- 6.22 People were suspicious that HDCT was trying to build an empire. It is very hard work and managing change is always difficult especially if you want to maintain the ethos. We chose the model to help us to do this effectively.

- 6.23 What did we get? New depots, for the 3 main organisations. Credibility, because we got the funding in the end. A big yellow little red bus now. It is a shared project. It will be a long hard road. But we will get there.

## 7 QUESTIONS & COMMENTS

### **Murray Seccombe, National Community Transport**

- Q The County Council's undertaking to guarantee the contracts, how does this work with competitive tendering?

A Richard Owens: Yes we put our tenders are out to competitive tender. However we were fairly confident we could deliver 2-2.5% of our annual workload through the CT sector. There are high unit costs for some of our journeys and we take account of added value so we feel we can deliver our commitment.

- Q Have you extracted any contracts from competitive tender to do this?

A No, it is a risk we cant give 100% guarantee but it is only a small part of our overall workload. We already have a considerable amount of our tendered work with the voluntary sector.

### **Mike Skinner, North Shropshire Community Transport**

- Q Single scheduling was essential is the scheduling plus call centres loss of links locally what was the gain?

A It will be a single scheduling system connected to each of the umbrella organisations. Smaller organisations can also have a unit. We will schedule core services across the county. Local organisations will schedule in their areas but we can feed work in to use spare capacity. There are other local CTs who now want to join. For example, a local car scheme was running out of money, we don't want to just take over the scheme. We want to help them with the scheduling and administration but the local organisation still recruits and works with the volunteers. We also feed the local economy by using local businesses.

### **Julian Turner, Suffolk County Council**

- Q You say here must be clear added value I have problems when filling forms in with this. What sort of response would you be expecting?

A Hassan Kajee: The relationship HDCT had with the purchaser. Harrogate had a solid relationship with NYCC we wanted to spread the message across that this is crucial. The board and the staff were passionate, skilled and were of a high calibre. Lyn's enthusiasm and passion and desire to change. We said we would not do CT but Lyn lead the way and now we have more applications from CT.

### **Keith Taylor, Devon County Council**

- Q We are in a transition stage we have depended for years on grants but will you deter current grant funders when you reposition, moving more towards contracts?

A Lyn Costelloe: Not at all it has given them added confidence. We have maintained our ethos. We now have commercial organisations coming to ask to sponsor us and support us.

**Ken Chadwick, Ryecat**

Q When these loans have been repaid. Where do we go from there? Are we going to just be dependent on contracts?

A Lyn Costelloe: The business will depend on contracts over a 10-year term they do allow for the replacement of the vehicles.

Q Will there be no grants in the future?

A Within the model there is still a grant element to recognise the fact that we give added value to those with a vested interest. But it will be small and not critical. There will be lots of independent voluntary organisations part of the network and they will want to provide other things and they will require grants.

**Guy Patterson, Help the Aged**

Q There is a problem in terms of the vehicles you said what is it that you want?

A Lyn Costelloe: We needed to purchase the bus to meet the need of the community so we bought an Optare Olero but it was unreliable. We would like to find one that looks good, meets the needs and is reliable.

**Barry Langley, West Norfolk Community Transport**

Q We are quite a large organisation 40 buses and £800k turnover last year. The amount of core funding from our partners only represents 20% of the income for the project. We are on the cusp of being this social enterprise. We have a Futurebuilders development grant and we are looking for an investment for new premises. It has already taken a year. The agencies are strapped for cash. Do we will still do our flagship CT services or do we muddy our hands with contracts? If times get hard it won't be DAR that goes.

A Richard Armitage The demand for joined up thinking at local level and here in NYCC at county level is recognised. However at national and regional level it is less so. We get contradictory messages Gershon and tackle social exclusion but there is new NHS transport demand with no new provision. Local people need to raise the profile of assisted travel Audit Commission Going Places provided a useful analysis. All assisted travel is seriously threatened with little statutory duties to cover most of it. And yet they throw millions at concessionary fares. There is a revenue stream issue about directing a limited resource. We need to take this issue forward through your national organisations to be taken up nationally.

A Peter Fryer We like to try to support local authorities and Lyn. I endorse much of what Richard said. But we have to change and CT is an essential part of the transport process for individuals. I know it is difficult especially when there is silo working in some authorities. We need to look at how communities work and develop services to meet those needs. If some of it has to be contractual CT needs to embrace this.

A Clare Wood: You need to get your elected members involved on the County Council. The fire and the verve of a member can help.

**Steve Hewitson, Rotherham Community Transport Limited**

Q I'd like to congratulate Lyn for achieving contracts with health sector. Can Futurebuilders help with commissioning services from the NHS Sector?

A Lyn Costelloe: On the original visit from Futurebuilders the PCT did come to that meeting and talked about how CT could help them and they have been supportive since then mainly words, but we did already have contracts with them and we are working with the ambulance service. The PCT board has also endorsed this. But of course it has all restructured since then.

**8 MAKING THE SUMS WORK****Karen McMahon, Harrogate District Community Transport**

8.1 Preparing the business case. We had to look at long-term sustainability over a 10-year planning cycle.

8.2 So our business plan looks at the opportunities for the delivery of integrated transport services. Achieving sustainability through: High utilisation of vehicles, -delivering a range of services, some of which will be statutory, commuting and traditional CT services using the same vehicles. Integrated scheduling - using a single system to optimise the journeys of all types so that we use the best placed bus to deliver the service regardless of the funder of the service. Reduced duplication and making the best use of available resources will result in lower unit costs.

8.3 The case for integrated scheduling seemed sensible based on an intuitive feel but we conducted a trial on 7 July in Harrogate District only. Taking all of the bookings for the day. This included 21 LRB services, 7 Social Services vehicles + taxi journeys commissioned on the day by social services. The results were reassuring. Utilisation of the buses shows the scope for increased utilisation within the system.

8.4 Rescheduling would have meant that some of the buses would be used for about half an hour a day. These journeys could be provided using a different form of transport. So we could have saved on all taxi journeys + 3 buses. Even with the reduction in the number of buses we could be providing still be providing additional DAR and Community Transport journeys in addition to the contracted journeys.

8.5 Competitive tendering the weight of the figures shows that there are sufficient efficiency savings to be made by integrating the transport than by competitive tendering of each of the services individually. In order to achieve this there needs to be significant investment in the scheduling system, depot development and quality vehicles meeting needs of all markets and quality processes. Offering opportunities for economies of scale across the county.

8.6 The choice was either partnership working with other CTs or to operate as a large organisation across the county. But operating as a large organisation we would lose the local dimension - so sharing resources amongst a group of CTs working in partnership was a key dimension.

8.7 Ryecat and Bentham signed up as partners. Partnerships need to be governed and safeguarded and so we developed the partnership agreement

showing respective responsibilities, gains and what they would contribute. HDCT makes all of the investment under the plan and would carry all of the risk. But the benefits of the investment would be spread across the partners and so would the new vehicles. The other partners have a commitment to pay towards the costs as they develop contracted services to allow them to make the contribution.

- 8.8 The operating model is key we looked at what we had done in 2004 2005 and projected a target for operating under a new integrated system. We were prudent because LRB took all the risk. We were looking at a different mix of services on 33 rather than 22 buses and we were controlling costs against the average figures for 2004/5.
- 8.9 At 2004/5 we estimated a 12% efficiency gain. Based on LRB figures. This cannot be used as a template for other CTs as their figures will vary. We then looked at the revenue that could be expected for the contract element of the activity. We looked at our contract target market and the effects on their overall costs of the integrated scheduling and how we could help them to reach their aims. We had no inside knowledge of the county's costs. NYCC guaranteed that if we could deliver the service they would provide contract income at a level required to assure viability as per the operating model. We knew we could also generate additional funding from other work, sponsorship, grants and demand response service fares.
- 8.10 The figures would work for HDCT but would not be sufficient without favourable funding arrangements to cover the cost of building capacity for us or our partners. We would have deficits in the first 2 years but by 2007/8 we would be making a small surplus. Capacity building overheads were built in over the first 3 years over all areas. A lot of it was in staff to accommodate further growth. There was also a capital programme to cover the IT Depots and vehicles over £1m investment overall
- 8.11 Ryecat and Bentham will each operate 2 additional Futurebuilders buses on behalf of HDCTS but are expected to build their contract fleet beyond this to a level sufficient to enable them to contribute business £15k to HDCTS against the Futurebuilders programme in year 3 and £30k annually thereafter.
- 8.12 Cashflow forecasts showed a gap in funding the capacity building stage of the programme. We asked for a grant to cover this from FutureBuilders. They didn't give it us but they did help us to find alternative funding. They agreed the following funding package and looked to the market and came back with a mix of loans, grants and guarantees that enabled us to proceed.
- 8.13 The cashflow forecast left us in the red at the end of the first 2 years but better by year three. The terms of the funding were very important. We couldn't afford a conventional loan that would require immediate payment. Negotiated three-year payment holiday. A six-year vehicle lease term was negotiated. They ensure flexibility and responsiveness, helping us to work on threats and opportunities as they arise. A 1.5% guarantee fee is payable by way of consideration for their services and this is built into the cashflow.

- 8.14 The good features of Futurebuilders investment are the inventiveness of the funding mechanisms. The bad is they charge you for it. But unusually they share the risk with us.
- 8.15 It is all about Partnership, partnership with our CT partners to achieve scale, partnership with NYCC to access the revenue and partnership with Futurebuilders sharing the risk

## 9 QUESTIONS & COMMENTS

### **Wilf Leach, Greater Manchester Passenger Transport Executive**

Q We have seen the projections: how goes it in reality?

A Karen McMahon: Predictably nothing goes to plan. The principles are holding true. All parties are working hard to make it work. We don't have a serious problem.

### **Ian Coe, Northamptonshire County Council**

Q The bid included extra schedulers but there was reference to a single scheduling operation.

A Karen McMahon: There will be local schedulers to get the advantage of local knowledge and feedback. It will be costly in the first 2 years at Ryecat and Bentham.

### **Ian Stokes, City of York Council**

Q Is there anything that would preclude bus operators making use of FutureBuilders?

A Marianne Patterson: Futurebuilders is for voluntary sector only.  
Jill Knight, Ryecat

Q We are small, growing rather fast. One of the problems is VAT and this acts as a disincentive for growth is there any chance of exemption?

A Richard Armitage: Zero. The transition to VAT registration is exciting at times. VAT makes you keep better accounts and it isn't too difficult. Pricing may be a concern for voluntary organisations. Most CTs gain from VAT and you could choose to support some group travel using the VAT. Don't fret about it and remember sometimes you can claim some capital back.

### **Steve Day, Weardale/ Durham Integrated Transport**

Q Have you thought about using the scheduling capabilities to perhaps provide some services more locally?

A Karen McMahon: The routing and scheduling can be configured to serve whatever priorities management decide but we haven't installed or configured the system yet. Our commitment to local delivery will be our choice when possible.

Q Could this be used to argue the case for the service to be brought to the community?

A Richard Owens: We are interested in the information provided by the scheduling system to identify these options.

## 10 INTERVIEWS WITH THE PARTNERS

### **Lin Barrington, Bentham Community Transport**

- 10.1 Bentham is just about as far to the edge of North Yorkshire as you can go nearly in Lancashire. It is very rural and people live a long way from services. We have 4 minibuses, operate contracts, provide transport for voluntary groups, and have a voluntary car scheme and a car club that is well used. The population is sparse. I work part-time for Bentham CT and part-time Bentham Development Trust. Do the partnership is signed up to by the Development Trust, as the CT is part of the Trust.
- 10.2 Our involvement with other groups started through the Craven Transport Forum me where I met Lyn and Ken and that was how it started. Lyn and Lucy went to the first Futurebuilders conference. But we have already been working in partnership. Bentham borrowed a bus from HDCT for about a year ago to help us fill a shortfall and we bought it back this morning.
- 10.3 Applying to Futurebuilders has been a long process. It feels like its taken years for it to fall into place. Most of the work was done at Harrogate. But we have been waiting for it to happen. This made it hard for us to keep up the momentum.
- 10.4 Would do it again? It's great to be linked in to a big thing. We are just getting our first new employees vehicles and other things in. We also have the back up from HDCT for the administrative side.

### **Ken Watherington, Ryecat**

- 10.5 It started with Ryedale Voluntary Action who started a car scheme, then W2W and minibus brokerage. Now the Ryecat Transport section is separate. We have set up as an independent registered charity and company by guarantee. The car scheme does 16k trips per year. Wheels to Work started in 2001 with 12 mopeds. We now have them in Ryedale Scarborough and Selby. So we now have 22, plus 15 in Selby where we took over an existing scheme.
- 10.6 The partnership developed through the RTP process and we decided to go for it. Previous partnership and knowledge helped us to go for the investment. We have been the junior partner. Lyn was the driver for the project. It needed people with commitment and drive to take it into other parts of the area.
- 10.7 Knowing what we know now, would we do it again? We were the first that was difficult I would want to go to someone who had already done it.

### **Richard Owens, North Yorkshire County Council**

- 10.8 What was the role of the CT Strategy in developing the bid? The two go closely together the strategy formed the model. We were a formal full partner in the process. We engaged council members at an early stage, we had support form the Executive Member. There was a commitment to making it a success at the right level to make it work.

10.9 Our role, well I just do what Lyn tells me. But we put a lot of effort in to get it started and this work has been refined overtime. After the initial bid our role went more quiet but we have continued to support the process.

10.10 What would we do differently? It's in the preparation you need to do more earlier on. But then there are problems with capacity. The consultants' support from Karen was vital. But it would be useful to get that in up front. Set your stall out properly in the first place.

## 11 QUESTIONS & COMMENTS

### **Jill Knight, Ryecat**

Q I would like to have been given some indication earlier that we really were on the right track.

A Marianne Patterson: I think just like Hassan said we categorically had said we would not fund CT but when the application came in from Harrogate we had to lobby heavily and change the investment plan to make this investment. For new applicants we have set a precedent and it should be easier for new services.

### **Murray Seccombe, Community Transport National Office**

Q Why did FB start off with this negative view of CT as we do get it from other funders?

A Marianne Patterson: It was because we were very fixed on direct support for the five service areas.

Q We operate in all five areas.

A The first applications we had were not linked to the issue directly. Some CT services still won't fit.

### **Terry Bowen, The Volunteer Centre**

Q Isn't it value added if the normal bus services are withdrawn and we provide the service?

A Marianne Patterson: Yes if it is working in one of the five key areas.

Q With all this time you have now Lyn would you be able to help with another application?

### **Wilf Leach, GMPTE**

Q Guarantees for lease and overdraft does that mean actual cash changed hands.

A Karen McMahon: No cash changed hands not should it. It is simply a precautionary measure.

### **Isabel Farquhar, 3SE (Third Sector Enterprises)**

Q The process accessed the development fund. How long did that take and how did you use it?

A Lyn Costelloe: We were the first, we were way down the line before Futurebuilders realised we would need the development plan It was used to employ Karen to help with business planning.

A Marianne Patterson: Question 15 on the application form identifies the case for assistance but it must be part of an overall bid.

**Anna Whitty, Ealing Community Transport**

Q When you made the application did you know FB didn't fund CT?

A Lyn Costelloe: No but it wouldn't have made any difference. On all the Q&A on the website we got a tick in that box. We were determined and there was nothing official precluding it. You have to prove your case and the Futurebuilders team they then helped us to convince their board. We became one team.

**Doug Greenway, Ashbourne Community Transport**

Q Now they've approved this bid is this going to be the model?

A Marianne Patterson: No it's not a model everyone is different. The things that are principles. The partnership with the local authority joint planning and joint delivery is a very strong. The contracts don't have to be signed and sealed but there has to be a likelihood.

Q Our county does not enter into tendering processes at all. All of our income is from grants. How do they tender bus routes? - They just ask us. We get standard payments to deliver certain services.

A Not all of our investees have 3-year contracts, but it could be a service agreement as long as you generate the majority of your income through the public purse. But if you cannot prove this by contract or similar more likely to be turned down.

**Keith Taylor, Devon County Council**

Q Things change over 10 years can Futurebuilders be flexible over the period.

A Marianne Patterson: We were only set up in 2004 and so we are only in about 2 years. We understand that things may change over time. We are assessing it on the likelihood they will be able to maintain. The investment officer will work with you on this over time. We hope that changes will be positive.

A Lyn Costelloe: We already are being flexible.

**John Atkins, Richmondshire Council for Voluntary Service**

Q Are you changing your criteria based on this?

A Marianne Patterson: We've agreed CT is eligible. Each application will be assessed on its own merits. If you are successful you may have a completely different scheme.

**Ian Coe, Northamptonshire County Council**

Q What happens if the organisation does not continue to attract the level of support? What happens if it goes horribly wrong?

A Marianne Patterson: We would hope that we would be able to prevent a disaster because of the regular contract. If the County Council could not renew contract we could perhaps freeze the loan for a year. Maybe provide a support grant to identify new contracts with a consultant. Worse case scenario if we have bought your building or minibuses we could take those back. But it is unsecured loan so no personal liability for the board.

**Stephen Roots, Warwickshire County Council**

Q If the scheme is very successful could the guaranteed to go back into the scheme earmarked for CT.

A Marianne Patterson: No it could go to any kind of applicant.

## 12 CLOSING REMARKS

### Councillor Clare Wood

- 12.1 One of the purposes of today was to share our experience of how we accessed the Futurebuilders. Time, patience, commitment, enthusiasm, belief and determination have been the key. We were fortunate to be able to pull together a team with the right blend of skills. As a council we were happy to support this and work in partnership. Use your politicians. We can also help persuade our communities that CT is for everyone especially using demand responsive transport in a rural area to reduce some scarcely used or underutilised bus services. We realise that not all local authorities have been able to provide this level of support for Community Transport
- 12.2 Lyn Costelloe has been vital we see it as the beginning of the era for us in a large rural area. Karen's presentation showed that clear cooperation is better than unbridled competition.
- 12.3 I am amazed to find that half of the Futurebuilders pot is still available so we need to look at opportunities for other departments and voluntary sectors in North Yorkshire to apply.
- 12.4 Sustainability has been a key feature and we are committed to it.
- 12.5 Thanks to Lucy Beadle for her support from start to finish she coordinated the development of the original bid. Lucy was also project manager for the CT Strategy and she has been instrumental in today. Thanks to Richard Armitage and his team, and to other officers from Integrated Passenger Transport at NYCC. Richard Owens for his briefing notes and support if it wasn't for Richard we probably wouldn't be here today. Special thanks to Lyn and her team, many people would have given up long before the end. Thanks to Futurebuilders for the money and for being here today.

### Conference Speakers



(L to R) Ken Watherington, Hassan Kajee, Richard Armitage, Clare Wood, Lyn Costelloe, Karen McMahon, Richard Owens, Marianne Patterson, and Peter Fryer