

Creating sustainable  
**Community Transport**  
in North Yorkshire



# Making the sums work

Presented by  
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Harrogate District Community Transport

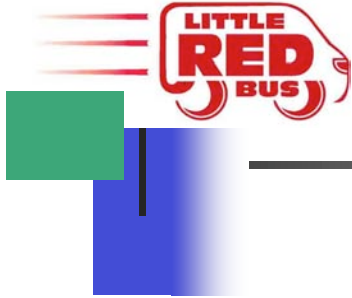


# The business case

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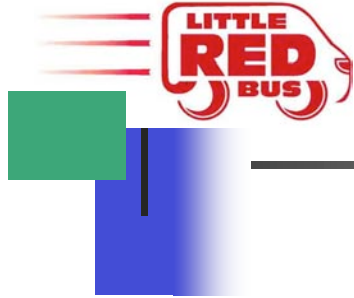
- Underlying concepts
- The partnership dimension
- The operating model
- Futurebuilders funding

# Underlying concepts: business imperatives



- Viable
  - Make a surplus on operations
- Affordable
  - Sufficient to fund investment
- Sustainable
  - Over a 10-year term

# Underlying concepts: integrated transport service



- Statutory - contract delivery
- Social - dial-a-ride & group bookings
- Business – Commuter Services/Links
- Leisure - after hours & weekends

High Utilisation



# Integrated scheduling

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- Reducing duplication/  
overlapping journeys
- Increasing occupation levels
- Rationalising routes

High Efficiency



# Integrated scheduling

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- Fewer vehicles
- Fewer driver hours
- Fewer miles

Lower Costs

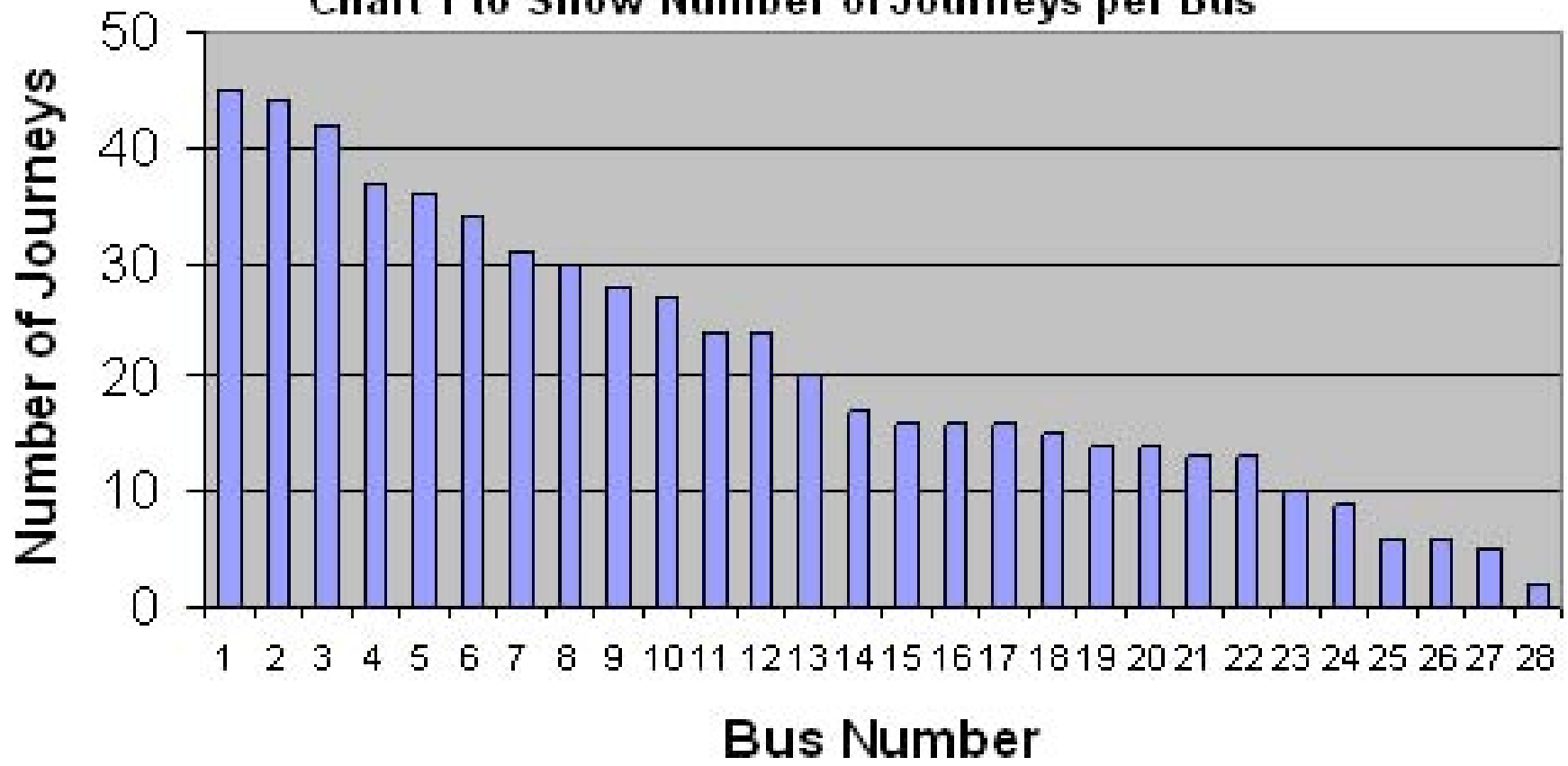


# Integrated transport trial

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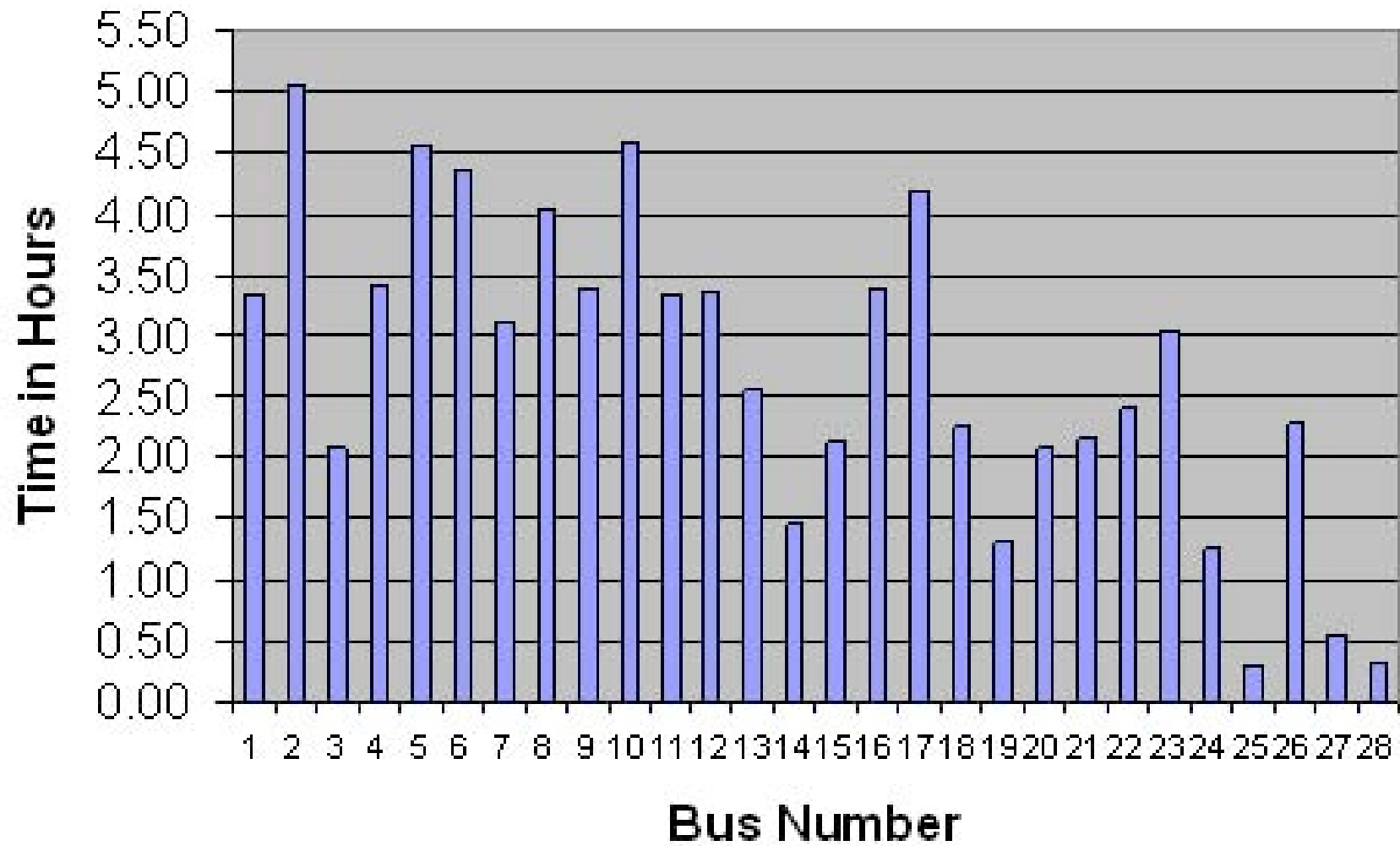
- 21 Little Red Buses
- 7 Social Services Buses
- £000s of taxi journeys
  
- Trial results...

**Chart 1 to Show Number of Journeys per Bus**





### Chart 2 - Journey Times of Scheduled Fleet





# Trial results

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- All taxi journeys were accommodated
- 3 buses with less than 0.5hr usage
- Potential saving of 3 buses
- Minimum saving = 10%
- More community transport can be accommodated



# Investment requirements

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- Scheduling & IT system
- Depot network
- Quality vehicles
- Quality processes

# Underlying concepts: economies of scale



- Spreading the weight of fixed costs across multiple operating units!



# The partnership dimension

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- Developing depots
- Building capacity
- Sharing systems
- Applying common standards
- Operating larger fleets

LRB Partnership Agreement



# The LRB operating model

	<b>2004/5 Average per Bus</b>		<b>Target Model</b>	
Mileage	23198		25500	
Passenger Numbers	4996		5250	
Number of Buses	21		33	



# The LRB operating model

	2004/05 Average per Bus	2004/05 Ave Per Mile	Target Model
Mileage	23198		25500
Numbers	1896		5250
Passengers	1		83
Other Direct Costs	£12,000	£7.78	£8,125.00
<b>TOTAL OPERATING COSTS</b>	<b>£25,335.94</b>	<b>£1.09</b>	<b>£25,868.61</b>
Depreciation	£10,000.00	£0.43	£10,000.00
<b>TOTAL DIRECT COSTS</b>	<b>£35,335.94</b>	<b>£1.52</b>	<b>£35,868.61</b>
<b>Ave Cost per Passenger Mile</b>	<b>£0.33</b>		<b>£0.29</b>

**Health Warning**



## The LRB operating model

	2004/5 Average per Bus		Target Model
Mileage	23198		25500
Passenger Numbers	4996		5250
Number of Buses	21		33
Social Services Contracts			
Education Contracts			
PCT Contract			
<b>Total Contract Revenue</b>	<b>£21,663</b>		<b>£35,750</b>





# The LRB operating model

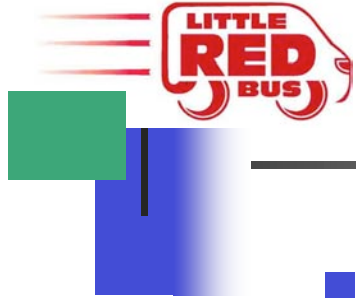
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- The Benefits to North Yorkshire CC
  - Lower costs through optimisation
  - Savings in taxi journey costs
  - Savings in community transport grants
  - More community transport provision



# The LRB operating model

	2004/5 Average per Bus		Target Model
Mileage	23198		25500
Passenger Numbers	4996		5250
Number of Buses	21		33
Social Services Contracts			
Education Contracts			
PCT Contract			
<b>Total Contract Revenue</b>	<b>£21,663</b>		<b>£35,750</b>
Commercial Contracts/Sponsorship			£2,000
Grant Sources	£8,261		£1,000
Demand Response Fares	£4,276		£4,500
<b>TOTAL OPERATING REVENUE</b>	<b>£34,201</b>		<b>£43,250</b>
Total Direct Costs	£25,336		£25,869
Depreciation	10000		10000
<b>OVERHEAD CONTRIBUTION</b>	<b>-£1,135</b>		<b>£7,381</b>



# The LRB operating model

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- Vehicle contribution enough to cover:
  - HDCT's ongoing operating overheads
- Insufficient to cover:
  - The cost of building capacity at Ryecat & Bentham CT
  - The capacity-building elements of the capital programme

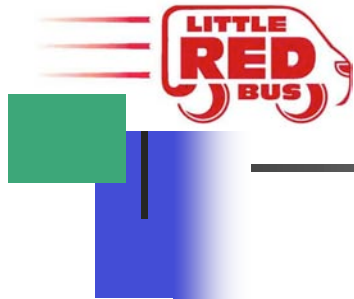


# LRB operating statement

Forecast Operating Statement COMBINED GROWTH FORECAST	YEARS			
	2005/06	2006/07	2007/08	2008/09
	£	£	£	£
Number of Buses	25	33	33	33

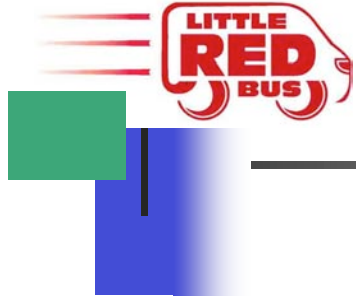
The Original Operating Statement	YEARS			
	2005/06	2006/07	2007/08	2008/09
<b>SURPLUS / DEFICIT BEFORE DEPRECIATION</b>	<b>-56873</b>	<b>-59303</b>	<b>165143</b>	<b>204952</b>

Direct Operating Costs	557985	816668	898928	928408
Volunteer Costs	32525	43731	45043	46394
Management Costs	77019	75638	77907	80244
Operation Costs	20042	238166	266286	274274
HR Costs	31800	22448	12306	12676
Marketing	16942	27510	22014	22674
Administration	39363	73710	68773	70836
Premises	17869	45166	46521	47917
<b>TOTAL OPERATING COSTS</b>	<b>793544</b>	<b>1343037</b>	<b>1437778</b>	<b>1483424</b>
<b>Operating Surplus before Depreciation &amp; Finance Charges</b>	<b>-37376</b>	<b>-8260</b>	<b>215288</b>	<b>252126</b>
Lease Charges	17372	18000	18000	18000
Interest Charges	2125	33043	32146	29174
<b>SURPLUS / DEFECIT BEFORE DEPRECIATION</b>	<b>-56873</b>	<b>-59303</b>	<b>165143</b>	<b>204952</b>



# Capacity-building at Ryecat & Bentham CT

Overhead Costs of Building Community Capacity		2006/07	2007/08	2008/09
Management Costs		0	0	0
Operations Costs		89331	92011	94771
HR		8900	0	0
Marketing		10794	7957	8195
Administration		24540	26157	26762
Premises Costs		11966	12325	12695
Non Vehicle Depreciation		31800	35050	35050
<b>TOTAL CAPACITY BUILDING OVERHEADS</b>		<b>177331</b>	<b>173500</b>	<b>177473</b>



# Additional capacity

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- Ryecat:
  - 0.5 Administrator
  - 0.5 Transport Manager
  - 1 Assistant Training Officer
  - 1 Scheduler
- Bentham CT:
  - 0.5 Administrator
  - 0.5 Transport Manager
  - 1 Scheduler



# Additional capacity

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- Harrogate:
  - 1 Administrator
  - 1 Senior Finance/Corporate Services Manager
  - 2 Schedulers
  - 1 Transport Manager
  - 1 Training Officer



# Capital programme

Planned Capital Expenditure	TOTAL CAPITAL EXPENDITURE		
	2005/06	2006/07	Total
in £'s			
2 MPVs up to 8 seats	70000	0	70000
10 minibuses	100000	412000	512000
IT Installation	70000	150000	220000
Telephone/Internet/Email Facility	40000	0	40000
Acquisition of New Depots	0	0	0
Depot Fixtures & Fittings	90000	91000	181000
<b>TOTAL CAPITAL OUTLAY</b>	<b>370000</b>	<b>653000</b>	<b>1023000</b>



# Terms of the LRB agreement



- Ryecat & Bentham CT will each operate additional buses
- Repay HDCT from operating surpluses:
  - Year 1.....£0
  - Year 2.....£15,000
  - Year 3.....£30,000 ongoing



# Original cashflow projection

The Original Cashflow Forecast	YEARS			
	2005/06	2006/07	2007/08	2008/09
Opening Cash Balance	83448	234750	1494	26063
Revenue Receipts	765963	1334777	1653067	1735549
Future Builders Grant Funding Receipts	420000	0	0	0
Future Builders Vehicle Capital Loan Receipts	170000	433000	0	0
Future Builders Working Capital Loan Funding	0	0	0	0
Overdraft Drawings	0	97000	0	0
<b>Total Cash Inflow</b>	<b>1355963</b>	<b>1864777</b>	<b>1653067</b>	<b>1735549</b>
Outlay on Operating Costs	832536	1356329	1455778	1501424
Outlay on Capital - Vehicles	170000	412000	0	54636
Outlay on Capital - IT	110000	150000	0	0
Outlay on Capital - Premises	90000	91000	0	0
Future Builders Interest Payments on Capital Loan	2125	33043	32146	29174
Future Builders Capital Repayments	0	41502	48189	51161
Interest Payments on Overdraft	0	3836	5708	0
Repayments of Overdraft	0	10323	86677	0
<b>Total Cash Outflow</b>	<b>1204661</b>	<b>2098032</b>	<b>1628498</b>	<b>1636395</b>
<b>Net Inflow / (Outflow)</b>	<b>151302</b>	<b>-233256</b>	<b>24569</b>	<b>99155</b>
Cash Balance Carried Forward	234750	1494	26063	125218

Grant @  
37% of  
Package





# Final funding agreed

Agreed Funding Programme	Total	Guarantee	Grant	Loan	Loan Terms	
	£	£	£	£	Interest Rate	Term in Years
12 Futurebuilders minibuses	530000	530000			Lease Guarantee	
IT Installation	200000			200000	6.0%	10
Acquisition of New Depots						
Furniture Fixtures & Fittings	181000		40000	141000	6.0%	10
<b>TOTAL CAPITAL FUNDING</b>	<b>911000</b>	<b>530000</b>	<b>40000</b>	<b>341000</b>		
Overdraft Guarantee	160000	160000			Overdraft Guarantee	
Financial Management/Trustee Development	35000		35000			
<b>TOTAL FUNDING</b>	<b>1106000</b>	<b>690000</b>	<b>75000</b>	<b>341000</b>		
% of Total Funding Package		62%	7%	31%		



# Futurebuilders cashflow

Cashflow Forecast	2006/07	2007/08	2008/09	2009/10
Opening Cash Balance	£78,897	(£110,670)	(£819)	£136,657
Combined Revenue Receipts	£1,078,823	£1,653,067	£1,735,549	£1,790,259
FB Capital Loan	£341,000			
FB Capital Grant	£40,000			

Cashflow Forecast	2006/07	2007/08	2008/09	2009/10
<b>Cash Balance Carried Forward</b>	<b>(£110,670)</b>	<b>(£819)</b>	<b>£136,657</b>	<b>£228,072</b>

Lease Payments to Velo	£46,956	£78,261	£78,261	£78,261
Purchase of Velo buses				
FB Capital Loan Repayment				£45,429
FB Lease Guarantee	£7,950	£6,776	£5,602	£4,428
FB Overdraft Guarantee fee	£2,400	£2,400	£2,400	
Lease costs for vehicles to replace existing fleet			£10,387	£42,800
Purchase of leased buses				
<b>Total Cash Outflow</b>	<b>£1,764,390</b>	<b>£1,543,215</b>	<b>£1,598,074</b>	<b>£1,698,845</b>
<b>Net Inflow / (Outflow)</b>	<b>(£189,567)</b>	<b>£109,851</b>	<b>£137,476</b>	<b>£91,415</b>
<b>Cash Balance Carried Forward</b>	<b>(£110,670)</b>	<b>(£819)</b>	<b>£136,657</b>	<b>£228,072</b>



# Terms of funding

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- The good
  - 3-year interest & repayment holiday
  - 6-year vehicle lease term
  - Flexibility & responsiveness
- The bad
  - 1.5% p.a. overdraft guarantee fee
  - 1.5% p.a. lease guarantee fee
- The unusual

**FUTUREBUILDERS SHARE THE RISK**



## Further information

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