



**TRANSPORT
SCOTLAND**
CÒMHDHAIL ALBA

transport.gov.scot

Consultation on the Financial Accounting Arrangements for Regional Transport Partnerships October 2017

Ministerial Foreword From Minister For Transport And The Islands, Humza Yousaf MSP



When the Regional Transport Partnerships (RTPs) were established by the Transport (Scotland) Act 2005, it was envisaged that in structural terms the RTPs would be more like local government than central government, having similar rights, duties and responsibilities to their constituent local authorities. The role of RTPs is to strengthen the planning and delivery of regional transport developments. In certain cases this includes their involvement in major capital and other projects, some of which can take place over a number of years.

The ability to take a long-term view of their finances is particularly important for RTPs involved in the management or delivery of large capital projects, where investment is programmed over a number of financial years. Experience gained through the running of the 7 RTPs over the last 10 or so years has shown that the ability of the RTPs to manage their finances and carry forward any required balance from one financial year to the next is not operating as anticipated. At present there are conflicting views as to whether an RTP can carry forward a surplus of funds at the end of each financial year. The RTPs are mature, public sector organisations. I believe that we need to give them greater flexibility to manage their budgets and their investment priorities by clarifying the ability of RTPs to build up and carry forward appropriate reserves as local authorities are currently able to do.

I look forward to receiving your views on our proposals.

Humza Yousaf
Minister for Transport and the Islands

CONTENTS

1	Responding to this Consultation	2
	About this Consultation	2
	Deadline	3
	How to respond	3
	Respond Online	3
	Table of response methods	4
	Next Steps	4
	Need assistance?	4
2	Background	6
	RTP Funding and Borrowing	6
	Next Steps	7
	Annex A	8
	Consultation Responses	8
	Part 1 - Respondent Information Form	8
	Part 2 – Questions	9
	Part 3 - Assessing impact	11
	Equality	11
	Business and Regulation	12
	Privacy	12

1 Responding to this Consultation

About this Consultation

- 1.1 Consultation is an essential part of the Scottish Government’s policy making process. It gives us the opportunity to seek your opinions. This Consultation sets out the issues under consideration and asks you questions about what we are proposing. After the Consultation is closed we will publish responses where we have been given permission to do so.

- 1.2 Responses are analysed and used as part of the policy making process, along with a range of other available information and evidence. Responses to this Consultation will help to inform the development of future rules and guidance on operation of financial accounting arrangements for the 7 Regional Transport Partnerships in Scotland.

Deadline

1.3 The Consultation closes at midnight on 12 January 2018.

How to respond

1.4 To encourage wide participation, the Scottish Government has created a number of ways for you to engage in the Consultation. You can respond online, by email or by post.

1.5 The Consultation will also be available in alternative formats on request, including Large Print, Braille, Gaelic, and Easy Read.

Respond Online

1.6 To respond online please use the Scottish Government's Consultation Hub, Citizen Space, at www.consult.scotland.gov.uk. You can save and return to your response at any time while the Consultation is open. But please ensure that your response is submitted before the Consultation closes at midnight on 12 January 2018.

1.7 You will automatically be emailed a copy of your response after you submit it. If you choose this method you will be directed to complete the Respondent Information Form. The Respondent Information Form lets us know how you wish your response to be handled, and in particular whether you are happy for your response to be made public.

1.8 You can also complete the response form at Annex B, and either scan this and send it by email, or send it by post to the address given on page 4 below.

Table of response methods

Online	You can use the response form on the Scottish Government's Consultation Hub, Citizen Space, at www.consult.scotland.gov.uk/
Email	Send us your response in an email to rtpconsultation@transport.gov.scot Please include the Respondent Information Form.
Post	Send your response in English to: Transport Partnerships Policy Team Transport Scotland Area 2D-North Victoria Quay Edinburgh EH6 6QQ Please include the Respondent Information Form.

1.9 With each of these methods you need to include your Respondent Information Form because this lets us know how you wish your response to be handled, and in particular whether you are happy for your response to be made public.

1.10 You can find this in Annex B below.

Next Steps

1.11 After the Consultation has closed we will analyse all the responses received and use your feedback to help inform the development of future rules and guidance on operation of financial accounting arrangements for the 7 Regional Transport Partnerships in Scotland.. Where permission has been given, we will make all responses available to the public at www.consult.scotland.gov.uk. The responses to the Consultation and analysis will be published in due course.

Need assistance?

1.12 If you need support in answering this Consultation or alternatively have a query about the Consultation process, or a complaint about how this Consultation has been conducted, you can send your query:

- by email to: rtpconsultation@transport.gov.scot
- or by writing to:

Transport Partnerships Policy Team

Transport Scotland
Area 2D-North
Victoria Quay
Edinburgh
EH6 6QQ

2 Background

2.1 An effective and efficient transport system is vital for Scotland's economy and necessary for its people to go about their daily lives. The Regional Transport Partnerships ("RTPs") strengthen the planning and delivery of regional transport developments, and in doing so regularly invest in projects. For financial planning purposes, there is a need to ensure RTPs have the ability to have a surplus or deficit on their Income and Expenditure accounts, and hence the ability to have a General Fund balance to create a reserve.

RTP Funding and Borrowing

2.2 The Transport (Scotland) Act 2005¹ ("the 2005 Act") places a duty on the Scottish Ministers to create RTPs. The duty placed on RTPs, directly by the Act, is to devise a Transport Strategy for their region, and carry out any statutory functions conferred on them by order. Such functions may relate to, for example, entering into quality partnership schemes, or entering into public services contracts etc. A list of further examples is set out in Section 10(5) of the 2005 Act.

2.3 The funding of RTPs is covered in section 3 of the 2005 Act. This prescribes that the net expenses of an RTP in each financial year are to be paid by constituent councils. The "net expenses" are expenses in each financial year that are not met through grants or any other income.

2.4 Experience of the operation of RTPs suggests that section 3 of the 2005 Act requires further clarification to make it clear that RTPs are able to record an annual surplus or a deficit, and to manage reserves. The wording of section 3 has allowed different views to emerge as to whether RTPs may build up any reserve, however that reserve has been funded. Ministers would wish to put beyond doubt the ability of RTPs to have sufficient financial powers to enable the financing of capital infrastructure investments.

2.5 This issue is particularly acute for the Strathclyde Partnership for Transport ("SPT"), which operates a significant multi-year capital programme.

2.6 SPT stands out as being different from all of the other RTPs as it regularly involved in delivering significant transport functions and services such as the operation and maintenance of the Glasgow Subway and four major bus stations in its area.

2.7 The other RTPs were created along with a legal framework to allow certain functions to be transferred over to them over time from their constituent local authorities. In doing so the other RTPs would become more like the SPT model. Generally speaking, this transfer of functions has not taken place. The main exception to this remain SPT and, to a lesser extent Swestrans and ZetTrans, where certain functions were also transferred from Dumfries and Galloway and Shetland Islands Councils respectively. However, there remains the scope for any of the RTPs to request additional functions to be transferred to them.

¹ <http://www.legislation.gov.uk/asp/2005/12/contents>

2.8 The 2005 Act provides for the transfer of (transport related) functions from local authorities to RTPs to facilitate a regional approach to the planning and delivery of transport. This regional approach could include involvement in major transport infrastructure projects. Such projects may fall to be delivered over a number of years. Given this multi-year aspect of their work, it is sensible to provide RTPs with the necessary tools to ensure that there is sufficient flexibility in their finances as they move from one accounting year to another; and to be able to utilise in-year surpluses to create reserves to support future funding requirements.

2.9 For example, SPT is involved in the delivery of major transport infrastructure projects, such as the Glasgow Subway modernisation programme. The lack of clarity around SPT's ability to build up and retain a financial reserve presents accounting difficulties in planning and reacting to incidents.

2.10 Other than the specific finance provisions applied to the RTPs under the 2005 Act, no other local government finance legislation applies to the RTPs. This includes the powers in the Local Government (Scotland) Act 1975² in relation to allowing local authorities to set up capital, repairs and renewals, and insurance funds. This consultation will, therefore, also seek views on the merits of extending this and any other local government finance provisions to the RTPs which are not already expressly applied to them through the 2005 Act.

Next Steps

2.11 The Programme for Government, published on 5 September 2017, contains a commitment to a Transport Bill. This presents an opportunity to include a provision to clarify the extent to which RTPs are able to keep a financial reserve.

2.12 This consultation seeks views on whether it is necessary to clarify the extent to which RTPs are able to retain a financial reserve. It also seeks views on whether any surplus or deficit carried forward from one financial year to the next should be subject to any limit. Finally, this consultation seeks views on what safeguards local authorities ought to have in limiting their contribution towards the expenses of a RTP.

² <http://www.legislation.gov.uk/ukpga/1975/30/schedule/3/crossheading/capital-renewal-and-repair-funds>

Annex A

Part 1 - Respondent Information Form

Please Note this form **must** be completed and returned with your response.

Are you responding as an individual or an organisation?

- Individual
 Organisation

Full name or organisation's name

Phone number

Address

Postcode

Email

The Scottish Government would like your permission to publish your consultation response. Please indicate your publishing preference:

- Publish response with name
 Publish response only (without name)
 Do not publish response

Information for organisations:

The option 'Publish response only (without name)' is available for individual respondents only. If this option is selected, the organisation name will still be published.

If you choose the option 'Do not publish response', your organisation name may still be listed as having responded to the consultation in, for example, the analysis report.

We will share your response internally with other Scottish Government policy teams who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for Scottish Government to contact you again in relation to this consultation exercise?

- Yes
 No

Part 2 – Questions

Question 1

Do you think that it is necessary to clarify whether a Regional Transport Partnership is able to build up, and carryover, a financial reserve from one financial year to the next?

Yes

No

Please use the box below to provide details.

My comments:

Question 2

Should there be a limit to the amount of surplus that an RTP may carry forward into the next financial year?

Yes

No

Please use the box below to provide details.

My comments:

Question 3

Should safeguards be provided to limit the financial liability of local authorities towards RTP expenses?

Yes

No

Please use the box below to provide details.

My comments:

Question 4

The Transport (Scotland) Act 2005 applies only specific local government finance provisions to Regional Transport Partnerships. Are there any other local government finance provisions which could usefully be applied to the RTPs?

Yes

No

Please use the box below to provide details.

My comments:

Part 3 - Assessing impact

Equality

- 1 In considering possible changes to the financial accounting arrangements for Regional Transport Partnerships, the public sector equality duty requires the Scottish Government to pay due regard to the need to:
 - eliminate discrimination, victimisation, harassment or other unlawful conduct that is prohibited under the Equality Act 2010;
 - advance equality of opportunity between people who share a protected characteristic and those who do not; and
 - foster good relations between people who share a relevant protected characteristic.
- 1.1 These three requirements apply across the 'protected characteristics' of:
 - age;
 - disability;
 - gender reassignment;
 - marriage and civil partnership;
 - pregnancy and maternity;
 - race;
 - religion and belief; and
 - sex and sexual orientation.
- 1.2 At this early stage it is difficult to determine whether significant effects are likely to arise and the aim of the Scottish Government is to use this Consultation process as a means to fully explore the likely equality effects, including the impact on children and young people.
- 1.3 Once completed the Scottish Government intends to determine, using the consultation process, any actions needed to meet its statutory obligations. Your comments received will be used to complete a full Equality Impact Assessment (EQIA) to determine if any further work in this area is needed.

Question – Equality Impacts

Are there any likely impacts the proposals contained within this Consultation may have on particular groups of people, with reference to the 'protected characteristics' listed above? Please be as specific as possible.

Question – Children and young people

Do you think the proposals contained within this Consultation may have any additional implications on the safety of children and young people?

Business and Regulation

1.4 A Business and Regulatory Impact Assessment (BRIA) will analyse whether the proposals are likely to increase or reduce the costs and burdens placed on businesses, the public sector and voluntary and community organisations.

Question – Business impacts

Do you think the proposals contained in this Consultation are likely to increase or reduce the costs and burdens placed on any sector? Please be as specific as possible.

Privacy

1.5 A full Privacy Impact Assessment (PIA) will be conducted to ascertain whether our proposals on delivering a consistent approach to the Scheme may have an impact on the privacy of individuals.

1.6 At this early stage it is difficult to determine whether significant privacy impacts are likely to arise and the aim of the Scottish Government is to use this Consultation process as a means to fully explore the likely privacy effects.

Question – Privacy impacts

Are there any likely impacts the proposals contained in this Consultation may have upon the privacy of individuals? Please be as specific as possible.



**TRANSPORT
SCOTLAND**
CÒMHDHAIL ALBA

Transport Policy

Buchanan House,
58 Port Dundas Road,
Glasgow, G4 0HF
0141 272 7100
info@transport.gov.scot

ISBN: 978-1-911582-21-2
© Crown copyright 2017

You may re-use this information (excluding logos and images) free of charge in any format or medium, under the terms of the Open Government Licence. To view this licence, visit <http://www.nationalarchives.gov.uk/doc/open-government-licence> or e-mail: psi@nationalarchives.gsi.gov.uk Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

Further copies of this document are available, on request, in audio and visual formats and in community languages. Any enquiries regarding this document / publication should be sent to us at info@transport.gov.scot

This document is available on the Transport Scotland website: www.transport.gov.scot
Published by Transport Scotland, October 2017.

Follow us:

 @transcotland  @transcotland

transport.gov.scot



Scottish Government
Riaghaltas na h-Alba