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Financial Accounting Arrangements for Regional Transport Partnerships

Consultation Analysis

July 2018

Executive summary

1. This report analyses and summarises responses that were received through a Scottish Government public consultation on accounting arrangements for Regional Transport Partnerships.
2. The consultation, which was published on the Scottish Government's Citizen Space web portal and Transport Scotland's web site, ran for three months from October 2017 to January 2018. All seven Regional Transport Authorities (RTPs), Directors of Finance within the 32 local authorities, Cosla, the Society of Local Authority Chief Executives ("SOLACE") and the Society of Chief Officers of Transportation in Scotland ("SCOTS"), were contacted by Transport Scotland to alert them to the consultation paper and invite their views.
3. Four questions were asked as part of the consultation. These were:
 - is it necessary to clarify whether an RTP is able to build up, and carryover, a financial reserve from one year to the next
 - should there be a limit to the amount of surplus that an RTP may carry forward into the next financial year
 - should safeguards be provided to limit the financial liability of local authorities towards RTP expenses
 - are there any local government finance provisions which could usefully be applied to the RTPs

Profile of respondents

4. A total of 16 responses were received to the consultation from individuals and organisations. Respondents were categorised as follows:
 - Regional Transport Partnership (6 responses)
 - Local Authority (4 responses)
 - private individual (6 responses)
5. The four questions asked for a 'yes/no' response and asked respondents to provide details to explain their views. Responses to the questions are summarised below.

Analysis and reporting

Question 1

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

6. All responses to the consultation were supportive of this proposal.

Table 1: Question 1 – Responses by Type of Respondent

Type of respondent	Yes	No	Total
Individual	6	-	6
Local Authority	4	-	4
RTP	6	-	6
Total	16	0	16

7. A number of comments were made in relation to this question. Many concerned the need to remove any ambiguity on this issue, with others reflecting the need for greater flexibility within the current funding mechanism as projects often take longer than one year to deliver. Others mentioned that having such an arrangement in place could also improve financial efficiencies.

Question 2

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

8. The majority of respondents said that there should not be a limit to the amount or surplus an RTP can carry over into the next financial year. All RTPs thought this, while responses from the four local authorities were evenly split. Four of the six individuals who responded thought that there should be a limit.

Table 2: Question 2 – Responses by Type of Respondent

Type of respondent	Yes	No	Total
Individual	4	2	6
Local Authority	2	2	4
RTP	0	6	6
Total	6	10	16

9. The main reasons given against setting a limit to the amount or surplus an RTP can carry forward were that the RTPs are all significantly different from each other with variations on funding requirements and operational duties; and, setting a limit could present difficulties if delivery of a large project was not achieved in the planned year and surplus funds exceeded any limit.

10. Of those in favour of setting a limit, the main reasons given were to ensure effective financial monitoring; and to ensure planned transport commitments for the year are delivered.

Question 3

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

Table 3: Question 3 – Responses by Type of Respondent

Type of respondent	Yes	No	Total
Individual	4	2	6
Local Authority	4	0	4
RTP	2	3	5
Total	10	5	15¹

11. Ten of the 16 respondents said that there should be safeguards put in place. All local authorities were in favour, as were the majority of individual respondents. RTPs were more evenly split with three of the five who answered this question not in favour of safeguards.

12. Many respondents, both in favour and not in favour of providing safeguards point to safeguards that already exist to protect local authorities financial liability, including the legal requirement to produce a balanced budget; the requirement to ensure adherence to the Prudential Code for Capital Finance in Local Authorities. Additional reasons given for not providing safeguards repeat the point made at question 2 about RTPs all being different and requiring variation in funding their funding requirements.

Question 4

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

Table 4: Question 4 – Responses by Type of Respondent

Type of respondent	Yes	No	Total
Individual	1	5	6
Local Authority	2	2	4
RTP	5	1	6
Total	8	8	16

13. Responses to this proposal were evenly split, with eight for and eight against. The majority of RTPs supported the proposal to have the same range of powers that are available to other public sector bodies such as local authorities, while the majority of individuals were opposed.

¹ One respondent did not answer this question

14. Of those who said that there **should** be other financial provisions applied to RTPs, most felt that RTPs should be afforded the same range of powers that are available to other public sector bodies. Others highlighted the ability to establish particular financial mechanisms e.g. repair and renewal fund.

15. Of those who said that there should not be other local government finance provisions applied to RTPs, no specific reason was given.



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