

NOTICE OF MEETING

There will be a meeting of the Partnership in the HITRANS Office, Inverness Airport on **Friday 5 December 2008 at 9:30am**. There will be an informal meeting of the Partnership for a briefing at the Golf View Hotel, Nairn on 4 December 2008 commencing at 6.00 pm, followed by dinner at 7:30pm.

AGENDA

APOLOGIES AND INTRODUCTIONS

MINUTES

1 **Minute of Meeting of 5 September 2008** (enclosed)

2 **Matters Arising**

FINANCE

3 **HITRANS Audited Statement of Accounts – 2007/2008** (enclosed)
Report by Partnership Treasurer

4 **Revenue Budget Monitoring Report** (enclosed)
Report by Partnership Treasurer

5 **Travel Plans Programme** (enclosed)
Report by Partnership Manager Ranald Robertson

STRATEGY DEVELOPMENT

6 **Highlands and Islands Fuel Study - Presentation** (enclosed)

7 **Road Transport Biofuels and UK RTFO Consultation** (enclosed)
Report by Partnership Director/Partnership Adviser Tony Jarvis

RESEARCH DEVELOPMENT

8 **Review of Highlands and Islands Air Services** (enclosed)
Report by Partnership Director

9 **Orkney Smart Card Enabled Integrated Ticketing Pilot** (enclosed)
Report by Partnership Manager Ranald Robertson

10 **Research and Strategy Development Programme 2008/09** (enclosed)
Report by Partnership Director

CONSULTATION

11 **Ferry User Groups Review** (enclosed)
Report by Partnership Manager Ranald Robertson

- 12 **Rail Engagement with Stakeholders** (enclosed)
Report by Partnership Manager Frank Roach
- 13 **ScotRail Franchise Consultation** (enclosed)
Report by Partnership Manager Frank Roach
- 13 **PARTNERSHIP**
- 14 **RTP Chairs Meeting Update**
Verbal Report by Partnership Director
- 15 **European Week of Regions and Cities**
Verbal Report by Partnership Director
- 16 **Review of the roles and functions of HITRANS** (enclosed)
Report by Partnership Director

AOCB

Item:
1



Minute of Meeting held
in the Council Chamber,
Elgin on Friday 5
September 2008 at
9.30am.

PRESENT

Mr Duncan Macintyre (Chairman) – Argyll and Bute Council
Mr John Laing (Vice-Chairman) – Highland Council
Mr Andrew Drever – Orkney Islands Council
Mr George McIntyre – Moray Council
Mr Donald John MacSween – Comhairle nan Eilean Siar
Mr Wilson Metcalfe

IN ATTENDANCE

Mr Dave Duthie – HITRANS
Mr Ranald Robertson - HITRANS
Ms Katy Cunningham - HITRANS
Mrs Christine Kendall - HITRANS
Mr Mike Mitchell – Highland Council
Mr Sam MacNaughton – Highland Council
Ms Naomi Coleman – Orkney Islands Council
Mr Donald Macrae – Comhairle nan Eilean Siar
Mr Gordon Holland – Moray Council
Mr Frank Roach – HITRANS
Mr David Summers – Highlands and Islands Public Transport Forum
Mr Blair Fletcher – Argyll and Bute Council
Mr Douglas Forson – Scottish Government
Mr Ian Duff - SCDI
Mr Tony Jarvis – Highlands and Islands Enterprise
Mr Allan Wishart – ZetTrans
Mr Michael Craigie - ZetTrans

APOLOGIES

Mr Jim Foubister – Orkney Islands Council
Mr Donald Manford – Comhairle nan Eilean Siar
Ms Louise Smith

Mr George Macintyre, Convener, Moray Council welcomed the representatives from HITRANS to Moray Council.

The Chairman welcomed Mrs Katy Cunningham, Mrs Christine Kendall, Mr Andrew Drever, Mr Allan Wishart and Mr Michael Craigie to the Meeting.

MINUTES

HITRANS

1

The Minute of Meeting of 6 June 2008 was **approved** subject to the inclusion of Mr Ian Duff in the list of those present and the typographical corrections highlighted at the Meeting.

- | | | |
|-----------------|---|---|
| Matters Arising | 2 | <p>Members noted that:</p> <ul style="list-style-type: none"> ▪ HITRANS would be represented by Mr David Duthie and Mr Donald Manford at the European Commission's Week of Regions Event. ▪ Discussions in relation to the Aberdeen Airport bus access link had taken place between representatives from Moray Council, HITRANS, Nestrans and Stagecoach. Mr Gordon Holland would keep Members updated on progress. ▪ In relation to the circulation of Minutes it was agreed that a draft Minute would be passed to those Members and Permanent Advisors who had been present at the Meeting for their comments, following which the Minutes would be circulated to all members and constituent authorities. |
|-----------------|---|---|

FINANCE

- | | | |
|------------------------------------|---|---|
| Final Outturn Revenue Budget 07/08 | 3 | <p>The Partnership Treasurer submitted a Report setting out the Final Outturn Revenue Monitoring position for the year to 31 March 2008. The Report stated the Partnership had returned small overspend of £17,555 for the year ended 31 March 2008 out of an overall budget of £924,000. The Report detailed the variances within budgets and highlighted that Audit Scotland had cleared the HITRANS accounts with no qualifications.</p> |
|------------------------------------|---|---|

It was agreed to note HITRANS final outturn Revenue Monitoring position for year ended 31 March 2008.

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|---|---|--|
| Revenue Budget Monitoring – 1 April 2008-31 July 2008 | 4 | <p>The Partnership Treasurer submitted a Report detailing the Revenue Monitoring position for the period to 31 July 2008. The Report stated that the projected year end position was broadly in line with the budget outturn target and transactions for the period to 31 July 2008 were in line with management expectations. The Report further stated that, in order to ensure that the 2007/08 overspend of £17,555 was recovered from the 2008/09 budget, it was proposed to reduce the Research and Strategy Development Budget by a corresponding amount.</p> |
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It was agreed to approve the reduction in the Research and Strategy Development Budget of £17,555 and to note the Revenue Budget Monitoring Schedule to 31 July 2008.

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|--|---|--|
| Final Capital Outturn Programme Report | 5 | <p>The Partnership Treasurer submitted a Report detailing the final outturn Capital Programme position for the year to 31 March 2008. The Report stated that the total expenditure exceeded grant receivable by £46,810 and, to balance the Capital Programme, revenue funds were transferred to cover the shortfall. The final position of the 2007/08 Capital Programme indicated that there was sufficient income to cover total expenditure.</p> |
|--|---|--|

It was agreed to note the Report.

The Partnership Manager submitted a Report updating Members on progress made in delivering the Travel Plans Programme. The Report stated that the main objective of the Programme was to increase the number of staff, visitors and suppliers in Local Authorities and Health Boards using more sustainable modes of transport. The Report further stated that the Scottish Government have confirmed that ZetTrans would receive funding for Travel Plan work directly rather than being channelled through HITRANS and the Partnership Manager confirmed this would not impact adversely on the HITRANS Travel Plan Programme.

It was agreed:

- (1) to note the change of grant conditions to allow funding to go directly from Scottish Government to ZetTrans; and**
- (2) to note progress with delivery of the Travel Plans Budget.**

RESEARCH AND DEVELOPMENT

- | | | |
|---|---|---|
| Glasgow-Oban Rail Link | 7 | <p>Mr Frank Roach submitted a Report detailing the findings from the Economic Efficiency Study in relation to the Glasgow-Oban Rail link. The Report stated that the Study had been commissioned in order to assess the case for a five trains per day rail service between Glasgow and Oban. The Study had highlighted that, although the proposals would require additional subsidy support, the benefit to cost ratio derived in the economic appraisal implied that the proposals represented excellent value for money. The Report further highlighted that the proposals were likely to improve employment prospects in the region and would allow tourists without a car easier access to the area.</p> <p>It was agreed:</p> <ol style="list-style-type: none">(1) to note the positive output from the Glasgow-Oban Rail Link Economic Efficiency Study and the significant economic benefits that would result from improving frequency on the Oban rail line;(2) that Mr Frank Roach would pass a copy of the finalised Report to Tony Jarvis in order to allow liaison with the local HIE office; and(3) that Mr Frank Roach would pass copies of the finalised Report to Comhairle nan Eilean Siar. |
| Piers and Harbours Grant Management | 8 | <p>The Partnership Director submitted a Report indicating that the Piers and Harbours Grant previously administered by the Scottish Government had been disbanded and the associated funds were now to be provided separately to Caledonian Maritime Assets Limited and the five Local Authorities previously covered by the Scheme. The Report stated that the new grant distribution system would incorporate Pier and Harbour Grants into the block grant provided to Local Authorities and this element of grant would not be separately identified. In order to provide for appropriate management of financial risk incumbent on the five local authorities in meeting their duties and responsibilities in relation to running the Piers, Harbours and Slipways the Report proposed that consideration be given to HITRANS managing and distributing the funding provided by Government for capital investment in piers, slips and harbours.</p> <p>It was agreed that the Partnership Director, in consultation with the Permanent Advisors, would prepare a discussion paper for Local Authorities to consider the possibility of HITRANS managing and distributing the funding provided by the Scottish Government to support capital investment on council piers, harbours and slips. The Report would also be passed to ZetTrans for their comments.</p> |
| Ferry Terminal Modal Integration Connection Study | 9 | <p>Mr Ranald Robertson submitted a Report indicating that the Regional Transport Strategy had identified the need for better integration of ferry services with bus and rail services at or near ferry terminals. The Report stated that the Partnership Delivery Plan had identified as a research project the need to evaluate the quality of integration between modes at ferry terminals across the region and it was intended that this Study would serve a similar function to the Study undertaken on behalf of Highland Rail Partnership on 2007/08 whose outputs had already seen improved presentation of connection opportunities at railway stations through small timetable changes by bus operators.</p> <p>It was agreed that:</p> <ol style="list-style-type: none">(1) the commencement of the Ferry Terminal Modal Integration Connection Study be noted; and(2) the Partnership Manager would report back following completion of the Study. |

Public Transport
Tourism
Development

10

The Partnership Manager submitted a Report indicating that the Regional Transport Strategy had identified the need to increase the sustainability of transport provision with a particular emphasis on how this could support the tourism industry. The Report further stated that research undertaken by Steer Davis Gleave for the Scottish Government had identified a number of factors which undermined public transport access to cultural and tourist facilities and these factors were recognisable as being barriers to access facilities across the Highlands and Islands. Representatives from HITRANS had met with VisitScotland to discuss actions which could be taken together to relieve some of these problems and increase public transport uptake by tourists. It was clear there were opportunities for public transport to better serve key facilities and attractions from hub tourism centres across the region.

It was agreed:

- (1) to note the Report; and**
- (2) to approve further development of the proposals for public transport tourism development and note that this may incur a funding commitment at a later date, possibly as part of a European Funding Bid, which would be subject to separate approval from the Board.**

STRATEGY DEVELOPMENT

Transport Strategy
Post Approval
Development

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The Partnership Director submitted a Report detailing actions that were required to facilitate the delivery and monitoring of implementation of the Transport Strategy. The Report indicated that the Partnership should monitor the success in achieving the objectives identified in the Regional Transport Strategy and a key element in establishing and monitoring an Evaluation Plan would be to ensure that related Scottish Government objectives and Local Authority Single Outcome targets were reflected in the monitoring criteria. A great deal of work had already been undertaken on the framework of the monitoring and evaluation plan by Steer Davis Gleave (SDG) and the Report suggested that SDG be asked to continue the commission with HITRANS on the Regional Transport Strategy in order to take account of the Single Outcome Agreements.

The Report further stated that, as part of the process for ensuring appropriate consideration was given to the environmental impacts on benefits of change which could result through implementation of the Strategy, a Strategic Environmental Assessment had been undertaken and a final costed option statement would now be produced reflecting the approval of the Regional Transport Strategy. It was proposed that Steer Davis Gleave and their sub-consultant, Natural Capital, would complete this element within the Strategy Development Commission.

It was agreed to approve the additional tasks identified in the Report at an estimated cost of £15,000 to be funded through the Research and Development Programme for 2008/09.

Highlands and
Islands Fuel Study

12

It was agreed to withdraw this item.

CONSULTATION

Aviation Consultation Group 13 Mr Wilson Metcalfe gave a verbal update on progress with the Aviation Consultation Group. The Group had met on 28 August 2008 and Mr Laurie Price (Mott Macdonald) had given a comprehensive update on issues facing the aviation industry with particular emphasis on the high cost of fuel and the impact of the economic downturn. The Group had expressed concern at the continuing use of the South Terminal at Gatwick for FlyBe Flights to Inverness which made interlining more difficult as scheduled flights arrived at the North Terminal.

It was agreed to:

- (1) **note the Report;**
- (2) **make representations to Gatwick Airport Management requesting a more customer oriented service for connections to Inverness;**
- (3) **make representation to the CAA Safety Regulation Group seeking exemptions from legislation covering major airports which would not be appropriate for the smaller airports in the Highlands and Islands; and**
- (4) **seek a Meeting with Loganair to discuss their arrangements post October 2008.**

PARTNERSHIPS

Annual Report 14 The Partnership Director submitted the draft HITRANS Annual Report 2007/08. The Report highlighted that HITRANS had concentrated on the review of the Regional Transport Strategy, carrying out research and support interventions that would figure highly in the output of the Government's Strategic Transport Review as currently being undertaken by Transport Scotland and investing in improvements in the Public Transport Network across the Highlands and Islands. Members were afforded the opportunity of commenting on the draft Annual Report.

It was agreed:

- (1) **to approve the draft Annual Report 2007/08 with the inclusion of the amendments tabled by Members; and**
- (2) **that the Partnership Director would submit a Report to the next Meeting reviewing HITRANS major achievements in terms of capital expenditure.**

Support to Orkney Islands Council 15 The Partnership Director submitted a Report in relation to a request from Orkney Islands Council for HITRANS to provide short term assistance during the period while the Council's Head of Transportation was taking maternity leave.

It was agreed that HITRANS would provide Orkney Islands Council with the services of the Partnership Co-ordinator and other staff as necessary to provide assistance in delivering its Transportation services during the period of the Head of Transportation's maternity leave, subject to the Partnership Director ensuring that HITRANS continued to meet its own commitments.

RTP Chairs Meeting Update 16 The Partnership Director addressed the Meeting and updated Members on the outcome of the recent Meeting of the Chairs of the Regional Transport Partnerships. It was stated that RTP's had expressed concern that they were on longer part of the formal Strategic Transport Planning Review and National Planning Process. Members were informed that Mr Alasdair Watson (STP) would represent Regional Transport Partnerships on the National Transport Strategy Steering Group and that he would report directly to RTP's.

It was agreed:

- (1) to note the update on the recent Meeting of the Chair's of Regional Transport Partnerships; and**
- (2) that the note summarising the discussions held at the RTP's Chairs Meeting be included as an appendix to the Minute.**

Programme of Meetings 2009 17 **It was agreed the programme of Meetings for 2009 would be as follows:**

- **5 & 6 February 2009 – Inverness**
- **2 & 3 April 2009– Inverness**
- **4 & 5 June 2009 – Portree**
- **10 & 11 September 2009 – Stornoway**
- **3 & 4 December 2009 – Inverness**

It was further agreed that the Thursday briefings would concentrate on specific items from the Agenda with these items to be notified in advance.

AOCB 18 Members were informed that Graham Spall, Shetlands Islands Council had retired and it was agreed to pass on the best wishes of HITRANS Members to Mr Spall.

It was noted that Mr Charlie King had agreed to perform the opening of the new airports at Coll and Colonsay.

There was general agreement on the benefits of closer liaison between ZetTrans and HITRANS and officers would explore mechanisms to achieve this including video conference linking and agenda sharing.

Mr Donald John Macsween gave Members an update on the proposals for Lochboisdale – Mallaig ferry services. The proposals from Storas Uibhist were currently with the Minister and a response was awaited.

Members were informed that Mr Blair Fletcher was intending to retire on 7 November 2008 and the Chairman, on behalf of HITRANS, wished Mr Fletcher a long and happy retirement.

The Chairman thanked Mr George Macintyre and Moray Council for their hospitality in hosting the Meeting.

Appendix to Item 1

RTP Chairs Meeting 27 August
Verbal Report by Director to Board on the Meeting

The Chair's of six of the Regional Partnerships and the vice Chair of the seventh met to discuss common issues and how best to work together and work with government and stakeholders to promote improved transport across the country.

The following topics of interest to the Board were discussed.

The Strategic Transport Projects Review is an important process for all RTPs as it will inform government spending priorities from 2012. The Chairs were concerned that the agreed arrangements for engagement in the process by stakeholders and in particular RTPs had not been implemented in the critical stage of the options appraisal element of the review, and that as a result the conclusions from the Review may be less well received when they emerge. Transport Scotland had indicated the reason for this change was that they had to meet a very tight timescale and that this aspect had to be dropped to allow the review to proceed as required by Government. The Chairs agreed to raise the matter with the Minister at his forthcoming with them.

The Regional Partnerships have been offered a place on the NTS Stakeholder Group and the Chairs agreed this should be taken by Alistair Watson, the Chair of SPT, on the understanding that he would feed back regularly to the other chairs on issues discussed and would seek their input whenever possible. It was agreed that the RTP representative should not engage in any confidential discussions through this forum the details of which he would not be allowed to share with the other Chairs.

The Chairs are keen to work with Government to develop funding mechanisms that might aid Government in delivering necessary transport interventions across the country, particularly those with an importance at regional and national level. To this end the Chairs agreed to establish a Funding Forum to allow informal discussions on this topic to take place between key stakeholders.

Audit Scotland had invited input from the RTPs into their study into the extension to the First Scotrail Franchise and as a result had contacted the Lead Officers to invite their comments on the Audit Scotland proposed Study Programme for the next 2 years. The Chairs welcomed the opportunity given and were keen to engage in the proposed studies on Concessionary Fares, Physical Planning Services in Local Government, the role of Boards, Road Maintenance follow up, and Delivering an Integrated Transport Programme.

The Chairs considered the current position regarding health related transport and agreed that this is an area in which they would wish to discuss with the Transport, Infrastructure and Climate Change Minister how best progress can be made towards providing the best overall services to health sector users.

Item:

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Report to Partnership Meeting of 5 September 2008

FINANCE - Audited Statement of Accounts – 2007/2008

Report by Partnership Treasurer

SUMMARY

This report sets out the requirement for annual accounts and presents Audit Scotland's, HITRANS auditor, report and matters arising from the audit of the financial statements for the year ended 31 March 2008.

1. BACKGROUND

1.1 Under Scottish Government legislation each Transport Partnership is required to produce an annual statement of accounts by 30 June following the end of the financial year and presented for audit to their respected auditors. In HITRANS case, Audit Scotland. The statement of accounts must prescribe to all accounting standards and statements of recommended practice.

1.2 The statement of accounts were presented, for audit, to Audit Scotland on 25 June 2008. Legislation requires Audit Scotland to have completed their audit and report by 30 September. The completed audited accounts were signed by Audit Scotland on 4 September 2008.

2. STATEMENT OF ACCOUNTS

2.1 The unaudited statement of accounts for the year ended 31 March 2008 were presented to the Partnership meeting on 5 September 2008. I am pleased to say no adjustments were required to the accounts during the audit.

2.2 A copy of the accounts have been placed on HITRANS website and if members require a hard copy these can be obtained from the Partnership's office.

3. AUDITOR'S CLEARANCE REPORT

3.1 A copy of Audit Scotland's "Report to members and the Controller of Audit on the 2007/08 audit" is attached. The audit report is unqualified with no matters arising.

4. RECOMMENDATION

4.1 Board Members are asked to note the above information as well as the attached Auditor's Clearance Report on the statement of accounts for the year ended 31 March 2008.

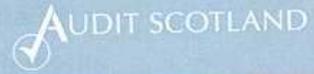
Designation: Partnership Treasure

Date: 20 November 2008

Author: Mike Mitchell, Finance Manager, Highland Council

Highlands and Islands Transport Partnership

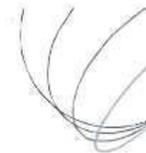
Report to Members and the Controller of Audit on the 2007/08 Audit



23 September 2008

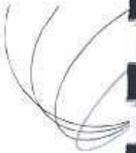
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Introduction

1. This report summarises the findings from our 2007/08 audit of Highlands and Islands Transport Partnership. It covers the key outcomes from our audit of the financial statements and review of the Partnership's governance arrangements. In each section we also provide an outlook on future issues and our views on potential risks. The scope of the audit was set out in our annual audit plan issued on 15 February 2008.
2. The financial statements of the Partnership are the means by which it accounts for its stewardship of the resources made available to it and its financial performance in the use of these resources. It is the responsibility of the Partnership to prepare financial statements that present fairly its financial position and the income and expenditure for the year.
3. The members and officers of the Partnership are responsible for the management and governance of the organisation. As external auditors, we review and report on the arrangements in place and seek to gain assurance that:
 - the financial statements have been prepared in accordance with statutory requirements and that proper accounting practices have been observed;
 - the Partnership's system of recording and processing transactions provides an adequate basis for the preparation of the financial statements and the effective management of assets and interests;
 - the Partnership has adequate governance arrangements which reflect the three fundamental principles of openness, integrity and accountability;
 - the systems of internal control provide an appropriate means of preventing or detecting material misstatement, error, fraud or corruption;
 - the Partnership has proper arrangements for securing best value in its use of resources.



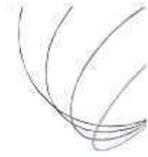
Financial statements

Introduction

4. In this section we summarise key outcomes from our audit of the Partnership's financial statements for 2007/08. We also summarise key aspects of the Partnership's reported financial position and performance to 31 March 2008.
5. We audit the financial statements and give an opinion on:
 - whether they present fairly the financial position of the Partnership and its expenditure and income for the year; and
 - whether they have been prepared properly in accordance with relevant legislation, applicable accounting standards and other reporting requirements.
6. We also review the Statement on the System of Internal Financial Control by considering the adequacy of the process put in place by the Partnership to obtain assurances on systems of governance and internal financial control and assessing whether disclosures in the statement are consistent with our knowledge of the Partnership.

Overall conclusion

7. We have given an unqualified opinion on the financial statements of Highlands and Islands Transport Partnership for 2007/08.
8. The Partnership is required to follow the Code of Practice on Local Authority Accounting in the United Kingdom – A Statement of Recommended Practice (the 'SORP'). Overall, we were satisfied that the financial statements were prepared in accordance with the SORP. There were no adjustments made to the figures included in the un-audited financial statements provided for public inspection.
9. In our Report to Members and the Controller of Audit on the 2006/07 Audit we referred to one matter where the financial statements did not comply with the SORP, i.e. providing a subjective objective analysis in the income and expenditure account whereas the SORP requires an objective analysis. We acknowledged that guidance on the presentation of the income and expenditure account was unavailable at the time the financial statements were prepared. The format of the income and expenditure account was revised in 2007/08 to provide an objective analysis in compliance with the SORP.



Financial position

Revenue performance 2007/08

10. The Partnership's total revenue expenditure for 2006/07 amounted to £6.044 million. This was met by partners' contributions of £0.2 million, specific grants of £5.671 million from Scottish Executive and other income and interest of £0.173 million.
11. The Treasurer summarises performance against budget in his Report to the Partnership contained in the financial statements. Overall expenditure exceeded the budget of £5.889 million by £0.155 million (2.6%). This was offset by additional income of £0.155 million resulting in no variance from the net budget.

Financial outlook – pension liabilities

12. Financial planning and accounting for the costs of pensions presents a difficult challenge. The amounts involved are large, the timescale is long and the estimation process is complex and involves many areas of uncertainty that are the subject of assumptions.
13. In accounting for pensions, FRS 17 is based on the principle that an organisation should account for retirement benefits at the point at which it commits to paying them, even if the actual payment will be made years into the future. This requirement results in future liabilities being recognised in the annual accounts. The Partnership's estimated pension assets at 31 March 2008 exceeded its share of the liabilities in the Highland Council Pension Fund by £9,000.
14. The actuary is required to make a three-year assessment of the contributions that should be paid by the employing authorities to maintain the solvency of the fund. The contribution levels are based on percentages of employee contributions, normally 6% of salary. The actuary's assessment shows that contributions from employing authorities are expected to rise from 280% of employee contributions in 2007/08 to 290% in the 2008/09 financial year.

Legality

15. Each year we request written confirmation from the Treasurer that the Partnership's financial transactions accord with relevant legislation and regulations. Significant legal requirements are also included in audit programmes. The Treasurer has confirmed that, to the best of his knowledge and belief and having made appropriate enquiries of other senior officers, the financial transactions of the Partnership were in accordance with the relevant legislation and regulations governing its activities.
16. There are no additional legality issues arising from our audit which require to be brought to members' attention.



Governance

Introduction

17. In this section we comment on key aspects of the Partnership's governance arrangements during 2007/08.

Overview of arrangements in 2007/08

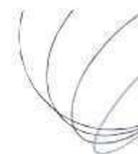
18. Corporate governance is concerned with structures and processes for decision making, accountability, control and behaviours at the upper levels of the organisation. The Partnership has a responsibility to put in place arrangements for the conduct of its affairs, to ensure the legality of activities and transactions and to monitor the adequacy and effectiveness of these arrangements in practice.
19. A Statement on the System of Internal Financial Control is included within the annual financial statements, and highlights the Treasurer's view that reasonable assurance can be placed upon the adequacy and effectiveness of the Partnership's internal financial control system. The statement complies with accounting requirements and is consistent with the findings of our audit.

Systems of internal control

20. The Partnership's financial transactions are processed through Highland Council's financial systems. It is the responsibility of the Council's management to maintain adequate financial systems and associated internal controls. The auditor evaluates significant financial systems and associated internal controls both for the purpose of giving an opinion on the financial statements and as part of a review of the adequacy of governance arrangements.
21. Our review of these systems was conducted as part of the audit of the Highland Council, supplemented by specific audit work on the Partnership's financial statements. Overall there are no material issues of concern in relation to the operation of the main financial systems.

Prevention and detection of fraud and irregularities

22. The Partnership does not have in place its own arrangements for the prevention and detection of fraud and corruption, but complies with the relevant policies of Highland Council.



Final Remarks

23. The members of Highlands and Islands Transport Partnership are invited to note this report. We would be pleased to provide any additional information that members may require.
24. The co-operation and assistance given to us by officers of the Partnership and Highland Council is gratefully acknowledged.

Audit Scotland
23 September 2008

Item:
4



Report to Partnership Meeting 5 December 2008

FINANCE

Revenue Budget Monitoring Report – 1 April 2008 to 31 October 2008

Report by Partnership Treasurer

SUMMARY

This report sets out the revenue monitoring position for the period to 31 October 2008 and the projected year end position.

1. Current Position

1.1 The annual budget is as approved at the Board Meeting held on 1 February 2008, amended for the recovery of the 2007/08 overspend of £17,555 approved at the Board meeting on 5 September 2008. The attached summary statement shows the financial position to 31 October 2008. In total income and expenditure is broadly in line with the budget out-turn target.

2. Year End Projection

2.1 The year to date actual figures represent the transactions for the seven months ended 31 October 2008 and are in line with management expectations. At present officers are not aware of any anomalies that will distort the overall financial position.

2.2 Board Members will note that based on the financial performance to date, it is predicted that at the end of the financial year the budget will deliver a balanced budget.

3. Major Issues and Variances

3.1 Currently there are no major issues or significant variances to highlight.

4. Recommendation

4.1 Board Members are asked to note the above information as well as the attached schedule showing the revenue monitoring position for the period to 31 October 2008.

Designation: Partnership Treasurer

Date: 27 November 2008

Author: Mike Mitchell, Finance Manager, Highland Council

HITRANS - SUMMARY							
STATEMENT OF REVENUE MONITORING TO: 31ST OCTOBER 2008							
2008/2009							
BUDGET HEADINGS	ANNUAL BUDGET	BUDGET TO DATE	ACTUAL TO DATE	This Month Budget	This Month Actual	TO GO	PROJECTED OUTTURN
INCOME							
Councils	(£200,000)	(£200,000)	(£200,000)	£0	£0	£0	(£200,000)
Scottish Executive - Match Funding	(£200,000)	(£116,667)	(£116,667)	(£16,667)	(£60,000)	(£83,333)	(£200,000)
Scottish Executive - Travel Plan Officer	(£107,000)	(£62,417)	£0	(£8,917)	£0	(£107,000)	(£107,000)
Scottish Executive - Regional Transport Strategy	(£415,000)	(£142,921)	(£143,333)	(£12,333)	£0	(£271,667)	(£415,000)
HIE	£0	£0	£0	£0	£0	£0	£0
Other Misc Income	£0	£0	(£4,935)	£0	(£2,720)	£0	£0
	(£922,000)	(£522,004)	(£464,935)	(£37,916)	(£62,720)	(£462,000)	(£922,000)
DIRECT RUNNING COSTS							
Director	£89,400	£52,150	£52,131	£7,450	£7,447	£37,269	£89,400
Partnership Managers	£111,100	£64,808	£63,685	£9,258	£9,096	£47,415	£111,100
Office Managers	£49,500	£28,875	£28,977	£4,125	£4,249	£20,523	£49,500
Staff Travelling and Subsistence	£25,000	£14,583	£11,433	£2,083	£2,159	£13,567	£25,000
Members and Advisers Travel and Subsistence	£10,000	£5,833	£6,589	£833	£967	£3,411	£10,000
Partnership/Consultation Meetings	£25,000	£14,583	£12,158	£2,083	£848	£12,842	£25,000
Office Costs - Property	£50,000	£29,167	£15,746	£4,167	£538	£34,254	£50,000
Office Costs - Admin	£30,000	£17,500	£11,538	£2,500	£1,172	£18,462	£30,000
	£390,000	£227,500	£202,259	£32,500	£26,478	£187,741	£390,000
PROGRAMME COSTS							
Publicity	£25,000	£14,583	£3,105	£2,083	£0	£21,895	£25,000
Travel Plan Work	£107,000	£62,417	£16,363	£8,917	£250	£90,637	£107,000
Research & Strategy Development	£336,445	£112,500	£19,501	£40,000	£6,495	£316,944	£336,445
Other Costs	£0	£0	£0	£0	£0	£0	£0
2007/08 Deficit	£17,555	£17,555	£17,555	£0	£0	£0	£17,555
	£486,000	£207,055	£56,524	£51,000	£6,745	£429,476	£486,000
Finance and Administrative Services	£46,000	£0	£3,595	£0	£0	£42,405	£46,000
TOTAL COSTS	£922,000	£434,555	£262,378	£83,500	£33,223	£659,622	£922,000
(UNDER) / OVERSPEND	£0	(£87,449)	(£202,557)	£45,584	(£29,497)	£197,622	£0

Report to Partnership Meeting – 5th December 2008

FINANCE – TRAVEL PLANS PROGRAMME 2008/09

PURPOSE OF REPORT

To update Members on the progress made in delivering the Travel Plans budget funded through the Scottish Government's allocation of £107,000 for 2008/09 to HITRANS through the grant stream directed to *Mainstream SMART Measures by Local Authorities and Health Boards*.

BACKGROUND

The main expected outcome of the Grant is to increase the number of staff, visitors and suppliers in Local Authorities and Health Boards using more sustainable modes of transport. The objectives of the grant are:

- i. work with Local Authorities and Health Boards to implement and expand the coverage and monitoring of Travel Plans and disseminate lessons learnt through the production of case studies; and
- ii. work with Local Authorities, and other sustainable and active travel stakeholders, to encourage organisations and individuals, for example through best practice, leadership, national events, promotion of publications, websites and tools, to test and habitually use more sustainable forms of transport.

HITRANS GRANT PROGRAMME

The following proposals summarise the areas where the Partnership agreed funding should be channelled at the 6th June Board meeting.

Travel Plans Promotion

In the previous Travel Plans budget period of April 2006 to March 2008 an element of funding was budgeted to cover the costs of advertising travel plans and sustainable travel in local newspapers and local radio. A budget of £4,000 has been identified for this purpose in 2008/09.

Get Healthy, Get Active!

HITRANS introduced Get Healthy, Get Active! Our sustainable travel grant scheme in 2007/08 and achieved good results in terms of promoting better travel with participation by our partner Councils. The budget in 2007/08 saw over £20,000 of successful active travel projects delivered by Argyll and Bute Council, Moray Council and Orkney Islands Council. The proposed budget for this scheme for 2008/09 has been increased to £30,000 and this will provide an opportunity for Councils and Health Boards to bid for funding of travel plan related actions in the current programme. HITRANS would not intend to restrict the funding to local authorities and health boards but rather consider proposals from other public sector bodies and the private sector, but

this will be subject to agreement by Scottish Government of a relaxation of the currently proposed grant award conditions.

Sustainable Travel Facilities

While it is important to develop travel behaviour change at large employment sites such as can be achieved through Get Healthy, Get Active! many communities across the Highlands and Islands depend on smaller scale enterprises as key employers. It is therefore important to improve sustainable travel opportunities to sites such as these. A budget of £15,000 has been identified to improve sustainable travel facilities that can be accessed by the general public. This could be simple measures such as the bike racks HITRANS previously funded at bus stops in Orkney and rail stations in Highland when we were in receipt of Capital funding.

Travel Plan Marketing and Targeted Personal Journey Planning

Targeted promotion of sustainable travel on particular routes was identified as a particularly successful aspect of the Sustainable Travel Demonstration Towns projects piloted by the Department for Transport. This process in England has included targeted telemarketing, personal journey planning and individual route promotion. A budget of £15,000 has been identified to encourage modal shift and sustainable travel passenger growth throughout the Highlands and Islands.

www.IfYouCareShare.com

Having established IfYouCareShare.com it is now essential that we actively promote the site to ensure people throughout the area can benefit from the opportunity it presents. A regular commuter in the Highlands and Islands participating in the scheme stands to benefit greatly with a conservative estimate of an annual saving of £1,000.

To cover the licensing costs with the system provider and promotional activities to encourage more people to take up the opportunity presented by the site to save money and meet new people a budget of £25,000 has been identified for this.

HITRANS Site Travel Plan

While encouraging other employers to practice good travel planning behaviour it is important that HITRANS implement a site travel plan for both the Lairg and Dalcross offices. A travel plan taking account of staff, member and meeting travel will be developed this year. To support this document a practical measure identified is to trial the use of a folding bike stored at the Dalcross office and made available for use by staff, members and advisors travelling through Inverness Airport for business. Folding bikes are accepted for carriage on buses, coaches and trains and this will represent a highly visible and practical application of sustainable travel methods by the Partnership. This initiative is indicative of the sort of project that would qualify under the Get Healthy, Get Active! scheme should other employers choose to follow our example. £469 has been allocated to this project.

Real Time Information System Promotion

The real time information systems funded by HITRANS in 2007/08 in Argyll, Inverness, Moray and Orkney will be going live in 2008 and each scheme has the potential to provide bus stop information through SMS and WAP mobile phone technology. This is a cost effective way of providing information but for this to achieve good take up it is essential that the system is promoted particularly in relation to how to use the SMS function. A budget of £5,000 has been identified for RTI promotion specifically aimed at providing leaflets, posters and advertising of the

RTI SMS and WAP service to be distributed through employers in the area, schools and at interchanges.

Site Specific Travel Plan Development

A budget of £10,000 has been earmarked to provide support to public and private sector employers in supporting the development of site specific travel plans. This approach can also attract grant funding from the Energy Savings Trust for sites with 50 or more employees. This will build on the work that has already been progressed in 2007/08 where the Council headquarter sites and key NHS sites developed staff travel plans.

Administration, Monitoring and Evaluation

A budget of £2,500 has been identified to cover staff time and office costs associated with delivering Travel Plans work in the HITRANS area and monitoring the success in delivering previously initiated and new travel plans across the Highlands and Islands.

SUMMARY

In line with recommendations made by Scottish Government the full budget for the programme to *Mainstream SMART Measures by Local Authorities and Health Boards* has been earmarked for research and development of the measures that will support sustainable travel and modal shift.

RECOMMENDATIONS

1. Members are asked to note the latest progress on delivering this funding stream.

Report by:	Ranald Robertson
Designation:	Partnership Manager
Date:	24 November 2008
Background Papers:	Appendix A – Detailed Travel Plan Programme 2008/09

Appendix A – Detailed Travel Plan Programme 2008/09

Project	Description	Budget Allocated	Spend to Date
Travel Plan related promotions	Cost of advertising in local press to promote modal shift.	£4,000	
Get Healthy, Get Active!	Continuation of <i>Get Healthy, Get Active!</i> HITRANS sustainable travel grant scheme. The first round of projects has seen improved active travel opportunities and facilities at local government offices. It is hoped to extend the benefits to other public sector and private sector sites.	£30,000	
Travel Plan Marketing and Targeted Publications	Targeted promotion of sustainable travel. This will include targeted telemarketing and individual route promotion. This process will be developed in cooperation with public transport operators and will include measuring the impact of the intervention in terms of passenger uptake.	£15,000	£7,125
Travel Facilities	Funding for enhanced sustainable travel facilities for general use not tied into specific employers.	£15,000	£5,842
HITRANS Office Travel Plan	A folding bike for use by HITRANS members, advisors and staff to attend meetings using sustainable transport. Folding bikes will be acceptable for carriage on all buses and trains in the region.	£469	£469
www.IfYouCareShare.com	Marketing and promotion of HITRANS carshare site.	£25,000	£18,655
Real Time Information System Promotion	Marketing and promotion of HITRANS real time information projects.	£5,000	£340
Site Specific Travel Plan Development	Support to Public Sector and Private Sector businesses in developing and implementing site travel plans.	£10,000	£305
Administration, Monitoring and Evaluation	Staff time and office costs associated with delivering Travel Plans work in the HITRANS area and monitoring its success.	£2,500	£2,169
		£106,969	£34,906

Report to Partnership Meeting 5 December 2008

STRATEGY DEVELOPMENT

Road Transport Biofuels and UK RTFO Consultation

Recommendation

The Board is asked to consider the issues raised by the interim Report on the Highlands and Islands Fuel Study in relation to the potential introduction of biogasoline in the Highlands and Islands and highlighted in the presentation made today to the Board by Experian Catalyst, and agree to submit the response to the Consultation as provided in the Appendix to the Report.

Background

In February 2008 the UK Secretary of State for Transport invited the Renewable Fuels Agency (RFA) to undertake a review of the indirect effects of the introduction of bio-fuels. This was done in the light of new evidence suggesting that an increasing demand for biofuels might indirectly cause carbon emissions to *rise* because of land use change, and concerns that demand for bio-fuels may be driving food insecurity by causing food commodity price increases.

The review published on 7th July 2008, and now known as the Gallagher Review, noted that mechanisms do not yet exist to accurately measure, or to avoid, the effects of indirect land use changes from bio-fuels stating that, as a result, there was a risk that any bio-fuel target could lead to a net *increase* in greenhouse gas (GHG) emissions. It also noted that assessments underpinning the European Union's 10% target for 2020 and in the UK the RTFO did not adequately address indirect land use change. As a result a framework to prevent bio-fuels causing land use change has been proposed, during which time the rate of the introduction of bio-fuels should be slowed.

On 15th October 2008 the UK Government announced the publication of a proposed amendment to the Renewable Transport Fuels Obligation (RTFO) Order 2007 (SI 3072) and put the details out for consultation. The consultation is on the Renewable Transport Fuels Obligation (Amendment) Order 2009 which proposes that the introduction of biofuels be slowed resulting in a delay of up to three years compared to the original RTFO targets. The Amendment also includes the addition of two new bio-fuels that would qualify under the RTFO rules.

The impact of this proposed Amendment is that the envisaged challenges and problems cited in the original July report, particularly with respect to the introduction of bio-gasoline in the HIE Region, may no longer materialise in the very short term - thus alleviating the need for any immediate mitigating action, but not removing the source of the issue for this region

which will still have to be addressed and overcome before the introduction of bio-gasoline across the UK, probably around 2011/12.

The HITRANS Position

The Partnership supports the overall desire to reduce environmental impact / GHG emissions from road and other modes of transport, and the role that biofuels can have in the short to medium term in achieving the EU, UK and Scottish interim targets, and that the Highlands & Islands wish to play their part in reducing emissions.

As part of the Highland and Islands Fuel Study commissioned by HITRANS, HIE and The Highland Council information has come to light that raises concerns and challenges regarding the feasibility of introducing biogasoline / bioethanol in the Highlands and Islands. This fuel will be required to be introduced across the UK if it is to meet both current or amended RTFO, and unless some means of supplying non-bio gasoline can be found without imposing additional cost to consumers in the Highlands and islands, there is the potential for this region uniquely to face significant increased costs for fuel compared with that elsewhere as a result of the introduction of RFTO.

HITRANS support the proposed amendment to RTFO, as this will delay introduction of biogasoline and give breathing space to allow possible solutions to the inherent problems of introducing this fuel in low volume areas of consumption to be found.

The Partnership acknowledges the potential benefits of 2nd generation fuels which are currently being developed, but these are not likely to be commercially available in the short term, and so will not have any bearing on the challenges faced should the RFTO order proceed as proposed.

HITRANS would wish to encourage DfT and the fuel supply industry to find a workable solution to the issues surrounding the introduction of biogasoline in the Highland and Islands as soon as possible, and before the national introduction of biogasoline, to remove uncertainty for the industry and consumers, and to provide sufficient time for industry to make the investments required to ensure continuity of petrol supply to the region.

Author: Dave Duthie
Designation: Partnership Director
Date: 25 November 2008

Road Transport Biofuels and UK RTFO Consultation

Draft Response

Copy to be sent by e-mail to rtfoconsultation@dft.gsi.gov.uk by 17 December 2008

HITRANS Response to the Department for Transport Consultation on Draft Renewable Transport Fuel Obligations (Amendment) Order 2009

HITRANS (The Highlands and Islands Transport Partnership) is the statutory body concerned with the sustainable development and the coordination of all transport related activities within the Highlands and Islands of Scotland. It also takes a strategic interest in the provision of trunk transport services to and from the region. People in the Highlands and Islands generally have to travel further to access basic services and employment than normal and, due to the sparsity of population and relatively low levels of public transport, the reliance on movement using private cars and its related costs is more acute in this region than elsewhere in the UK.

Our response takes a strategic overview of the concerns on the introduction and distribution of biofuels across the country and in particular within the Highlands and Islands, and the timetables for such as currently proposed, in order to provide a particular perspective to the DfT on the issue.

Our Partnership supports the overall desire to reduce environmental impact / GHG emissions from road and other modes of transport, and the role that biofuels can have in the short to medium term in achieving the EU, UK and Scottish Government's interim targets. The Highlands & Islands wish to play their part in reducing emissions, and HITRANS would wish to work with all sectors to ensure this is achieved in an effective manner that does not disadvantage this region relative to others.

As part of the Highland and Islands Fuel Study commissioned by HITRANS, HIE and The Highland Council information has come to light that raises concerns and challenges regarding the feasibility of introducing Biogasoline / Bioethanol in the Highlands and Islands. This fuel will be required to be introduced across the UK if it is to meet both current or amended RTFO, and unless some means of supplying non-bio gasoline can be found without imposing additional cost to consumers in the Highlands and islands, there is the potential for this region uniquely to face significant increased costs for fuel compared with that elsewhere as a result of the introduction of RTFO. A summary of the findings of the report so far has already been sent to officials at DfT for their consideration.

HITRANS support the proposed amendment to RTFO, as this will delay introduction of Bioethanol and give breathing space to allow possible solutions to the inherent problems of introducing this fuel in low volume areas of consumption to be found.

The Partnership acknowledges the potential benefits of 2nd generation fuels which are currently being developed, but these are not likely to be commercially available in the short term, and so will not have any bearing on the challenges faced should the RFTO order proceed as proposed.

HITRANS would wish to encourage DfT and the fuel supply industry to find a workable solution to the issues surrounding the introduction of Bioethanol in the Highland and Islands as soon as possible, and before the national introduction of Bioethanol, to remove uncertainty for the industry and consumers, and to provide sufficient time for industry to make the investments required to ensure continuity of petrol supply to the region.

Question 1. Do you agree or disagree that if the obligation levels were left unchanged at 3.75 per cent for 2009/10 this would only have a marginal impact on the amounts of bioethanol used by obligated suppliers to meet their obligation in that period?

HITRANS is of the view that without an agreement from car manufactures to a raising of the current levels of Bio content in Biodiesel that the 3.75% level would inevitably result in the wide scale introduction of Bioethanol across the country. This would result in serious supply and distribution issues, the solutions to which have yet to be found, and without these, Bioethanol could not be supplied across the Highlands and Islands in an environmentally acceptable way and at a cost comparable with that for rest of the country. Without appropriate action by Government and Industry, the Highlands and Island, which currently incurs the highest cost for fuel in the UK, could well be asked to meet a disproportionate cost of introduction of a national standard, with major impact on the sustainability of communities on some islands and remote parts of the mainland.

Question 2. Do you agree or disagree that the obligation levels should be left unchanged?

The obligation levels should not be increased from current levels until such time as an acceptable means of supplying Bioethanol to users across the country, and in particular in the Highlands and Islands is established and put in place.

Question 3. Do you agree or disagree with freezing the obligation level at 2.5 per cent?

HITRANS agrees with this proposal which will create a window that will allow Government and Industry the necessary time to establish an appropriate means of distributing and supplying Bioethanol, which is not currently in place.

Question 4. Do you agree or disagree that the rate of increase in the RTFO should be adjusted in line with Professor Gallagher's recommendations?

As for our Answer to Question 2, HITRANS considers that any increase in level of Biofuel should be held at a level that allows the Obligations to be achieved through its inclusion in Biodiesel, until such time as a sustainable distribution and supply mechanism for Bioethanol is put in place.

Question 5. Do you agree or disagree that agreed mandatory sustainability criteria would benefit both bioethanol and biodiesel producers in the UK?

No comment

Question 6. Do you agree with the costs as set out in the Impact Assessment?

No comment

Question 7. Do you agree or disagree that the definitions in the draft amending order at Annex B for biobutanol and renewable diesel are appropriate?

No comment

Question 8. If HPRD is made an eligible fuel, do you agree or disagree that a minimum proportion of it should be attributable to renewable sources? If you agree, what would be a suitable level, for example, 5 per cent?

No comment

Question 9. Do you agree or disagree that the volume of biomass fed into the processing unit is the appropriate way to measure the volume of HPRD which is attributable to biomass?

No comment

Question 10. Do you have views as to whether it is technically possible and practical to identify accurately the part of HPRD which is derived from biomass? If so, would this represent a better way forward than designating HPRD as a whole as a renewable transport fuel and issuing certificates only for that proportion of it which is attributable to biomass?

No comment

Question 11. Do you agree or disagree that if it is possible to legislate in order to add HPRD (or a part of HPRD) to the list of eligible fuels under the RTFO during the 2009/10 obligation period, this would be preferable to waiting until the revision of the RTFO order to implement the RED?

No comment

Question 12. Do you have views about how the production of these new fuels might encourage the use of certain feedstocks, and are there additional sustainability issues that arise?

No comment

Question 13. Do you have any other comments on the draft order at Annex B?

No comment

Question 14. Do you agree or disagree that an amended RTFO scheme should be the principal mechanism to deliver biofuels to help meet the requirements of the Renewable Energy Directive?

No comment

Question 15. What would be an appropriate mechanism to address other renewables for transport, eg electricity?

No comment

Question 16. What would be a suitable mechanism to implement the requirements to reduce greenhouse gas emissions in transport in the FQD, bearing in mind that such a mechanism might need to encompass not only the contribution made from renewable fuels but also other ways of reducing emissions such as reduced flaring, carbon capture etc?

No comment

Question 17. Would the double rewards proposed under the RED be adequate to encourage second generation biofuels?

HITRANS is of the view that the development of Second Generation biofuels should proceed as quickly as possible, given the limitations of first generation biofuels. It is however important that due consideration is given before approval of any such products for supply in the UK, as to whether such fuels can be distributed to, and retailed in, all part of the country without creating constraints that could adversely impact on local communities.

Question 18. What other mechanisms could better encourage the development of second generation biofuels?

No comment

Question 19. – Do you agree or disagree that this is the right course of action with regards to tallow ?

No comment

Question 20. Taking into account the requirements of both draft Directives, are there any other issues which need consideration when we transpose these into UK legislation?

Given the current issues regarding distribution and continuing supply of Bioethanol within the Highlands and Islands of Scotland, HITRANS would ask Government to ensure that full consideration is given of the impact of introducing revised Biofuel targets and measures across the country, before agreeing to introduce change.

Report to Partnership Meeting 5 December 2008

RESEARCH AND DEVELOPMENT

REVIEW OF HIGHLANDS AND ISLANDS AIR SERVICES

Summary

Air Service provision has changed significantly since HITRANS promoted the PSO network and introduction of the ADS scheme, both in terms of service provision and the cost of using the services. With the recent change in the major Operator's arrangements in the region this is an appropriate time to review the changes that have occurred in the context of what was envisaged in the PSO proposals and subsequent changes in the commercial and supported air service market in the intervening period.

Proposal

HITRANS commissioned a study this Financial Year to look at what has been achieved in growth of air services serving the Highlands and Islands in the period since the PSO proposals were considered and how these have succeeded relative to developments in aviation elsewhere in the UK and beyond in the same period.

Background

HITRANS developed proposals to improve air services across the Highlands and Islands in 2005 through promotion of a PSO network aimed at improving access to the more remote parts of the region thus creating a catalyst for economic and social improvement in the areas served. While these proposals were not adopted by the then Government, action was taken by Government to support improved air access for those living in the remote areas of the Highlands and Islands through introduction of the Air Discount Scheme offering a 40% discount to residents of these areas on commercial flights within the Highlands and Islands and to and from the major hub airports in Scotland. The original work on the PSO network was led by Mott MacDonald and Steer Davis Gleave, and an interim review of the ADS project was undertaken by Halcrow in late 2007. Since both these pieces of work were completed a number of changes have taken place which might impact on the services and air sector, not least the local change of framework arrangements by Loganair from BA Connect to FlyBe, and the substantial reappraisal of routes and frequencies by commercial airlines following the fuel and subsequent economic crisis across the world.

It may be an appropriate time to consider the services currently available compared to those proposed in the PSO, the level of asset usage being achieved, and the challenges faced within the Highlands and Islands in maintaining a viable commercial air network in the current economic climate when compared with challenges currently being faced by commercial airlines elsewhere and by Councils in delivering local PSO air services.

Author: Dave Duthie
Designation: Partnership Director
Date: 20 November 2008

Report to Partnership Meeting 5 December 2008

RESEARCH AND DEVELOPMENT

Orkney Smart Card Enabled Integrated Ticketing Pilot

Summary

Orkney Islands Council, in partnership with Transport Scotland, have developed a multi modal integrated ticketing pilot project to test the opportunity to build on the infrastructure established to support the national concessionary fares system and national entitlement card. This will allow integrated ticketing on internal bus and ferry services. In time the system may be extended to external links and as part of future tendering of the internal Air Service PSO there could be an opportunity to include aviation in the modes covered by the scheme.

Recommendation

It is recommended that:

The Partnership allocates £10,000 in 2008/09 towards the set up costs of the Orkney Integrated Ticketing Pilot. A further £10,000 will be allocated to this project for the period from 2009 to 2011.

That HITRANS become a full partner in this innovative project alongside transport operators, Orkney Islands Council and Transport Scotland.

Background

At the present time there are a number of ticket machines, types of ticket, styles of ticket and back office systems in operation in Orkney. Visitors find themselves purchasing several tickets as part their travels and residents eligible to the local concessionary travel scheme have large booklets of vouchers for local travel.

Whilst the public transport timetables allow seamless travel in many cases, each element of the journey requires a transaction, and in the case of the bus ticket this requires cash. This is considerable effort and hassle whereas a single integrated ticket could incorporate all these elements and could be purchased by credit card in advance requiring no cash payment.

This would also contribute to the resolution of a long term problem on the isles, where visitors arrive having spent their cash on travel tickets and then find attractions and facilities on the isles can only take cash payments.

Current Status

Orkney Ferries are developing their systems to allow passengers to pay by credit card onboard the vessel, and indeed, most of the vessels are now equipped with this technology. Online booking is also under development.

Lightweight smartcards will be available for purchase through the Stromness and Kirkwall Travel Centres, Visit Orkney offices and Orkney Ferries' office. This will allow the advance purchasing of tickets prior to boarding. It is likely that there will already be two compatible ticket machines of kiosk type in operation prior to the commencement of this project. These ticket machines will collect card issue data, point of sale info, and information for back office systems.

Orkney Ferries are using MX5 ticket machines with zebra printers, and some work would be required to integrate the back office systems between Orkney Ferries and Stagecoach.

Historic Scotland do not presently have any smartcard readers or "smart" ticketing arrangements (including back office systems) in place but would be prepared to consider joint project working if feasible.

Objectives

To have one integrated ticket for bus and ferry journeys to allow travellers to travel seamlessly on Orkney's internal transport network, and incorporating Orkney's local concessionary travel scheme.

The pilot project will provide valuable information on the potential of smartcard systems to:

- Incorporate concessionary travel (at both a local and national level)
- Increase the attractiveness and ease of use of public transport;
- Integrate modes of transport;
- Monitor travel patterns and find trends through data produced through the use of smartcard technology;
- Speed up journey times (less time spent paying fares onboard buses); and
- Test smart card ticketing on a smaller scale prior to nationwide smartcard proposals are launched.

Project Deliverables

The project deliverable is an integrated ticket which incorporates the local concessionary travel scheme and is for use on buses and ferries throughout Orkney.

Project Scope

This project covers ferry and bus operators within the Orkney archipelago on a restricted geographical basis. It will also be restricted to buses and ferries and possibly visitor attractions. Smartcard readers would allow information to be recorded on the usage of the ticket to get an idea of travel patterns of users.

The scheme would be widely promoted within Orkney through the local press, including radio and through tourist outlets; initial discussions with stakeholders have been very positive and the resulting ten phase project programme has subsequently developed as outlined below.

Phase 1: Install ticket machine technology and devise back office systems

The first stage of the project will be to obtain and install the ticket machine technology, on vehicles, in the Travel Centres and in the case of vessels, on handheld devices. This is currently work in progress and requires liaison with manufacturers, Transport Scotland and other bodies to ensure compliance, compatibility, training and operability.

Phase 2: Investigation into card types

There are various smartcard ticketing suppliers, and this phase requires research into the different suppliers and ticket types they offer. Plastic and paper options will be investigated for different phases of the scheme in order to determine which is most appropriate. This phase can be concurrent with phase 1.

Phase 3: Initial staff trials

Cards of nominal value will be issued to staff within Orkney Ferries, Stagecoach and OIC's Transportation Service for testing during the winter of 2009/2010. This phase will allow rigorous testing of the back office systems as well as the front of house operations; this phase is critical prior to the roll out of the scheme to members of the public in order that any glitches in any aspect of operation or data collection are ironed out.

Phase 4: Investigate bus and ferry tariff structure including incorporating vehicle element of local concessionary travel scheme.

At the present time the charging structure for the ferry services are regarded as relatively complex. In order to simplify the structure a review will be undertaken, before changes to simplify the structure are made. This phase can be concurrent with phase 3.

Phase 5: Trials for isles residents' multi-journey ticket

Residents of the isles are able to purchase a 50 journey ticket for Orkney Ferries, and in the initial roll out of the smartcard to the public would be on this multiple journey ticket; this is relatively small scale operation and would mean a small number of regular ferry customers could trial the scheme before it is rolled out more widely to incorporate other ticket types and concessions. This phase would take place in May 2010.

Phase 6: Incorporate bus ticketing

For this phase, megarider tickets which Stagecoach currently offer for multiple, time limited journeys will be available on the smartcard for members of the public to purchase. In the same way as the Orkney Ferries tickets will have been tested on a relatively small number of passengers, this phase will allow regular passengers to try out the bus element of the scheme, before the two modes are brought together on the one ticket.

Phase 7: Migration of multiple journey tickets on to the Local Concessionary Travel Scheme Card

Orkney Islands Council operates its own Local Concessionary Travel Scheme which is in addition to the National Concessionary Travel scheme. Details of the local scheme are presented in Appendix 1 of this document. The operation of the Local Concessionary Travel Scheme via the smartcard will mirror the anticipated operation of the National Concessionary Travel Scheme using smartcard technology and therefore act as a pilot for wider roll-out of the scheme.

The successful migration of the bus and ferry multiple journey tickets on to the same card as the Local Concessionary Travel Scheme card, which occurs in this phase will represent a key step forward in the development of integrated ticketing.

Phase 8: Issue Smartcards for Local Concessionary Travel Scheme

The Local Concessionary Travel Scheme vouchers are issued on the 1 October every year. Smartcards incorporating the Local Concessionary Travel Scheme will be issued prior to 1 October 2010, becoming live on this day. All eligible isles residents over 60 and/or with a disability will be issued this card, with instructions on usage. The card will contain their allocated 12 free return trips to Kirkwall for the year, along with any companion entitlement if eligible. Eligible residents from Papa Westray and North Ronaldsay will receive cards for their local concessionary air travel, and this will be rolled out with assistance from Loganair. It is hoped that this can also be smartcard based. Pursers on vessels will have had training in advance of the roll out of the scheme. Megarider bus tickets and multi-journey ferry tickets will be merged within this card, so that passengers who have purchased existing tickets will have these merged on to the one card so that no purchased journey is lost.

Phase 9: Investigate integration with National Entitlement Card

Whilst the smartcards are used to facilitate the Local Concessionary Travel Scheme investigation will be ongoing as to how to integrate this with the National Concessionary Travel Scheme through the National Entitlement Card. This process will depend on progress within Transport Scotland in making the National Entitlement Card “smart”.

Phase 10: Migration of OIC concession scheme with the National Entitlement Card

This final phase of the project will integrate the local scheme on to that of the National, which would mean local concessions can be taken account of through the National Entitlement Card; therefore isles residents, for example, who are entitled to both local and national concessions would be able to travel from their home isle into Kirkwall by ferry (or air in the case of North Ronaldsay and Papa Westray) and around Orkney Mainland by bus using the integrated ticket with smartcard technology.

Quality Specification

The project has to be ITSO compliant. This should cover all components - card, point of service and back office systems. The ITSO organisation includes passenger transport authorities, other authorities, transport operators and Government and compliance with the standards it has developed is regarded as important for the future integration of the project with national operations.

Assumptions

- That the project will be assessed at the end of the pilot to evaluate its success and establish whether it could be rolled out on a wider scale;
- OIC to assume responsibility of the purchase and management of the scheme;

Exclusions

Exclusions to this project will be all operations outwith Orkney; this ticket will not be valid on sailings across the Pentland Firth with Northlink, Pentland Ferries or John O’Groats Ferries. No air travel will be included in this ticket. This is just in order to contain the pilot study to a manageable area.

Key Stakeholders

This project will interface with:

- Orkney Islands Council
- Transport Scotland
- Orkney Ferries
- Stagecoach Orkney
- Westray Bus
- Sanday Dial-a-Ride
- HITRANS Regional Transport Partnership
- Loganair

Report by: Ranald Robertson
Designation: Partnership Manager
Date: 24 November 2008

Report to Partnership Meeting 5 December 2008

RESEARCH AND DEVELOPMENT

Research and Strategy Development Programme 2008/09

Summary

Work is progressing on the Research and Strategy Development Programme. This report updates the Partnership on specific items and proposes amendments to reflect changing priorities since the Programme was approved in April.

Recommendation

It is recommended that:

The Partnership note progress made on the 2008/09 Programme, and agree to the revisions as included in the Report

Background

The Partnership agreed the Research and Strategy Development (R+SD) Programme as part of the Business Plan for 2008/09 at its Meeting of 4 April.

Work on the Programme is progressing well. Brief notes on each approved activity and suggested amendments to the funding allocation and workstreams are provided in the Appendix to the report.

The budget available for the R+SD Programme has been reduced as agreed by the Board in June 2008 from £254,000 to £237,000 to reflect the need to accommodate the £17,000 overspend from the overall 2007/08 Partnership Budget within the 2008/09 Budget.

The major changes now proposed include a reduction in expenditure on research into rail, air, and Road based public transport to reflect changing priorities and parallel action being taken by others. It is proposed that funding be reallocated to meet the costs to be incurred within in this financial year of progressing the Roles and Functions Review, and the Review of the Highlands and Islands Air Services as reported separately to the Board at the Meeting.

Report by: Dave Duthie
Designation: Partnership Director
Date: 25 November 2008

Appendix to Item 10

Research and Strategy Development Programme for 2008/09

Progress Report to Partnership 5 December 2008

Area	Commitment approved	Revised allocation	Notes
<p>Rail</p> <p>Oban Glasgow timetable improvements/ TEE</p> <p>Far North journey time improvements</p> <p>Inverness Aberdeen loops and timetable improvements (NESTRANS part funding)</p>	<p>30,000</p> <p>30,000</p> <p>20,000</p>	<p>10000</p> <p>10000</p> <p>20000</p>	<p>The business case for 5 trains per day to Oban is being finalised., with the final cost at £10k. We propose spending further on linespeed work should funds become available.</p> <p>The HRP funded Inverness-Dingwall signalling study is completed. Proposed to spend £10k on linespeed and level crossing work shortly.</p> <p>A draft brief for linespeed enhancements work Inverness-Elgin and Huntly-Aberdeen is being prepared for discussion with NESTRANS, and presented to their Board on 10/12/08</p>
<p>Air</p> <p>Presentation to Air Advisory Group on recent developments in the aviation sector by Mott Macdonald</p> <p>Further work on Skye Airport proposal – survey and weather</p> <p>Case for regional service security and development between Heathrow/Gatwick and Inverness</p>	<p></p> <p>20,000</p> <p>20,000</p>	<p>3000</p>	<p>Significant changes are taking place in the aviation sector as a result of the open skies agreement and large fluctuations in fuel prices worldwide. These will have knock on impacts on air services to the Highlands and Islands. This presentation provided information around these issues</p> <p>HITRANS aim to support The Highland Council with the further development of the case for licensing an airport in Skye. The Council are currently reviewing their Capital Programme and will progress the necessary works once a clear timescale is identified to promote this scheme. The requirement for match funding is therefore postponed from a HITRANS perspective</p> <p>HITRANS responded to Government's consultation on Terminal 6 and the 3rd Runway at Heathrow. The Government has yet to announce its proposals following the consultation, and with the significant changes in airline configurations and route development currently underway following open skies, the fuel crisis, and the subsequent economic downturn, it is considered appropriate to delay this piece of research until early 2009/10</p>

			<p>when greater clarity on future development of the air sector and the roles and significance of Heathrow and Gatwick Airports will be clearer.</p> <p>Reported separately to the Partnership at the Meeting</p>
Review of Highlands and Islands Air Services		30000	
Active/ Health			
Audits of key settlements – Phase 2, with addition of Elgin	60,000	77,000	Kirkwall has been completed by our consultant, with Stornoway soon to commence. Dunoon and Elgin will be completed in spring 2009.
Health /Community Transport Study	20,000	10,000	HITRANS officers continue to engage with the NHS in the region with a view to taking forward measures towards developing each NHS board's Operational Travel Plan.
Forestry			
Confor forestry transport development programme	10,000		The National Confor Programme led by the forestry sector has not developed as anticipated and the support funding is not now required in this financial year
Support for project to develop a Forestry rail siding Sutherland		10,000	The Partnership has previously agreed to support this trial project aimed at reducing the volume of timber being extracted by road from Sutherland. Work is progressing on programme.
Ferry			
Study into service development options (part funding)	40,000	43,000	HITRANS has commissioned the Study to look at options for ferry service delivery from the Oban hub as part of the overall input into the Scottish Ferries Review. Work is progressing to programme.
Service development	10,000		With the National Ferry Review underway there has been less scope for HITRANS to look at ferry service development independently from this and funding should be channelled to other studies including the Oban Hub Service Development Study and the Orkney STAG update.
Update on STAG on strategic development of Orkney ferry network (part)		3,000	Orkney ferry services are an integral part of the transport network serving the Highlands and Islands and the critical need to address their development is identified within the Regional

			Transport Strategy. As part of development of the case for investment by Government in the services a STAG has previously been completed by Orkney Islands Council. This requires updating to provide best input into the Scottish Ferries Review and the Government's forthcoming Spending Review. It is proposed HITRANS should support 50% of the cost of the update
Road			
Study to support corridor assessments (part funding)	20,000		The merging of the bus services supplied by Rapsons and Stagecoach within the region will result in a degree of rationalisation and improvement to take place in its own right. Given the potential linkages between these service changes and the overall provision of commercial bus services on the region's strategic transport network, it is proposed to hold this study back until 2009/10 at which point it will be better able to reflect the existing level of service and what changes might enhance accessibility across the network
Bus Route Development Study	29,000		In the absence of funding opportunities such as the Bus Route Development Grant Scheme the funds allocated to Bus Route Development study work should be redistributed to a number of research areas.
ClimATIC environmentally sustainable transport project	5,000	5,000	The ClimATIC project has been successful in securing European funding. HITRANS contribution towards the Electric Vehicle project included in this will now be drawn down and the first payment of £5,000 will be required in January 2009.
Road Based Pass Trans – Model Training/software		10,000	Funds required for the procurement of GIS software to support the ACCESSION model provided by MVA along with the Road Based Passenger Transport Study. Officers from partner organisations will also be trained in the use of the model and index of sparsity tool.
Integration			
Study into development of integrated public transport interchange in Oban (part funding)	10,000	10000	Study progressing on programme to investigate the opportunities for developing an integrated transport hub promoting best practice in the integration of ferry, rail and bus services
Integration between Ferry and Bus Study		10000	Study progressing on programme following methodology adopted in 2007/08 to promote better integration of rail and bus services

Orkney Integrated ticketing pilot		15000	Please see separate report to the Partnership meeting.
Project development for Strategic Transport/Tourism initiative		9,000	Further work to develop the Public Transport Tourism concept reported to the previous Partnership Meeting. This work will aim to identify potential sources of EU funding.
Fuel Supply			
Study into the distribution and delivery of transport fuel across the region and its economic impact	15,000	19,000	Findings of the major elements of the Study being reported to the Partnership at the Meeting
Monitoring			
Model for assessing success in delivering the Strategy/DRT	15,000		Now being progressed under the Strategy heading following approval of the Regional Transport Strategy by Scottish Minister
Strategy			
Monitoring and Evaluation		10000	Previously reported to the Board, work being progressed by Steer Davis Gleeve
Appropriate Assessment/ Post Adoption Statement		3000	Work to complete the necessary post Strategy approval processes through the Gateway. The post adoption statement has been lodged as required.
HITRANS development			
Review of the roles and functions of HITRANS		28000	Review proposals reported separately to the Board at the Meeting
2007/08 Research		2000	Funding to complete commitments made in 2007/08
Total funding available	354,000	337,000	

Report to Partnership Meeting 5 December 2008

CONSULTATION

Ferry User Groups Review

PURPOSE OF REPORT

To ask Members to consider a change in the make up of Ferry User Groups which has been reviewed in the light of the comments made by the Transport Infrastructure and Climate Change Committee in the output from their parliamentary review of Scotland's ferry services.

RECOMMENDATION

Members are recommended to approve:

That option 2 is implemented and the Kintyre and its Islands Ferry User Group and the Argyll Ferry User Group are amalgamated thereby reducing the number of ferry user groups (Tier 1 of the engagement process) to 6 groups.

BACKGROUND

In May 2006 the Minister for Transport asked Regional Transport Partnerships to put in place arrangements to provide consultative mechanisms between the operator, users and public agencies for the ferry network serving the Clyde, the Hebrides, and the Northern Isles. The Chairs of the Partnerships met with the Minister and agreed the broad outline of these arrangements.

The first line of consultation between island groups and the ferry operator we have called Ferry User Groups (FUG).

In considering the differing issues facing the communities served by the ferry services in the west and north of Scotland it was agreed that the membership of each FUG should vary to reflect the particular circumstances in each area but as a starting point the geography of each group was loosely designed to reflect the Regional Management structure of Caledonian MacBrayne while in the Northern Isles the FUG split is by local authority area.

The Ferry User Groups which geographically cover the Clyde and Hebrides Ferry Service contract are as follows:

- Clyde (Arran Bute, Cumbrae and Cowal including Kilcreggan)
- Kintyre and its Islands (inc Jura, Colonsay, Gigha)
- Argyll (Mull, Iona, Lismore, Coll and Tiree, Barra and South Uist, Colonsay)
- Hebrides (Barra, the Uists, Lewis and Harris)
- Raasay, Skye and the Small Isles, Ardnamurchan and Mull

ISSUES

The Transport Infrastructure and Climate Change Committee undertook a review of Scotland's Ferry Services with the final output report from this process published in June. In

terms of consultation and community engagement this review concluded that the arrangements in place for the Northern Isles were working well but there was criticism of the arrangements in place for the Clyde and Hebrides ferry services contract. This criticism did come as a surprise to HITRANS and SPT given the similarity in the arrangements for both contracts with the Northern Isles structure designed to reflect that of the Clyde and Hebrides area. HITRANS officers met with Scottish Government officials to discuss the findings of the parliamentary inquiry in July. Two key actions were agreed to address the perceived weakness in the consultation process.

The first was for HITRANS officers to review the existing arrangements taking account of the quality of debate and discussion at the meetings and the level of attendance at each group. The second action agreed was that the regional transport partnerships, Scottish Government and Service operators would make a concerted effort to promote and publish the consultation arrangements better.

REVIEW

The review of attendance at the Ferry User Group meetings held so far has shown that some groups have very good attendance while others are not as well attended. The table below lists the attendance at all meetings to date:

FUG	April 2007	June 2007	January 2008	September 2008
Argyll	11	9	16	12
Clyde	13	14	22	20
Hebrides	13	12	19	17
Lochaber and Skye	10	11	17	12
Kintyre and its Islands	9	8	12	11

The attendance rates at meetings is fairly static (as evidenced by the table above) although attendance is lower at some Groups than others. What is also evident is that representatives from Caledonian MacBrayne, CMAL, HITRANS and local authorities are often common at more than one meeting with the membership at the two meetings within the Argyll and Bute Council area having a high level of duplication.

OPTIONS

Option 1 – The Status Quo

The first option would be to retain the existing number of groups and still work hard to promote these while accepting that the cost will be to have a degree of duplication in terms of topics covered and the individuals attending meetings. The benefit of this is that the groups will represent areas that reflect the Regional Management structure of the operating company and issues will be dealt with as they affect particular local areas.

Option 2 – Merge the Argyll FUG with the Kintyre and its Islands FUG

Attendance at the Argyll FUG, Kintyre and its Islands FUG and the Raasay, Skye and the Small Isles, Ardnamurchan and Mull FUG tends to be lower than the Clyde FUG and the Hebrides FUG. However there is little duplication in the personnel attending the Raasay, Skye and the Small Isles, Ardnamurchan and Mull FUG with the two groups covering the Argyll and Bute Council area.

By combining the Argyll FUG with the Kintyre and its Islands FUG it is likely attendance at any one meeting would still be under 20 and it should be possible to merge the groups without excluding any of the current representatives. This would help discussion at meetings and would minimise duplication of attendance and repetition in the items covered for discussion.

This option is favoured by HITRANS officers as it retains local accountability but cuts duplication in the number of FUGs chaired by the same person and generally avoids duplication in attending meetings where the agenda remains very similar at more than one meeting.

Option 3 – Reduce the Clyde and Hebrides FUG structure to a North FUG, South FUG and Clyde FUG

The previous structure for consultation on ferry services in the Clyde and Hebridean ferry network was the Shipping Services Advisory Committees. This took the form of three geographical groups covering North, South and Clyde with an annual joint meeting. This structure was not well regarded by the communities served. An option for the Ferry User Group structure would be to reduce the number of groups to three along similar lines to the old SSAC structure however this move would move away from the operating company's Regional Management structure and would also reduce local accountability.

NEXT STEPS

Once the structure of the Ferry User Groups has been settled it is vital that the Regional Transport Partnerships agree a better mechanism to inform communities of the structure in place for them to raise issues and concerns regarding their ferry services. A standard form of words will be agreed by each stakeholder to promote the consultative arrangements and this will be displayed on our website and that of the Scottish Government and both operating companies. Although the Northern Isles consultation arrangements were regarded to be working well by the Parliamentary Inquiry it is equally important to follow any improvements made to the Clyde and Hebrides arrangements through to the Northern Isles particularly in terms of raising public awareness of the process.

Report by: Ranald Robertson
Designation: Partnership Manager
Date: 24 November 2008

Report to Partnership Meeting 5 December 2008

CONSULTATION

HITRANS Rail –Engagement with Stakeholders

1. At the Partnership Meeting on 6 June 2008, the board agreed with the proposals for a Rail Advisory Group (RAG) and the wider Rail Stakeholder Group (RSG) reflecting HITRANS wish to encourage meaningful and constructive input into the Partnerships Policy and Strategy Development.
2. Representatives of existing Rail Service User Groups within the Highlands and Islands met with HITRANS officers and Vice Chair on 01 October 2008 to discuss the best way for them to input into this consultation framework. It was agreed that there would be value in establishing a HITRANS Rail Users Group consisting of duly constituted groups representing the views of rail service users in the highlands and islands area, and Passenger Focus to discuss service related issues. It was agreed that the views of the Group would be input into the Rail Advisory Group by Passenger Focus, who would take on this task as an addition to their role of representing the views of the wider rail users at this forum. In future the HITRANS RAG will receive when appropriate a report from Passenger Focus on RUG issues. The HITRANS RUG will be trialled in this format for a year, meeting six-monthly.
3. A copy of the note of the Meeting of 1 October which has been distributed to all the parties present at the meeting is enclosed with this report.
4. The Board are asked to approve this arrangement.

Report by: Frank Roach
Designation: Partnership Manager
Date: 26 November 2008



Meeting to discuss representation on the Rail Advisory Group
Held at the Ramada Hotel, Inverness on 1 October 2008

John Laing	Chair	HITRANS
Mark Norton		Dornoch Link Action Group
Bob Barnes Watts		Friends of the Far North Line
John Moore		Friends of the Kyle Line
John McCormick		Friends of the West Highland Line
Dave Duthie		HITRANS
Frank Roach		HITRANS
Chris Kendall		HITRANS

Introduction

Dave Duthie discussed the transformation from Highland Rail Partnership to HITRANS, stressing the importance of building on the success of HRP.

Purpose of meeting

The purpose of the meeting was to identify which individual would represent the Friends' Groups on the Rail Advisory Group.

John McCormick suggested there could be another tier of RAG involving all the Rail User Groups, meeting twice a year with views feeding into the RAG who would then advise the HITRANS Board.

Discussion

Mark Norton said he would support John McCormick's suggestion but stated quite clearly that Dorlag's main aim was the construction of the Dornoch Rail Link. He wanted to ensure that whatever representation is given Dorlag's aims would be professional with no conflict of priorities.

Dave Duthie suggested that comments regarding the case for a link across the Dornoch Firth was a strategic matter and comments from Dorlag within any user group should be confined to matters of a general nature pertaining to rail services over the whole of the FNL. Mark confirmed that the representative attending the meetings would conduct themselves in a professional manner and only if appropriate would the Dornoch Rail Link be mentioned focussing on the 'bread and butter' issues being discussed at the meeting.

Bob Barnes Watts said that, while all the groups had the same general aims ie the improvements to rail services, they are separated by disparate factors such as geography and users' needs so it would be impossible for a member of one group to represent the others, even on a rotating basis. Friends of the Far North Line would be happy to go along with John McCormick's suggestion.

John Moore said he would support John McCormick's suggestion and said there had been a number of attempts to get Friend's groups on Aberdeen/Inverness Line and HML which had been met with some reluctance but if Passenger Focus could take up these lines then it would be a way forward for all lines to be involved.

John asked if the groups meetings could be slotted in two months before the relevant RAG meeting dates to ensure timely draft minutes being received and discussed by individual Friends committees to enable feedback.

The Group agreed the following:

- A Rail User Group (RUG) should be set up by HITRANS consisting of a representative from each of the Friends Organisations, DORLAG and Passenger Focus.
- Passenger Focus should feed the views of the Rail User Group into the Rail Advisory Group as a part of their commitment to the RAG.
- The group would be business focussed discussing matters of a general nature
- The group would meet on a six monthly basis, spreading out the meeting venues. Meetings would normally be held 2 months prior to relevant RAG meetings to allow minutes to be distributed to RUG member, and the opportunity for feedback thus provided.
- A DRAFT RAG minute would be circulated to group by HITRANS officers.
- The Group would be trialled for a period of one year
- A report would be presented to the HITRANS Board seeking their agreement of the above.

Action: HITRANS to contact Passenger Focus asking if they would represent the groups' views

Action John Laing, Chair asked that a paper should be circulated on what had been agreed today

Action A report be presented to the HITRANS Board on the proposed creation of a Rail User Group

Meeting closed at 1530

Report to Partnership Meeting 5 December 2008

CONSULTATION

ScotRail Franchise Consultation

HITRANS response to the Transport Scotland Consultation on the ScotRail Franchise Extension.

Q1 Which of the Priced Options do you think best support the delivery of Scotland's Railways?

1.1 Far North Recast - this a major step change in connectivity from rural Scotland to Central Belt and beyond. This enables people from Skye and Lochalsh and mid Sutherland to get to Inverness before 0900 and Central Scotland around mid-day.

1.2 Additional early morning services from Perth, Gourock, and Ayr enabling pre 1200 arrivals in London are again good examples of rail demonstrating its value.

1.3 St Andrews bus link will provide useful evidence for the possible roll-out of other schemes to connect communities off the rail network.

Q2 Is our schedule for new service introduction right?

2.1 The planning of rail services requires a long lead time that doesn't necessarily fit in with political and budgetary timetables. There is a role for Regional Transport Partnerships in this process.

Q3 Which future Priced Options would you wish to see Transport Scotland develop?

3.1 We would be interested in 'Delivering better efficiency, performance and sustainability'. We have been at the forefront of maximizing the use of resources in rural services operating out of Inverness, with Invernet and Invernextra due to come in with the December timetable change. With high rolling stock lease costs, units must be deployed for as long a working day as possible. Thus the stabling of a unit overnight at Oban from 2126 to 0811 the next day does not represent an efficient use of resources. Furthermore track access can be achieved at little or no additional cost since the signalling centre is staffed 24 hours per day.

3.2 Similarly the empty working and positioning trains such as those that form the 0757 Aviemore-Inverness and the 0712 Blair Atholl-Edinburgh could be reworked to produce new 0543 Inverness-Perth-Edinburgh and 0620 Perth-Inverness all stations trains which would allow accelerated services later. This could also be covered by the use of a seated coach on the northbound sleeper, freeing up a 158 unit. The two Elgin-Inverness short workings could also be maximized. Connectivity could be improved if splitting/joining of Edinburgh and Glasgow portions at Perth was utilized, avoiding the up to 25 minute journey time delay for passengers who happen to require the non-through destination.

3.3 Use of additional rolling stock. Currently there is little provision for strengthening services for the holiday peaks. From December 08 the only seasonal variations will be: the West Highland Oban 0821/Mallaig 0851 separation; the extra Saturday Oban, achieved by

borrowing a 156 from Strathclyde services; Mallaig 4-car for the summer to cope with heavy demand. A pool of rolling stock is needed to cover spikes in local demand. The use of loco hauled stock in Fife may offer a solution to Saturday Highland Main Line frequency enhancement.

Q4 Where should we concentrate our efforts on improving services, in particular journey times?

4.1 Journey time reductions must be achieved on Inverness-Central Belt and Inverness-Aberdeen.

Modal shift from the private car in order to meet climate change targets will require a more competitive journey time.

4.2 The Highland Main Line is currently being studied by Network Rail and its consultants in order to progress hourly, faster services, and features as an HLOS Tier 3 project. We acknowledge that some time can be gained through skip-stopping.

4.3 Inverness-Aberdeen links the Highland Capital with the oil capital of Europe. Currently frequency and journey time are determined by the single track nature of the route. Investment is required to exploit demand from the sizeable towns along the route, which all have conveniently located stations.

4.4 Journey time reductions are needed on all rural routes (North Highland Lines and West Highland Lines) in order to compete with the private car. The HITRANS Regional Transport Strategy has identified a package of measures which could deliver significant journey time improvements.

These should be considered in conjunction with the objectives of the National Transport Strategy and the strategic outcomes detailed in the table on pages 25-26 of *Scotland's Railways*. Both of these documents can be accessed through the Transport Scotland website at:

[http://www .transportscotland .gov. uk/reports/publications-and-guidance](http://www.transportscotland.gov.uk/reports/publications-and-guidance)

On our station environments

- **We want to ensure that passengers can buy their ticket as quickly and efficiently as possible.**

Q5 How can buying a ticket be made easier?

- **More 'over-the-counter' services**
- **More 'ticket vending machines'**
- **'Customer service' staff to offer assistance and advice when buying a ticket**
- **Internet purchase facilities**
- **Telesales**
- **Through mobile phones**
- **Smart cards.**
- **Currently, the facilities, at stations vary. At larger stations a number of services are available, while smaller stations with less passenger demand can have few.**

5.1 Ticketing using mobile phone technology is a practical way of providing access to advance purchase fares from remote areas. Wrexham and Shropshire uses a system of bar codes sent to mobile phones. Potential passengers would not be disadvantaged by the lack of ticket vending machines or the need to rely on the post which in some areas may be delivered in the afternoon.

5.2 TVMs are very useful in busier stations such as Inverness but should not be seen as a replacement for human interaction, which can be particularly appreciated by tourists and older passengers.

5.3 The development of smart card technology whilst providing the benefit of portability across modes also has costs that may be inherently disproportionate for low-volume, rural applications

Q6 To make the best use of available space at stations, how should we balance the use between commercial outlets and other facilities that offer further passenger benefits? Please consider:

- **The size of station based on passenger numbers and demand**
- **Type of facilities (e.g. food outlets, news-stands, pharmacies, etc.)**
- **Community-based initiatives supported by the Stations Community Regeneration Fund.**
- **The layout of a station may have an affect on the comfort and safety of passengers.**

6.1 Most stations in the HITRANS area are not able to realize commercial rents. The emphasis must be on appropriate station development to meet the needs of the passenger. In stations such as Inverness there are sound proposals for station development that will enhance the travelling experience and realize new income.

6.2 HITRANS has been involved in the development of station facilities on rural stations, and in finding uses for vacant accommodation.

Q7 How could the station environment be improved? Please consider:

- **Lighting**
- **Availability of seating/furniture**
- **Safety (e.g. through technology such as CCTV, 'Help-Points')**
- **A visible staff presence.**

7.1 A staff presence where possible is invaluable but CCTV even in semi-rural locations can be a useful tool in ensuring that station maintenance costs are kept to a minimum.

7.2 Staffing of ticket offices should reflect local patterns of usage, with a less onerous process required to alter opening hours.

7.3 There has been adverse comment, however, about the deployment of Ticket Examiners at Inverness Station. There are some 5 minute connections between trains and the current system seems not to make this easier, with passengers having to exit the holding area and then re-enter it.

Q8 How could signage be improved at stations?

- **Directions within stations to ticket office, platforms, toilets, etc.**
- **Directions to facilities nearby, e.g. hospitals.**

On customer service

- **Everyone should have an equal opportunity to access our rail services, but we recognise that our passengers have different needs.**

8.1 Signage within stations is generally clear and concise but signage to popular destinations e.g. hospitals, colleges, shops etc would be useful.

Q9 How can we improve assisted travel at stations? In particular, please consider:

- **Station access (such as wheelchair ramps, facilities for light scooters, facilities for passengers with assistance dogs)**
- **Assistance for people with hearing or learning difficulties**

- **Increased training for existing staff**
- **The availability of dedicated staff.**
- **Currently, a free 'RailLink' bus service provides transport for passengers travelling between Glasgow Central and Glasgow Queen Street Stations. Another 'Rail Link' is also being considered for passengers travelling to Edinburgh Royal Infirmary from Newcraighall and Musselburgh.**

9.1 Assisted travel can be improved by efficient response to pre-notified requests. The recent Passenger Focus report 'Assisted Passenger Reservation Service: Mystery Shop' (Sept 2008) painted a rather inconsistent picture of provision for those in need. Staff training is the key.

Q10 Do you have any ideas for further 'RailLinks'? Please consider the accessibility of:

- **Hospitals**
- **Bus station interchange**
- **Car parking**
- **Park and Ride**
- **Traveline**
- **Walking routes.**
- **On fares**

10.1 Parking inclusive and more rail/bus products should be developed.

10.2 A bus connection is required between Aberdeen Bus and Rail Stations and the Northern Isles Ferry Terminal.

Q11 Which pilot scheme changes to fares should we make to encourage modal shift? Please consider:

- **Reduced fares for (disabled passengers, families, students, low income groups, ex-servicemen)**
- **.Reduced fares at targeted times of day/ year**
- **Annual season tickets**
- **Geographical tickets, i.e. tickets for a particular region**
- **Other rail cards.**

Please consider how these initiatives might improve the travel experience for rail passengers, in particular:

11.1 First ScotRail's Kids Go Free and Scottish Government's one third off for 16-18 year olds is to be applauded. The extension of free concessionary travel to rail for seniors may cause overcrowding and undermine existing revenue streams from that age group. Club 55 goes towards providing good access to the network for seniors at a value fare for longer journeys, and it will be interesting to assess the impact of the current extended period of availability. It would be helpful to trial a similar product with no age bar in a quieter month such as November or January.

11.2 More intelligent reservation systems should permit advance purchase closer to or during the train journey itself. This again would succeed in including the remote rural users.

11.3 Runabout and other geographical tickets are very useful in attracting both domestic and foreign visitors, and may incorporate other modes.

11.4 Local residents' railcards such as the Highland Railcard are very valuable in providing direct marketing opportunities and the development of customer loyalty. The extension of availability to cover the HITRANS area would be a logical step.

- **A difference between travelling by train and other forms of transport, such as the bus, is that a variety of facilities can be available on board. However, at the same time, increasing demand for rail will put pressure on the available space in trains.**

Q12 When travelling on the train, how could passengers' experiences be improved? In particular, please consider:

- **The balance between the provision of seating (including tables) and the availability of storage space (for luggage, cycles etc.)**
- **(Up-to-date) information**
- **Helpfulness of staff**
- **Catering**

12.1 Trains must offer facilities that are not available in the private car: toilets, space for luggage/cycles/buggies and the possibility of replicating the working environment with tables, power points, wi-fi and refreshments.

12.2 The 158 and 156 refurbishment programmes are good examples of fleet half-life modernization. Cycling is a key component of tourist activity across the HITRANS area and thus cycle accommodation on-train and ease of reservation off it are very important, in addition to the requirements of the utility cyclist.

12.3 As ever, a positive staff attitudes rather than an over-reliance on repetitive Passenger Information System announcements enhance the journey experience.

12.4 Class 170 trains do not offer the optimum environment for capturing the business traveller. There is a lack of first class accommodation and poor working facilities (wifi, electrical sockets etc.).

Q13 Where should we concentrate our efforts in improving the Anglo- Scottish sleeper services? In particular please consider:

- **The number of locations served**
- **Facilities on trains or at stations**
- **Arrival and departure times**
- **The provision of airline-style overnight seats**
- **Catering**
- **Staffing**

13.1 Sleeper services are experiencing steady growth at the current time. Internet retailing has enabled the discounting of fares in order to maximize yield. Some acceleration may be possible by omitting some local calls from the Inverness sleeper; those calls however would be more valuable if seats were available for intra-Scotland journeys, as on the Fort William sleeper.

13.2 A Birmingham call would be useful in the Highlander, but there is a time penalty, and major upgrade at New St would mean it could not happen for a number of years.

13.3 As noted above the provision of a further seated coach on Inverness-Edinburgh-Inverness to mirror the service on the West Highlands should be considered.

13.4 The current levels of staffing and on-board catering must be retained for customer security.

On new technologies...

- **We recognise that the easier it is to interconnect with other forms of travel, the more likely passengers will travel by train.**

Q14 How could we improve the travel interchange at stations? Please consider this in terms of:

- **Ticketing**
- **Service connections**
- **Infrastructure (waiting rooms)**
- **Facilities for cyclists (cycle racks, National Cycle Route interchange signage)**
- **Car parking**
- **Walking routes**
- **Accessibility for disabled passengers**

14.1 Through and cross-mode ticketing must become a priority in order to create a sense of customer confidence. There is a disconnect between agreed objectives to achieve integration and the performance regime of the rail and ferry franchisees, for example. This could be mitigated by a locally administered fund to compensate the passenger when connections break down.

14.2 Transport Scotland's Car Parking Strategy will help to inform where changes need to be made in terms of provision and pricing. Non railway car parks adjoining stations should have a reduced price for rail ticket holders, although technology may be required to achieve this.

14.3 Cycle parking is important because it reduces demand for car park spaces. The best locations are those nearest to the platform itself, accessible without the need for dismounting to ensure minimum door to door transit time. CCTV coverage of cycle parking creates further customer confidence.

14.4 Where possible walking routes should follow desire lines, rather than be rectilinear.

14.5 It should be acknowledged that at some rural stations full accessibility will be almost impossible to achieve due to platform heights, old style footbridges, island platforms etc. The schemes at Strathcarron and Tain deliver good benefits at reasonable cost.

• **Many businesses are offering wireless internet (WiFi) technology to clients. For reasons of geography and geology, there are cost issues in delivery of this on the Scottish rail network as well as in the delivery of wider issues of connectivity.**

Q15 What should our communications connectivity priorities be?

15.1 Many business users depend on wifi access, although this adds to rolling stock costs. While this is debated, wifi in the short term should be available at all stations of a certain size.

Q16 Would wireless internet technology significantly benefit passengers?

Please comment on:

- **For leisure use**
- **For business use**
- **Short 'commuter' journeys**
- **Longer distance journeys.**

16.1 Wifi would benefit both business users and leisure users. It may have limited applications for short journeys of under 30 minutes.

Q17 Would you pay for this service?

17.1 It should be free for first class.

Q18 Where should the Edinburgh-Glasgow SmartCard pilot project take us?

Please consider:

- **The outcomes which would determine whether the pilot was successful.**

18.1 No response

- **Sustainability on our railways is about ensuring that we continue to operate an efficient, high level of services well into the future. New ways of ensuring sustainability consider economic, environmental and social aspects.**

Q19 How best can we focus the franchisee on the options for delivering better sustainability?

19.1 While the franchisee must be incentivised to hand back the franchise at the end of their stewardship in a greener, cleaner state, it is important that Network Rail are fully engaged as they represent greater investment and continuity.

- **The Environmental Improvement Works option is designed to carry out small-scale physical alterations or additions which will help to reduce the use of natural resources, reduce carbon and other harmful emissions, or reduce waste from stations, depots, or rolling stock.**

Q20 How should the Environmental Improvement Works budget be used to further improve our carbon footprint on the railways? Please consider:

- **Electrification**
- **Waste recycling**
- **Time switch lighting**
- **'eco' driving training**
- **LED light installation**
- **non-traction energy improvements**
- **Other**

21.1 Electrification, achieved through harnessing Scotland's renewable resources (water, wave, wood and wind), represents the greatest step towards carbon reduction. The business case for all the other initiatives is easier to determine as payback can be within the life of the franchise. Electrification requires long-term commitment and planning beyond the life on the standard 7 years+ franchise.

21.2 Rural stations with intelligent low-energy lighting systems (requiring derogation from Group standards) will help to reduce revenue costs.

- **We want to make stations a place for communities to come together – the Stations Community Regeneration Fund has been devised to encourage the efficient use of station buildings through community initiatives.**

Q21 What should we consider in station and community regeneration?

Please think about:

- **The size of station**
- **Facilities which reflect the needs of each community**

22.1 HITRANS has direct experience of this as a lessee of two station buildings and a funder of minor schemes at a number of locations. The division of responsibility between franchisee and owner (Network Rail) must be clearly understood. For historical reasons a number of

buildings remain in station lease areas although they are of no use to the operator. Here should be an easier way of reverting them to the infrastructure owner, and then a clearer way for third party to identify funding and invest. Many stations across our area have vacant accommodation, not all of which could be offered up to third parties without impacting on the railway.

22.2 Care must be taken when granting accommodation to third parties as new entrants may not have long term financial viability or sufficient social capital. And Network Rail must operate within regulated economic targets. There may be scope for a rail-friendly third party organisation to act as a lessee of last resort to develop the difficult cases.

Q22 Where should we concentrate our efforts on the Station Community Regeneration Fund?

22 see above

On the 2014 Commonwealth Games hosted by Glasgow .

• **Glasgow is expecting a large number of international visitors when it hosts the Commonwealth Games in 2014. With major investment in the road and rail infrastructure, a dedicated Games route network and free travel for anyone holding tickets for that day's games,**

Q23 What additional services or projects in furtherance of the Commonwealth Games Bid commitments do you feel would most benefit the city during the Games period?

23.1 Late night rail services to wider Scotland would enable equity of access to the Games from the whole of the population.

Broader Issues and Questions

• **The Project Manager's primary role is to ensure the timely and efficient delivery by the franchisee of the anticipated benefits of the priced options.**

Q24 What aspects of the Project Manager's role are priorities to ensure the successful delivery of the projects?

24 No response

• **The Priced Options are intended to provide a number of service enhancements from which all rail passengers should benefit.**

Q25 Do you think that any of the improvements and enhancements proposed above will have either a positive or adverse impact on equality groups in terms of:

- **Age**
- **Disability**
- **Gender**
- **LGBT**
- **Race**
- **Religion and belief?**

25.1 A number of the proposals will have significant impacts on the ease of travel for the young and the old across Scotland, reducing connection times, simplifying interchange and making it easier for all of us to live, learn and work in the periphery.

RESPONDENT INFORMATION FORM

Please complete the details below and return it with your response. This will help ensure we handle your response appropriately. Thank you for your help.

Name: Frank Roach

Postal Address: HITRANS, Lairg Station, Sutherland, IV27 4EX

1. Are you responding: (please tick one box)

(a) as an individual

(b) on behalf of a group/organisation

INDIVIDUALS

2a. Do you agree to your response being made available to the public (in Scottish Government library and/or on the Scottish Government website)?

Yes (go to 2b below)

Yes

2b. Where *confidentiality is not requested*, we will make your response available to the public on the following basis (please tick one of the following boxes)

Yes, make my response, name and address all available

ON BEHALF OF GROUPS OR ORGANISATIONS:

3. The name and address of your organisation *will be* made available to the public (in the Scottish Government library and/or on the Transport Scotland website). Are you also content for your response to be made available?

Yes

SHARING RESPONSES/FUTURE ENGAGEMENT

4. 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 the Scottish Government to contact you again in the future in relation to this consultation response?

Yes

Report by: Frank Roach
Designation: Partnership Manager
Date: 26 November 2008

Report to Partnership Meeting 5 December 2008

PARTNERSHIP

Review of the roles and functions of HITRANS

Summary

HITRANS has developed from a voluntary Partnership set up in 1997 with aims of promoting closer working and strategic thinking between the Councils and Enterprise Network across the Highlands and Islands, into a Statutory Regional Transport Partnership with powers and duties as defined in the Transport Scotland Act 2005.

HITRANS was one of the first Transport Partnerships to be created in Scotland and represents an area with a strong geographical and economic identity and common issues of peripherality.

Now that the Partnership's Transport Strategy has been approved by Scottish Ministers and the Delivery Plan is in the process of being agreed by the constituent Councils it is an appropriate time for HITRANS to consider its roles and functions and to agree how best the Partnership can aid the delivery of better and more sustainable transport and access across the Highlands and Islands.

To facilitate a debate within the Partnership on the possible courses of action available it is recommended that HITRANS consider commissioning an independent study to identify the options available and their possible advantages and disadvantages to the Partnership area as a whole and to its constituent Councils and Government, and the strengths and weaknesses of the current delivery systems.

Recommendation

It is recommended that the Board agree to undertake the Study as proposed in the report funded from the Research and Development Programme Budget for 2008/09 with any overrun being met from funds in 2009/10.

Detail

Transport services and infrastructure within the highlands and islands are currently managed and funded at either a national or Council level. Nationally managed operations such as the strategic ferry services, trunk roads, airports, and railways could in theory be managed within the region allowing greater local accountability but perhaps less benefit of scale, whereas transport services managed by Council such as local bus services, air and ferry services, and their related infrastructure might gain from benefits of scale by greater joint working sharing knowledge and experience, but at the loss of a degree of local accountability. The study would be tasked with looking at each transport sector, identify the benefits and costs of the current delivery mechanism, and establish comparable benefits and costs for each of the alternative delivery options available.

Government is challenging the public sector to identify means of delivering services more efficiently while meeting local needs. It is also currently undertaking a review of the Scottish Ferry Services and will no doubt in due course consider other nationally delivered service areas in a similar manner. There is therefore merit in the Partnership and its Constituent Councils establishing at this time how they would wish to facilitate the maintenance and improvement of transport services in the highlands and islands as a positive and proactive input into the wider national debate. The conclusion to the debate may well be that the current arrangements and joint working promoted by the Partnership is appropriate for optimum delivery of services, but there is merit in considering how things might change to ensure best value is being delivered to the public

A core requirement within the study will be to engage with key stakeholders in the transport sector across the region, the Council and Government Departments currently delivering transport services, and commercial transport operators to seek their views and experience with a view to informing the options appraisal process which should be central to the commission.

HITRANS as a voluntary partnership and the then Scottish Executive promoted such a piece of work in 2001 through Deloitte and Touche and this informed the way the Partnership developed up until the Statutory Partnership was created in 2005. It is hoped that the new study and the debate and decisions it in turn facilitates will provide direction as to how HITRANS can best add value to the provision of transportation across the highlands and islands in the years ahead. It is estimated that the study which will be focussed in its remit will cost in the region of £50,000 and be completed by late Spring 2009. The cost can be met jointly from within the 2008/09 and 2009/10 research and development programmes, with £28,000 being made available in 2008/09.

The Partnership, in its Transport Strategy, indicated that “Delivery of the Strategy is very much linked to the functions the statutory Regional Transport Partnership will take on. In the case of HITRANS, this issue will be discussed in the first year of the Strategy, during which time our partners will be consulted further. Decisions made on this issue will be reported upon in future updates of the Strategy, most likely in the first four year Review of the Strategy in 2011.”

Report by: Dave Duthie
Designation: Partnership Director
Date: 20 November 2008