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Firstly the members of STSG - We rely on STSG members and others telling us about interesting studies they have completed or knowledge they have. To keep subscriptions low we need members to invest time to share their knowledge. STSG has some funds to commission some analysis and reporting but the editorial work is undertaken voluntarily.

Secondly the Editor Derek Halden, assisted by the STSG Committee tries to fit the contributions into 16 pages and create a readable document.

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Leading the Way on Smart and Integrated Ticketing

Derek Halden, STR Editor

The next five years will determine how we pay for transport in the future. Scotland has an opportunity to move forward faster than many other parts of Europe. However to deliver the vision will require a flexible and inclusive approach allowing organisations to work effectively together.

The opportunities cover cars, buses, taxis, cycle hire and trains, and include:
- Public transport vehicles and many railway stations being smartcard enabled ahead of other countries.
- The national concessionary travel scheme will provide the incentive for older people to adopt the new technology.
- Well established car club operators allowing pay as you go motoring as an alternative to car ownership in cities.
- Car park operators increasingly offering smartcard or ticketless payment.
- Leading Scottish based businesses and skills within public authorities able to lead the scheme delivery.

In this issue of STR, the East Kilbride based company Ecebs, which has designed developed software and hardware behind the national ITSO integrated ticketing scheme, explain a new flexible management system to facilitate paying for social transport needs. Their Smartcare approach allows the costs of support for community transport, taxis, and buses to be managed by giving eligible users personal budgets.

> *building in the flexibility for future proofing will be essential*

Other companies are combining different payment schemes on smartcards and the new technology could make paying for car, taxi and bus travel on a combined tariff as common as paying for electricity and gas together.

Transport fares are largely unregulated, so the new payment approaches need to balance the flexibility within the market with protection for consumers. ITSO will offer the option for more integrated tickets across the country but it is not yet clear what ITSO products will be offered other than the national concessionary fare scheme. In the short term individual operator products like that offered by Lothian buses can develop outside ITSO as will the taxi, community transport, social services transport and non transport applications on cards.

However there are many problems ahead. Edinburgh based consultant Randle Coucher who helped to design ITSO, highlights that the needs of each group in society are very different and that this diversity will be difficult to address without some significant changes to the current ticketing strategy. The big beneficiaries of current payment mechanisms will not go quietly and public spending constraints will make it harder to smooth the transition using public funding. Also current technologies will require to be updated even before the current generation of infrastructure is even in place.

What is clear is that:
- Debates about types of tickets need to be kept separate from discussions about technology. There are many conflicting views about the benefits of integration and competition in transport ticketing. However there is

a common view that technology could improve efficiency, and ensure better targeting of services, information and marketing.
- It will take many years to put in the new infrastructure so building in the flexibility for future proofing will be essential. Technology is available that allows users to pay for travel in cars/parking, buses, cycle hire, taxis and trains on the same card or mobile phone. System design needs to ensure compatibility between the payment schemes offered for each mode. Transport has suffered in the past from an inability to offer payment for different modes using the same technology. For example car is the main access mode for rail, and it would make no sense for station car parking and rail ticketing not to be available using the same technology.
- The Department for Transport London is now taking a lead role in ITSO but this will be only one part of the basket of future technology solutions. Car park operators, taxi companies, bus operators and other may decide to create ITSO ticketing schemes, but are equally likely to opt for other payment mechanism such as Mastercard Paypass (an EMV scheme) or other payment technologies.
- Privacy issues are critical for some people. Some users might want to choose cheaper tickets but allow authorities to know when and where they are travelling. Other users of the new technology will wish to remain anonymous. The ability for people to protect their privacy will be critical for rapid deployment.

Delivery will require partnerships between public authorities and technology industries and transport operators. Scottish Government has already required all concessionary passes to be ITSO smartcards but more needs to be done. If the concessionary fares investment was used to give eligible people personal budgets for bus, community transport, and shared taxi and other demand responsive travel then the use of smartcards could become more integrated across Scottish transport. Personal budgets managed on a smartcard, just like the Smartcare scheme, would allow an approach that helped government to manage its budgets, target investment more effectively, invest in smart and integrated ticketing and sustain free bus travel in the face of severe spending cuts.

Scotland can lead the way if smart technology is matched with smart policy and investment.

Towards a strategy for smart and integrated ticketing – assumptions and issues

Randle Cowcher, Director, Aicoute Consulting Ltd.

The Scottish Government and every Scottish local authority are frequently canvassed about their priorities: whittled down to the top twenty, very few authorities have exactly the same items and rankings, but virtually all have transport, entitlement and payments in their 'top 5'. However, these are usually treated as separate, discrete or exclusive, and parts of very different strategies, budgets and implementation programmes. Yet Scotland is quietly sitting on a potentially winning and very cost effective set of programmes that could be world-leading in providing effective integrated public transport and payments solutions that not only work across the country, but across the UK and beyond.

Transport Scotland conducted a consultation exercise some two years ago about future smart and integrated ticketing; this autumn the Department for Transport (D.f.T.) have conducted a similar exercise for England and Wales. A number of concerns emerge, mainly to do with the 'narrowness' of the studies and the lack of required input on how to inter-operate between neighbouring countries and companies. For London, with a dominant single authority (TfL), this is only now being treated as a serious issue, but for e.g. the Strathclyde region, with its plethora of commercial service providers, the problem has been much more conspicuous ever since deregulation in 1986. But even allowing for the multitude of service providers, why do we have so many ticket formats and types just for buses, let alone trains, ferries and planes? Simply providing any integrated travel services becomes difficult when what should be a common entitlement format has so many variations and complications. If the issues of:

> ## Scotland is quietly sitting on a potentially winning and very cost effective set of programmes that could be world-leading

*   trans-national and international travel and borders are added, then
*   integrating public, semi-public and private travel, and
*   contemplating further integration with retail and other support services,

then hoping for a single set of 'standards' (or a simple device) to allow the relevant secure entitlement and payment processes, makes the situation seem to be impossibly large and complex. There needs to be a commercial driver, whether for cost saving, improved customer experience that leads to higher and more efficient usage or something else that challenges (and rewards) the ingenuity and entrepreneurial flair of transport operators to provide the best services to passengers.

Public transport services and payments schemes have been running for about as long as one another, yet the fundamental customer interface of a ticket remains pretty much non-standardised, while payments, whether in currency, credit, debit and all but cheques are highly standardised in format, function, and of course, value. With the growing adoption and rollout of smart-card-based ticketing, a similar consensus did appear to be emerging, but the current range of technologies under trial, including RFIDs, 2- and 3-D bar codes, biometrics, NFC tags, phones and watches threatens to undermine much needed national and international progress on standardisation and inter-operability. Budgets are now so squeezed that public sector bodies cannot afford to support any unnecessary diversity, and will simply postpone making decisions which allows the situation to become worse! Ubiquity and always-on connections have transformed the internet and created new industries: Clearly transport could benefit from this, but the level of diversity, and search for the 'killer apps' could also be the number one inhibitor of real progress. In other times, there is money for research and demonstrations, but this might not be the best time to look at every possible delivery mechanism. Instead why don't we make the best out of what we know will work?

There is almost a stated assumption (in the 2009 DfT consultation) that the current ITSO, EMV and NFC 'standards' address the current and future requirements. I suggest that ITSO will actually need at least a 'mid-life update' to meet the current Scottish requirements; EMV requires very significant changes if it is ever to address the needs of the wider transport environment; and NFC is still at a very

formative stage, requiring the ability to link and update software that is almost completely lacking currently. However, Scotland has made a decision and a significant investment in the adoption of the ITSO standards that, if properly managed, could see it benefit before and above most other developed world nations. But this is the first of several significant assumptions:

- It must be recognized that the transport needs and applications are completely different for children, teenagers, students, workers and commuters, the non-working, tourists, retired and the elderly. We need to be able to address and support these different demands with easily loaded smart applications, and they need to be accessible and 'pre-loadable' remotely and internationally.
- Combinations of satellite, terrestrial broad and narrow-casting, cellular and micro-cellular networks, postal, internet derived and fixed line links are all required to deliver effective integrated ticketing, validation and payment services. Scotland is challenged to provide the required infrastructure to generate the consistent benefits that could be achieved! It will be some time before effective, multiple supplier mobile phone coverage actually reaches 95% of Scotland (geographically), and we will need to achieve coverage of sufficient bandwidth for all public service vehicles to remain connected for 98% of journeys (using e.g. terrestrial and satellite connections) before centralized management, on-line operations and payments will be able to be fully implemented and effective.

The information world is changing much more quickly than the transport infrastructures. We are rapidly moving to an era when the majority of our data services and applications are held and accessed from a stateless and widely distributed 'cloud' outside the control of a single company, authority or government. The transport ticketing media and services needs to address and keep up with this, and the resultant risks. Currently, it is the low-cost international airlines that are showing the way ahead in simplifying and reducing the ticketing overhead, in part enabled by the use of such widely distributed processing assets, while still meeting the ever more demanding requirements of numerous states for 'homeland security'. The need for detailed identity, entitlement and payment information exchanges will inevitably spread from international transport to national and domestic/local environments, so we are better preparing for this than ignoring it.

The information world is changing much more quickly than the transport infrastructures

This will require a lot of thought about e.g. future end-user terminals: the fixed terminals at stations, airports and bus stations can be readily accessed and updated to maintain the various applications and security controls, and similarly advanced terminals can be rolled out in the retail environment, but, at the same time, there is a growing move to incorporate and amalgamate more applications in highly portable user hardware, such as 'smart' cards and phones, into ever smaller devices that minimise the scope for appropriate security processes.

Many have put forward well thought through visions for transport, industry and the economy over the next 15 or so years. Until the rollout of the mobile phone, a frequently verified planning yardstick was that "it takes 30 years

to build an effective infrastructure (and it only has a life of a 100 years)"; this needs to be remembered, as getting all the building blocks developed and available is a major part of the critical path to delivery. I suggest that effective, inter-operable, integrated ticketing and payments is one of those fundamental building blocks that Scotland is currently in an excellent position to get right.

What is to be gained? The business case in the DfT consultation document estimates the net benefits for England, alone and from a fairly narrow adoption, as being over £2.6 billion per year: For Scotland, using the same metrics, at least £300m per year should be achievable. If this was extended with other payments and entitlement services, the total for Scotland should exceed £500m per year. The use of such integrated ticketing, if mandated and widely implemented across the country also provides an excellent tool for delivering environmental benefits. The biggest plus point is that, per head, Scotland has already invested more in the relevant standards and infrastructure than the rest of the UK, and most of the EC. The challenge is now to roll out and finish the job and use transport, payment and other infrastructure capabilities to improve the life of citizens of Scotland.

Smart Delivery of Personal Social Care

Malcolm Daughtrey and Carin McCullagh, Ecebs Ltd

A new 'SmartCare' product has made it possible to deliver and monitor Social Care Budgets on a personal level while reducing the potential for fraud and reducing the cost of management. This responds to the government's aim of personalising social care services. Through the use of proven technology, an East Kilbride company Ecebs Ltd will enable local authorities to manage the delivery of secure and flexible services whilst making significant cost savings in the delivery of these services.

In England, Health Secretary Alan Johnson has told council managers that by 2011 they must have made "significant progress" in enabling those eligible for social care to manage their own '*Personal Budgets*'. Every local authority is working towards the goal of making Personal Budgets the most widely used approach in providing care and support. This target is no longer just an aspiration. By 2011 ministers are requesting more service users who receive care to manage their own care budgets, so empowering them to chose the method of provision of their care and who provides it.

Going forward, Councils will be expected to significantly increase the number of people receiving 'personal budgets' from which to pay for their social care services.

The goal of personal budgets is to ensure that individuals have greater control of their care budget and can make decisions about how, and when, it is used. While this does sound like an attractive approach for provision of services, to make this approach a reality on a wide scale, successful delivery and receipt of services needs to be carefully monitored and evaluated. It

is vital to ensure that those who need the services get the services, while the associated cost of management and administration of the services is reduced.

In Scotland today, the costs to local authorities for Social Care are rapidly increasing. There is a clear need for a solution which will help local authorities deliver a consistent and efficient level of service whilst simultaneously reducing their overall costs.

Ecebs have responded to these needs by producing **SmartCare**, a software product which simplifies the administration and management of personal care budgets. This will help local authorities collaborate with providers of services who in turn can deliver care to individuals with greater flexibility and security for a lower cost of implementation.

WHY SMARTCARE?

Ecebs has significant expertise and experience in the UK transport market and have been centrally involved with the implementation and rollout of ITSO in the U.K. transport industry. ITSO is a specification for how smartcards and the systems that support them communicate with one another and while it was developed with transport in mind has far wider ranging applications.

Ecebs software and hardware is present in all live ITSO schemes in the U.K. including Transport Scotland and English National Concessionary Transport Schemes. Ecebs also developed the central Key Management System which is responsible for providing the security backbone for all ITSO schemes.

Coupled with an extensive experience of the Smartcard industry which spans over two decades, Ecebs is well positioned to provide products and solutions which make use of technology to simplify administration and management of complex functions while improving overall security and lowering cost.

We saw the opportunity for our solution to cut out fraud in Social Care and reduce the cost of administration.

Ecebs SmartCare can be used to deliver a variety of different services including

- Management of social care budgets
- Easy addition of new service providers to the system
- Provision of user smartcards and terminals to facilitate the budget management and delivery
- Easy to use administration screens to set up and operate the system
- Secure automated system providing usage and payment data with easy to use web-based access
- Online system using GPRS tracking technology recording all transactions
- Full audit trail of all transactions by user and by operator
- Reduced scheme administration costs through automation of manual tasks
- Concessionary travel subsidy is paid for as used through agreed period billing, allowing the council to retain scheme funds in their own bank account throughout the financial year and retaining all unspent amounts
- Flexibility to add additional services to cards in operation

The above services can be managed either on the same card or on multiple cards.

An example of the provision of social care is the use of taxi operations to take individuals to and from a point where they can receive care. There are today a vast array of approaches to the provision of such a scheme and most have high administration overheads and are open to fraud.

Some local authorities provide subsidised taxi journeys by issuing tokens which have a high production cost and are open to fraud. Taxi drivers also face delays in receiving payment for journeys as they need to post or personally visit scheme operators to initiate payment. SmartCare enables the taxi driver to receive payment at regular intervals via BACS as the system records and allocates due funds to a driver when the smartcard transaction takes place during the journey, the driver doesn't need to take any further action.

There is evidence to suggest that a minority of contractors and suppliers exaggerate or falsify records for the provision of social care. Examples include forged journey records, inflated and duplicate invoices for provision of transport for patients attending treatment. This demonstrates that a solution must be offered that not only reduces council costs but offers a complete automated audit trail to dramatically stamp out fraud in this sector.

SmartCare provides an easy to use web based application and a secure and full digital audit trail with extensive reporting capabilities. This combined with the standard security features provided by an Ecebs Smartcard system addresses the fraud and administration issues outlined above.

Convergence of services to recognise efficiency cost savings is a key goal of local authorities. However not all stakeholders want to deliver the same service to the same customers at the same time. Local authorities across the UK are faced with the challenge of managing multiple schemes and applications including multi application smartcards. This can include concessionary travel card or citizen card applications as well as library, cashless catering and a wide variety of additional service applications. In some cases there is a need to manage multiple applications on one card but in other cases there is a need to manage multiple applications on many cards.

In summary, it has been well publicised that public sector finances are under strain and that budgets will be significantly reduced over the coming years. Ecebs SmartCare offers an automated, secure solution using existing, proven and highly secure technology which is both efficient and easy to use. SmartCare provides for efficient management and effective control over service providers (e.g. taxi companies providing council subsidised transport) as well as providing a wealth of management information through extensive reporting capabilities. Ecebs SmartCare has been built on industry standard, flexibly designed software to allow for scalability and to meet the changing requirements of both councils and their local communities. SmartCare can therefore deliver

- Management of 'personal budgets', delivering control of care services to those who need it
- Efficiency savings through system automation
- Increased security with smartcard technology avoiding losses due to fraud
- Automation of transaction information and invoice generation ensuring that those who provide services are paid promptly and accurately removing unnecessary administration

For more information please contact Alan Moody, Managing Director, Ecebs Ltd on 01355 272911 or email enquiries@ecebs.com.

SPT, Integrated Ticketing and Smartcards

Michael Milne, Head of Integrated Ticketing, SPT

The Regional Transport Partnership, Strathclyde Partnership for Transport, '(SPT)', serves the West of Scotland and 42% of the population. SPT operates Glasgow's Subway, supports bus and ferry services and promotes public transport, walking and cycling and is directly involved in a number of ticketing initiatives including:

- The procurement for the Subway of a replacement for the magnetic stripe ticketing system;
- Working with transport operators to find a smart solution for ZoneCard multi modal ticket;
- As directed though the Scottish Governments BUSES FOR SCOTLAND "Progress Through Partnership" guidance for Local Authorities, Regional Transport Partnerships and Bus Operators, SPT has the "responsibility for the establishment and implementation of Integrated Ticketing Schemes within its area"; and plans are at an advanced stage for a launch during 2010.

Recognising both the need for a standard for inter-operable ticketing and the importance of partnership working of both private and public sectors, the Integrated Transport Smartcard Organisation (ITSO) was formed in 1998. The introduction of an interoperable (ITSO compliant) integrated ticketing system in the SPT area is a key component in assisting modal shift from the car to public transport.

Scots who travel to London or abroad are increasingly aware of modern, paperless smart ticketing. However implementing this technology required extraordinary sums of capital investment to achieve such a transformational change, even in such simple highly-regulated markets, often with flat fare pricing. In the UK outside London, a large unregulated market in public transport exists, which is relatively unique in the world and where fares are set at commercial rates broadly reflecting journey length. These are the main reasons why the UK has so few integrated smartcard ticketing arrangements; clearly if there were strong commercial justifications for investing in them the private sector would have already done so. Over the next few years ticketing arrangements will gradually be implemented that will test the true inter-operability of ITSO smart media and also the business rules for distributing revenue amongst participating operators.

The success of subsidised bus fares for elderly and disabled concessionary travellers stimulated the public sector to seek better ways of managing both the entitlement for travel and the distribution of compensation to transport operators. In Scotland, in 2010, all bus operators will be operating new smart-enabled electronic ticket machines that will accept valid National Entitlement Cards and some of the frailties of a 'show and go' pass will be eliminated. However, smartcards are only read on entry and not on exit; the journey length cannot be calculated without separate exit readers and these are considered to be essential in non-flat fare systems.

Bus is the primary mode of public transport in the UK, accounting for around 80% of all public transport trips, and the completion of the equipping of all buses in Scotland this year creates an immediate opportunity for smart card ticketing for *all* citizens. In Scotland this first hurdle of significant investment in infrastructure for bus has therefore been crossed, although other challenges remain. SPT's role in operating the Subway, two ferry crossings and in administering the ZoneCard ticket will enable us to further assist in the development of solutions for these and other modes.

SMARTCARDS FOR SPT

The SPT area has approximately 100 private bus operators, 150 rail stations, a substantial Subway and several ferry operators, making the introduction of a fully interoperable, multi modal smart ticketing solution arguably one of the greatest challenges in the UK never mind Scotland.

Nevertheless, with 42% of Scotland's population and excellent bus and rail services across the central belt to Edinburgh, the prize of true integration in the SPT area and beyond is clearly well worth pursuing and much could be achieved in time for the 2014 Commonwealth Games.

Integrated Ticketing *arrangements* exist to serve citizens whose journeys require more than one operator or mode, by effectively discounting the cost of travel below that of two or more separately purchased tickets. Such arrangements are facilitated through agreements amongst all participating operators and by comprehensive business rules.

Introducing smart card technology at an affordable cost is challenging, as the ability of private operators to sustain greater discounting or capping of fares, higher administration costs, and additional charges for electronic ticketing or new banking transactional charges for EMV (Europay, MasterCard, and VISA) is severely limited. The success of *Octopus* demonstrates that smart cards with an e purse provide the opportunity for retail transactions and a very welcome overall reduction in administration costs for the transport ticketing provider through the spreading of costs.

A business case to dispense with existing low cost on-bus cash collection, low bank charges and replace a payments system that has existed for a century, can only succeed where passenger boarding times are significantly improved and patronage growth results directly from the creation of 'seamless' travel. Faster boarding times speed up journey times that at best might result in a bus operator's ability to maintain frequencies with fewer vehicles and less cost. *Seamless travel,* using a prepaid smartcard, is more readily sold to motorists as a real option.

The transference of but part of the present incremental cost of a few miles of motoring, to become a new revenue stream for public transport, is crucial to a sustainable solution. As there are many more journeys made by car than by public transport, only a small proportion of the distance of car journeys need be shifted to public transport to create some benefit.

However the public sector too must search for evidence that smart, integrated ticketing can create modal shift and not just in a low cost, subsidised and regulated market. This is a challenge that will require *green* marketing campaigns to promote 'park and ride' possibilities and 'joining up journeys'. Shorter car journeys will save motorists money as fuel costs rise above £5 per gallon, or 14 pence per mile (@ 35mpg) - and there was evidence that the £6 gallon peak was generating modal shift -but convincing the motorist to invest a £1.40 fuel saving over a ten mile return journey in a green public transport ticket, with a potential time penalty, although less stress from driving on congested roads, is not easy. Nor are motorists keen to recognise the *full* motoring cost per mile.

The true cost of funding smart and integrated ticketing is not evident in regulated markets, where transport provision, smart ticketing capital and revenue costs and the cost of capping fares on multi-journey trips, are subsidised. Recognition of this situation and the calculation of the additional initial investment needed to equalise the passenger aspiration of an Oyster equivalent system to the quite different private sector needs will be necessary, ultimately requiring the installation of exit readers on buses and a mechanism to deliver a subsidy for capping of smart if not integrated ticket fares.

All these challenges are unlikely to, nor need be addressed in the first offering of smartcards to passengers as incremental stages, similar to the analogy of mobile phones, are possible: the consumer can begin with a '*pay as you go*' e purse and advance to a '*contract' of a* zoned season ticket when the technology is ready. As we enter a new decade, equipped with buses with new smart readers, we also start our journey into eliminating the motorist's common but fair excuse of *a lack of knowledge of fares and ticketing* on public transport.

News Digest

Scottish Transport as reported in the press

FINANCE

Expectations of prolonged cuts in UK public spending have deepened despite discussion on additional taxes or other income. For Scotland alone, real cuts of some 10% are likely by 2014, rising to 40% in other areas of spend if health, education and public sector wages are insulated from cuts.

The November 2009 report of the Auditor General for Scotland, *Scotland's Public Finances: preparing for the future*, confirmed the serious of the situation and the need for a strategic approach to policy options. The Report says that better information is essential to link spending with actual service delivery, costs and performance. Otherwise, effective budget scrutiny by the Finance Committee will not be possible.

Accountants KPMG have suggested that a focus on delivery could release cash and improve efficiency. This could save 3% to 9% without impacting on front line services over the next 18 months. KMPG suggestions include outsourcing, tight control on wage spend, public sector pension review and increasing charges to users. Free personal care, free bus travel for concession groups and free prescription charges will soon account for £600m a year if kept as universal benefits.

Questions have been raised about whether now is a good time to invest in Scotland's transport infrastructure. Investment is viewed by some as essential to revive the economy, but other views suggest that medium to longer-term targets for energy and climate change require a switch of investment into energy efficiency and alternative fuels and a review of transport priorities.

Robert Black, Auditor-General fro Scotland has found that HIE failed to make full risk assessments as part of its involvement in the Cairngorm Funicular Rail Project. However, the scheme had helped create local employment.

CLIMATE CHANGE POLICY

The First Annual Report of the UK Committee on Climate Change has called for greenhouse gas cuts to be accelerated to 2% a year, preferably 3% with a successful outcome from the Copenhagen summit. New targets for 2020 include less emissions from electricity generation and faster progress on building insulation and on cutting emissions from internal transport. Transport proposals include higher standards for emission cuts from new cars and vans, a boost for hybrid and electric cars and changes in travel behaviour.

DEVOLUTION

The UK Government has announced that the Calman Commission recommendations supported include a partial transfer of income tax powers to the Scottish Government (balanced by a cut in block grant), new borrowing powers for the Scottish Government within limits set by the Treasury and financed by 'increased taxation in Scotland above the level of the rest of the UK' plus a transfer of drink-drive and road speed limits to Scotland.

The proposed transfer of Air Passenger Duty is still being considered but may be affected by state aid and competition issues. Plans for a transfer of road fuel taxation did not win support but it may be feasible, within Treasury limits, to finance borrowing for larger transport projects from road and rail pricing as distinct from taxation. Given present difficulties with public finance, there has been some shift of opinion in favour of road charging. No legislation on Calman is likely until after the 2010 General Election.

COMPETITION AND REGULATION

The OFT inquiry into possible monopolistic practices in the bus industry is continuing. Stagecoach is being required to sell the newly acquired Preston Bus but Edinburgh City Council has pointed to the advantages of a dominant local bus operator in public ownership.

AVIATION

Air Passenger Duty rose in November with greater rises for long-haul and business class and further hikes in November 2010. The aviation sector aims to cut emissions by 1.5% a year to 2020 with green technology giving a 50% cut by 2050.

Scottish Enterprise and BAA conclude that Edinburgh Airport can support 16,000 jobs and 26m passengers by 2030. The first direct flights from Edinburgh to Florida are expected next summer. Flybe has started Sunday flights from Wick to Edinburgh. A new long-stay car park for Edinburgh has opened at Newbridge.

Glasgow Airport has closed subsidiary terminal 2 over the slack winter period but BAA is still planning investment of £150 to £200m over the next decade. Business support for new direct routes will be essential as is an airport rail link according to MD Amanda McMillan.

SHIPPING & FERRIES

Norfolkline report a rise in use of the Zeebrugge-Rosyth ferry by continental residents. These are up from 40% to 50% of users.

EU has found that Scottish ferry tendering has not breached EU law but has called for early tendering for the Gourock-Dunoon service presently in regulated competition with Western Ferries. The Scottish Government remains committed to a town centre to town centre passenger and vehicle ferry with a successful bidder taking over by June 2011. CMAL (the public company now supplying vessels for CalMac) is considering PPP schemes for the supply of new vessels. 6 of the 31 vessels were now more than 30 years old.

Consultants continue to favour a Burntisland-Granton fast passenger ferry but Stagecoach has allied with hovercraft maker Brand to promote a Kirkcaldy-Portobello service.

Scottish Government support for internal ferries rose 30% to £90m in the past year due to higher fuel costs and policy-driven fare cuts on routes to the Western Isles. Total passenger usage fell.

Loch Lomond National Park Authority is planning to expand waterbus services to reduce numbers arriving by car. Regular services are planned from Balloch to Inversnaid also calling at Balmaha, Luss, Rowardennan and Tarbet. A pilot service is due to begin summer 2010.

RAIL

Government has delayed publication of the report on high-speed rail for Britain until March 2010 but this will still give priority for

an HS2 route from London to Birmingham or Manchester with later extensions of the network including Scotland. Funding and phasing remain major issues. The Scottish Government supports a Y route from London, dividing for Edinburgh and Glasgow near Carstairs and also providing fast links from Glasgow to Edinburgh and on to east coast centres. The full route would require 20 years for completion.

National Express East Coast services have reverted to direct public operation but competition for a new franchise is scheduled for 2011. Consultation has started on revised timetables from December 2010 which could include a regular interval London-Edinburgh timetable but also replacement of east coast services running through to Glasgow from Kings Cross with alternative services maintaining direct links from Glasgow to cities in north-east England and Yorkshire. Transport Scotland has complained that, due to priority for extra paths for trains entirely within England, best London-Edinburgh times will be 20 minutes longer than the best times of the 1990s.

Average rail fares will rise by 0.26% in January but with higher rises in some unregulated fares. Press comment on the £1000 first class walk-on rail return from the Highlands to Cornwall has led to operator responses that no one would buy such a ticket as cheaper alternatives are available. This has led to calls for a lowering and simplification of walk-on fares. Fare offers are being used to fill empty seats on the East Coast corridor with net revenue benefits.

Though borrowing by Network Rail has reduced the need for up-front Scottish Government financing of rail projects, Transport Scotland has expressed doubts about whether this offers good value. Since the Borders Rail project does not fall within schemes in Network Rail programmes, the Scottish Government is to seek separate tenders for the construction and maintenance of this route as a PPP project similar to that already applying to the M80 upgrade.

A decision was made to drop the Glasgow Airport Rail Link (GARL) from the budget on the grounds of escalating capital costs and lack of evidence for priority economic benefits. There have been sharp differences of view split between those critical of a £170m spent on GARL for an under-used service compared to other rail options and improving airport bus links to the view, with strong business and political support from the west of Scotland, that GARL is essential for jobs growth in Paisley and Glasgow while also giving relief to the congested M8 west from the junction with the urban M74 now under

construction. There is agreement that GARL would give better value if linked to services across Glasgow (Crossrail) or offering good onward connections to the east and north at Glasgow Central. SAPT has called for a review of the costs of the airport spur, continued land safeguarding and incorporation of the project in EGIP funding (Edinburgh-Glasgow *Rail* Improvement Programme) and further action arising from the cross-Glasgow strategy to be refined from the ambitious Project 24 cross-Glasgow proposals in the Strategic Transport Projects Review.

RMT objections may affect the extension of driver-only operations to the electrified Airdrie-Bathgate -Edinburgh line due to open in 12 months time. This service will introduce 4 trains per hour on the M8 corridor. New electric trains due to arrive from 2010 will be introduced on Inverclyde and Ayrshire coast services. Assisted by the extra capacity being provided between Glasgow and Paisley (also intended for GARL trains), extra and longer trains will be provided on this route while the Edinburgh-North Berwick service will also be served by thee new, air-conditioned trains.

Improved Edinburgh-Dunbar services, mentioned in error in STR45, are now likely to start in December 2010 with further study proceeding of a service extension to Berwick-on-Tweed and new halts at East Linton and Reston. The Glasgow-Kilmarnock service was increased to half-hourly on 13 December when an additional hourly Glasgow Central-Shotts-Edinburgh intermediate express service also came into operation.

Three fatalities at the Halkirk level crossing on the Far North Line, together with other level crossing incidents, have led ORR to order a nationwide review of level crossing safety regulations.

BUS, TRAM & TAXI

Bus operators are continuing to curtail, or remove, services where recession is affecting bus usage, First have announced cuts in Glasgow while Edinburgh, Stirling and Dundee have also had service cuts. SPT and local councils elsewhere in Scotland are facing increased difficulty in filling gaps due to the worsening financial position. On the other hand, operators see scope for attracting car owners to high frequency quality corridors provided that councils take stronger action to ensure that bus trip times can improve relative to car use. Stagecoach has found that leather seats and

wi-fi on X54 express buses introduced from Dundee and Fife into Edinburgh in 2007 has led to increasing use but the service still has punctuality problems due to road delays.

Bus park and ride sites have much reduced business at weekends due to the greater availability of city centre parking yet operators still see opportunities for further park and ride sites. SPT is developing plans for both rail and bus park and ride, including a large site near Prestwick Airport which is expected to be linked with hard shoulder running on the M77 for Stagecoach express buses.

Similar options on the Edinburgh-Glasgow M8 are under examination. John Swinney's budget gave some extra funding for the bus Fastlink from Glasgow to Govan, Southern General Hospital and Braehead/Renfrew. As yet, there is no completion date .

The Traffic Commissioner and city councils are increasingly sympathetic to proposals for more orderly bus timetables as part of quality corridors delivering freer flow for better loaded buses as well as elements of cross-subsidy. Charlie Gordon MSP has revived earlier proposals for a new approach to bus regulation and financing.

Academics and users are questioning whether present approaches to bus support and free bus travel for concession holders across Scotland are giving good value in relation to policy aims under tighter overall budgets. Local councils have also been criticised for failing to use funding, formerly part of central funding for bus route development, for continued action on route development. Almost all the funding passed to local councils has been used for other purposes.

Age Concern has pointed to threats of severe cuts in support for rural transport in Dumfries and Galloway, the Borders and the Highlands. Funding for community and rural demand responsive transport is under strain while compensation to operators for free bus travel has encouraged the growth of leisure routes mainly used by holders of free bus passes rather than on more urgent needs to improve access to local facilities. There is support for a restriction of free travel to local public transport and demand responsive variants.

Badenoch and Strathspey Community Transport has introduced the first pilot electric vehicle for use by volunteer drivers in a rural area. At £50,000 the car has a high capital cost but this should fall as technology and demand improves. The vehicle is maintained by Inverness College students.

WRVS says there is a 'cruel transport trap' condemning a third of people over 65 to life without the access they need (including organised lifts) to do basic things such as shopping or getting to hospital.

On the completion of tram tracks, buses returned to Princes St at the end of November. The focus of tramworks has shifted to Leith Walk and the West End. In Glasgow, SPT is studying options for Subway modernisation 30 years after the previous upgrade of the circular route. Passenger and driver assaults on Lothian Buses rose 28% to one per week in the past year. Real time bus information has gone live on 13 sites in East Lothian. Following monitoring by the Traffic Commissioner, Midland Bluebird has been fined £15,000 for failing to run services as advertised. All Lothian Buses are now of low-floor design

Edinburgh City Council has confirmed that taxi and private hire operators have the right to charge less than maximum fares if they so desire. NHS Glasgow has postponed a decision on whether to pull out of a £2m contract with a taxi firm previously linked to serious organised crime. The Scottish Government has pledged to crack down on gangsters muscling in on the taxi trade.

Alexander Dennis is cutting a third of its Falkirk workforce and discussing a three or four day week due to bus operators slashing orders for new vehicles. The bus industry is seeking scrappage aid to encourage shifts to more energy efficient and low emission vehicles.

Lothian Buses has won the Scottish Disability and Business Award for its work in making the bus fleet fully accessible ahead of legal requirements. Edinburgh City Council has also gained an award for improving efficiency in road maintenance.

ROADS & PARKING

The Bill for construction of an additional Forth Crossing and related approaches has been published amidst continuing doubts about the ability to finance the crossing. A YouGov poll commissioned by bridge opponents has found that 57% of those questioned preferred the option of repairing the existing bridge. The Government view is that a new crossing is essential and it accepts that the new bridge, though only 2 lane each way plus hard shoulders, could handle more vehicles than the present crossing. There would be further scope to relax rules confining the present bridge to public transport, cyclists and pedestrians.

Bids are being encouraged by substantial offers of compensation to unsuccessful bidders. The post of Project Director has been advertised and a bridge contract is expected to be in place by 2011. Nevertheless, overall benefits for the Scottish economy and for carbon cuts have been queried compared to alternative uses for over £2bn of funding. Tolls have been rejected as not being capable of making a substantial contribution to bridge financing. Traffic modelling showed that setting high tolls would have the effect of diverting many trips to other routes.

Dehumidification of the existing bridge cables is now in progress though outcomes will not be clear until 2011. Meantime, work has started on a £15m three-year maintenance programme, including replacement of the main bearings on the present bridge.

Landslides caused a 2-day blockage of the A83 at Rest and be Thankful.

The UK Sustainable Development Commission has criticised the Scottish emphasis on major road projects, including an additional Forth crossing.

Morrison Construction has gained the contract for the £32m 5km A96 Mosstodloch-Fochabers Bypass due to open in early 2012.

Crianlarich villagers are concerned at loss of business after opening of the 0.77km £5m A82 Crianlarich Bypass. This project is out for consultation but there are preferences for higher priority for other sections of A82 improvement.

RAC reports that most motorists want an 80mph speed limit on motorways. This is favoured by the Conservatives. Labour support 50mph limits on roads which are not motorway or dual carriageway. There is also wider backing for extended 20mph limits in residential and other sensitive areas. AA is seeking shorter periods for road closures after accidents and weather-related incidents. Replacing speed-cameras in Scotland with digital equipment will cost £7m over the next 7 years.

The 3000 members of the Edinburgh Car Club now have access to vehicles in 15 other cities after the company merged with Whizz-Go.

In 2008-09, Edinburgh collected £6.9m from parking tickets compared to £5.5m in Glasgow.

Nurses have complained after bosses cut down on staff parking at Edinburgh Western General Hospital. This issue affects the NHS and hospital visitors more widely after the abolition of charging. Edinburgh Royal is planning a 950 space park close to the hospital but, if free, it could fill up quickly.

Park and ride plans are being studied to ease parking problems at Edinburgh Royal and West Lothian hospitals.

Owners of The Centre at Livingston have bowed to pressure and delayed plans to charge shoppers and staff for parking. Recession had left more spaces available but charging may apply from February 2012.

WALKING & CYCLING

With joint funding from Glasgow City Council, SPT and the Scottish Government, over £2m is to be spent on three corridors improving conditions for walking and cycling in Glasgow s East End.

Local groups in Leith are seeking pedestrianisation of The Shore area.

Walkers are seeking more consideration from cyclists on the Union Canal towpath in Edinburgh.

Local authorities are to receive £400,000 towards safer city centre streets, especially in the evenings and at weekends when disorder can be a major problem. More people are also pressing for wider action to improve the all-day character of the environment for walking in cities and towns

Edinburgh City Council has approved a new cycle route from Edinburgh University's George Square campus to Kings Buildings as part of action to deliver 15% of city trips by bike by 2020.

SPOKES is pursuing vigorous campaigning for a large rise in cycling investment in Scotland. Some streets in Edinburgh already had 10% to 20% levels of bike commuting but much remained to be done.

Sustrans plans a cycleway on the former Edinburgh-Peebles railway. A spinal surgeon at Glasgow Southern General has called for an urgent review of mountain bike safety following a steep rise in the number of seriously injured cyclists.

Towards Clarity on Healthcare Transport Funding?

On 27th November 2009 the Scottish Government issued a Healthcare Transport Framework to the Chief Executives of all NHS Health Boards in Scotland. STR summarises the Framework

The national health strategy "Better Health, Better Care" committed the Government to developing a national approach to travel management. To develop this approach, the health care transport framework was drawn up to support the planning and improvement of transport for health care.

The new Framework seeks to bring clarity to the roles and responsibilities of those involved with healthcare transport. The framework identifies that Healthcare Transport can be categorised as:

A. **Transport for Health** – Active and sustainable travel options to reduce the social, economic and environmental costs associated with daily travel.

B. **Transport for Healthcare** – Public Transport, Patient Transport and Demand Responsive Transport.

C. **Urgent Transport for Healthcare** – Immediate transport for the critically ill.

Active and sustainable travel options are being led by the Scottish Government Transport Directorate through the chooseanotherway. co.uk campaign. 'Choose Another Way' encourages public sector organisations to promote active and sustainable travel options to all staff to reduce the social, economic and environmental costs associated with daily travel.

The National Planning Forum is promoting Specialised Transport Services for the critically ill and NHS Chief Executives will identify ways to streamline these current services to be more efficient and sustainable.

It is the responsibility of NHS Boards to work with Regional Transport Partnerships (RTPs) and local authorities (LA) to ensure that patients are provided with appropriate advice and support if required to travel to receive care. All local and regional travel strategies should incorporate sustainable travel policies which address the demand as well as the supply for travel, providing greater encouragement to use public transport and active travel (cycling and walking) wherever possible.

STATUTORY RESPONSIBILITIES

Under the Transport (Scotland) Act 2005, RTPs have a legal requirement to develop a Regional Transport Strategy for their area which, as well as identifying accessibility, environmental,

social and economic objectives, should seek to facilitate access to hospitals and other healthcare facilities. These strategies will identify current transport gaps and opportunities within each Health Board and provide a mechanism to deliver and monitor these objectives. The Regional Transport Strategies (Health Boards) (Scotland) Order 2006 places a statutory duty on each Health Board to, so far as possible, perform their functions and activities consistently with the Regional Transport Strategies in their area.

NHS Boards therefore have a responsibility to work with RTPs and LA in developing these strategies to provide local transport solutions and enhance the role of the voluntary and community sector in the design and delivery of access to healthcare.

TACKLING CURRENT PROBLEMS

Access is a key issue for the patient, their carer and families. The Framework seeks to break the stalemate on improved healthcare transport that has dogged progress in recent years. It recognises that each regional and local area has different issues to tackle and that it is essential that each NHS Board has an understanding of what types of transport are currently available and what is required, including any current gaps and support mechanisms.

To promote delivery, a series of checklists have been drawn up by the West of Scotland Regional Transport Group, which can be used as a guide for all NHS Boards, and which can be adapted regionally and locally as required. The checklists will help NHS Boards to identify strengths as well as opportunities for change and improvement.

The Framework identifies that most Health Boards will have in common three areas of work which could improve access to healthcare: car-parking, improved public transport and increased demand responsive transport.

Car-parking arrangements are important as most patients and visitors arrive by car. Ensuring sufficient spaces and improving the parking experience is perhaps the easiest way of improving access for this group. The Framework does not offer any clarity on how these car park improvements should be financed but

does highlight that car parks are the direct responsibility of Health Boards whereas public transport is not.

For non car owners, publicly provided transport, whether it is mainstream buses or whether it is a form of Demand Responsive Transport (DRT), needs to be improved if access is also to be improved. Public transport including buses, taxis and trains provide the second largest mode of access but attract much less spending from Health Boards than car parks.

The Scottish Ambulance Service, LA, RTPs and the Scottish Government are the public bodies with responsibilities for public transport and the lack of clarity on which agency should fund which service has delayed progress for many years.

A FINANCIALLY SUSTAINABLE APPROACH

The Framework suggests that:

- NHS Boards should engage with partners to provide the best possible transport while ensuring financial, environmental and social sustainability benefits.

- LA are responsible for providing transport for social inclusion purposes. The use of the term 'social inclusion' in the Framework is a subtle change of emphasis from the wording in the Transport Act that defines LA responsibilities as to provide 'socially necessary' transport services. LA subsidise bus routes, contribute to the costs of services such as Dial-A-Bus or Ring'n'Ride, provide elderly people with taxi vouchers, and fund community transport. Most LA will also have vehicles used primarily by social services or education clients and these could play a significant role. There are various pilot projects being developed under the banner "Integrated Transport with Care" which explore how the spare capacity of these resources can be used to improve access to healthcare.

- The Scottish Ambulance Service has a responsibility to ensure patients with a medical need are transported to hospital for an appointment. A hospital appointment is not an automatic determinant of eligibility for ambulance transport and clinical need must be established. Where that need is established, the SAS will provide transport to and from NHS facilities. Where that medical

Checklists

The Framework seeks to provide clarity on NHS actions as follows:

1. Management Board Structure and Responsibilities

NHS Boards need to make sure that operational support and resources are available from across various relevant directorates / departments and should check regularly:

- Named lead for access to healthcare obligations
- Senior management ownership
- Management and reporting mechanisms
- Transport and access steering group
- Operational support and internal partners: Car-parking/facilities management, travel plan, SAS, CHPs, active travel leads, Public Health, Health Improvement
- Demonstrate that transport agenda links with and contributes to sustainability/CO2 reductions, physical activity and Health at Work
- Public and patient involvement

Efforts to improve access to healthcare will initially be focussed on acute services, but it is important to ensure that all parts of the NHS are working towards improved access, including CHPs and mental health services.

2. Car parking

One of the key concerns around access to healthcare is the availability of adequate car parking facilities. The Framework suggests that Health Boards could consider measures to ensure that those who need to use a car to access the hospital are able to do so. This could include provision to support the more vulnerable car park users such as patients or disabled drivers, e.g. by introducing dedicated blue badge holder parking bays or providing zoned car parking with patient parking being located closest to the entrances.

- Sufficient spaces to ensure access for patients and visitors, e.g. 50/50 patient/staff parking ratio for large site
- Patients/visitors parking closest to entrance

- Disabled spaces provision/measures to ensure correct usage
- Percentage of total car parking spaces for blue badge holders
- Drop-off zones
- Security measures – lighting and CCTV
- Volunteer drivers arrangement
- Car parking arrangements reviewed by access panel or patient groups

3. Travel Plans

Travel planning is an important tool for managing the traffic flow in and out of healthcare sites. The checklist for travel plans includes:

- Board level travel plan
- Site specific travel plans for major sites
- Have you got modal shift targets? If so, what are they and when are they due?
- Dialogue with Bicycle Users Groups
- Salary Sacrifice Bus Travel Scheme and Cycle to Work Bike Scheme, providing staff with an interest-free annual loan
- Payroll Annual Travel Cards, providing interest-free loans to staff for purchasing annual travel cards
- Car Share Scheme
- What is the total annual cost of business travel?

4. Hospital or Health Centre Site Specific Measures

A number of site specific measures can be implemented within most NHS sites. The checklist includes:

- Walking and cycle paths – integrated with Local Authority core paths
- Lighting, path maintenance, accessibility
- Taxi stances – near main entrance and freephone to taxis in reception area
- Bus shelters – seating, security and protection from elements – near main reception
- Secure bike parking for staff – if yes, how many spaces (as percentage of staff)
- Bike parking for patients and visitors - if yes, how many spaces

- Showers, lockers, changing facilities
- Public transport tickets for sale to staff

5. Information

Access to reliable transport information is crucial for enabling staff, patients and visitors to choose alternatives to private car use.

- Up-to-date transport leaflets at reception/ entrance points. Public Transport Maps and timetables at receptions/entrance points. Freephone to Traveline in reception area
- Electronic real time displays in reception waiting areas
- Links to Traveline and other relevant sites
- HTCS (Patient Travel Expenses) scheme promoted
- Site specific transport information and routes available on website and in print at receptions/entrance points
- Information also provided in other formats/ languages
- Information provided or generated with appointment letters
- Staff induction pack info and training regarding transport

6. Taxi Usage

Examining taxi usage helps to ensure that transport is being used cost-effectively and enables the consideration of alternative transport solutions.

- Audit usage – patient, staff, samples, notes
- Policy development and consistent application
- Monitoring and review of alternatives

7. Checklists for Partners

The responsibilities for developing the transport network do not sit with the NHS but with RTPs, Local Authorities, the Scottish Government and the transport operators (including the Scottish Ambulance Service). The Framework requires checks to be made on the effectiveness of the partnerships and policies.

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need is not established SAS will engage with RTPs, LAs the Scottish Government to support them in developing integrated transport to healthcare solutions.

The Framework suggests that in order to create the capacity and resources to respond to the transport agenda, it is important to recognise how transport impacts on different departments

within the Health Board. These can be brought together to provide the necessary capacity and resources to deliver this work. This includes:

- Estates/Finance (who are concerned with travel planning, cutting emissions to ensure the sustainability of the NHS, and reducing costs associated with business travel and taxi usage)
- Public Health/Health Improvement (who

are interested in the impact of transport on people's health and the role of active travel)
- Service Managers/ Health Records/ Clinical Leads (who are looking at DNAs and problems with discharges, both of which often have an underlying transport element)
- Corporate (as poor access undermines the patient experience)

Scotland's public finances: preparing for the future

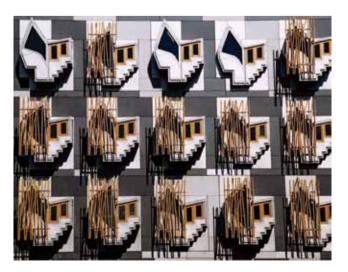## *Extracts relevant to Scottish Transport from the November 2009 report prepared for the Auditor General for Scotland*

KEY POINTS

The public sector is coming under the greatest financial pressure since devolution.

- Scotland's economy is in recession and the public sector is under the greatest financial pressure since devolution ten years ago. It will be very challenging to maintain current levels of public services and meet new demands when resources are tight.
- More could be done to evaluate how well public funds are being spent in delivering against government priorities and improving public services.
- The Scottish Government's annual budget is largely developed on an incremental basis, which involves making adjustments at the margin to existing budgets. This approach is not suitable for budgeting in a financial downturn because it does not easily allow informed choices to be made about priorities.
- The Scottish Government and the wider public sector need to work together to develop better activity, cost and performance information. This information is needed to enable informed choices to be made between competing priorities, and to encourage greater efficiency and productivity.
- The Scottish Parliament has an important role in scrutinising the government's spending plans. Better information linking spending to costs, activities and service performance, and a rolling programme of performance reviews would support the Scottish Parliament in fulfilling this role.

PREPARING FOR THE FUTURE

There are serious financial challenges ahead. The Scottish Government faces significant challenges in balancing the budget while also delivering

> *The cost of bringing Scotland's roads up to standard is estimated at £1.7 billion and the estimated cost of backlog maintenance for road repairs is around £900 million for councils and £232 million for the Scottish Government*

on its commitments and meeting increasing demand for public services. The Scottish public sector is facing the biggest squeeze on budgets since devolution. Public sector income is likely to be less than previously forecast. Increased demand will affect the affordability of public services. The number of older people is projected to rise by 31 per cent from 1.02 million to 1.34 million, with a significant increase (84 per cent) in people aged 75 and over.

There are more free services and the costs of these will rise. The Scottish Government is committed to a number of universal public services, which are not paid for by users and where the costs are increasing. These services are demand led, making it difficult to estimate their future costs. Changes in Scotland's population will increase demand for these services, placing pressure on their long-term affordability. The concessionary fare travel scheme was introduced in April 2006 and provides free bus travel throughout Scotland for older and disabled people. The estimated cost is £187.4 million in 2009/10 rising to £189.4 million in 2010/11.

Planned capital projects and ongoing capital costs account for around a fifth of Scottish public sector spending. The Scottish Government plans to spend around £7 billion on capital projects over 2009/10 and 2010/11. In 2009/10, the level of spend is estimated to be £3.8 billion, representing ten per cent of total public sector spending. This will decrease to around £3.2 billion in 2010/11.

This includes funding towards eight national developments, including the replacement Forth crossing (estimated total cost £1.7 - £2.3 billion), and the Edinburgh trams project (£545 million). Past performance shows that the final cost of many major capital projects often exceeds initial estimates.

Despite the planned level of capital investment, cost pressures remain across the public sector estate with at least £3.7 billion in backlog maintenance existing. The cost of bringing Scotland's roads up to standard is estimated at £1.7 billion and the estimated cost of backlog maintenance for road repairs is around £900 million for councils and £232 million for the Scottish Government.

The public sector has a number of Private Finance Initiative (PFI) and Non Profit Distributing (NPD) commitments that are increasing in cost. Over the period 1997 to 2042, estimated payment commitments for PFI and NPD schemes will be £30 billion. The total payment in 2009/10 will be £723 million, rising to £820 million in 2010/11. In addition, in 2008/09, the cost of using assets (capital charges) was £2.3 billion. It is estimated that capital charges will increase to around £2.5 billion in 2009/10. Together, PFI/NPD and capital charges account for around £3.2 billion each year (nine per cent of public sector expenditure).

FINANCIAL MANAGEMENT IN THE SCOTTISH GOVERNMENT

The Scottish Government manages the budget through a range of measures Financial monitoring should include information on how well money is being used to deliver front-line services and achieve national outcomes. When budget pressures emerge during the course of the year, Directors General are expected to manage these within their portfolio budgets.

The Scottish Government has fewer professionally qualified finance staff than other comparable UK departments. The Scottish Government must ensure it has the appropriate skills to meet the challenges ahead.. In March 2008, the Sector Skills Council for Central Government reported that financial management was one of the top priorities for investment in learning and development across the Scottish Government. In July 2008, HM Treasury recommended that the Scottish Government should develop the finance capacity and capability of staff through the Professional Skills for Government (PSG) framework. The PSG framework is designed to provide civil servants with the skills they need for the future.

It is essential to know whether accessible, high-quality services are being delivered to people with an immediate need

The Scottish Government should improve its budget scrutiny by ensuring that performance information is considered together with financial information when monitoring budgets.

SCRUTINISING, AGREEING AND MONITORING THE BUDGET

In the current economic climate difficult decisions will have to be made about priority spending programmes.

The Scottish Government's annual budget is largely developed on an incremental basis which involves making adjustments at the margin to existing budgets. This approach is not suitable for budgeting in a financial downturn because it does not easily allow informed choices to be made about priorities, based on robust information about activity, costs and performance.

The Scottish Government and the wider public sector need to work together to develop better cost, activity and performance information. This is needed to support a budget process that allows informed choices to be made between competing priorities, and provides incentives for greater efficiency and productivity.

The Scottish Parliament has an important role in scrutinising the government's spending plans. Better information linking spending to costs, activities and service performance, and a rolling programme of performance reviews, would support the Scottish Parliament in fulfilling this role.

LINKING BUDGETS TO PRIORITIES WOULD PROVIDE BETTER INFORMATION FOR FUTURE SPENDING REVIEWS

There is not yet a comprehensive framework for reporting to Parliament on the accessibility, quality and costs of key public services. Financial outturn information linked to activity levels and performance information should be a major source of information to assist the Parliament in scrutinising future budget proposals but this does not happen systematically at present.

Without good information on the activity and performance of services, it is not possible to identify what difference the spending will make. It is essential to know whether accessible, high-quality services are being delivered to people with an immediate need.

The Scottish Government should further support the Parliamentary budget scrutiny process by ensuring that:
- Parliament receives information which demonstrates clear links between the draft budget, Government priorities, and the performance of public services
- the introduction of a single statutory budget limit does not result in less detailed information to support the Parliamentary scrutiny process
- budget and financial outturn information are reported on a similar basis.

A Green Bullet or a Dangerous Diversion?

David Spaven, Director Deltix responds to the High Speed Rail debate in STR45

The idea of a new high-speed rail route to Scotland is a fantasy – and a dangerously diverting one at that. Instead of focusing on how we can spread the speed and capacity benefits of rail enhancements right across the network, we are being seduced by a 'green bullet' scenario for which public funds are never likely to be available – and which would primarily benefit the minority of the population who are already highly mobile. On the flimsiest of evidence, the environmental movement is being encouraged to get behind an idea which is likely to *increase* rather than reduce carbon.

Of course, if you spend £34bn on just about anything you will get economic benefits, but where is the serious analysis to show that HSR gives a better 'bang for the buck' than a nationwide rail electrification programme, a step change in local and regional public transport throughout the UK – or perhaps something which has nothing to do with transport, such as a national building insulation programme?

The lobby group Greengauge21 brazenly claims on its website that 'high speed rail is the most sustainable of transport investments'. Aside from the ludicrous omission of walking and cycling (and conventional rail), this claim hinges on the tenuous basis that HSR will provide a 1m tonnes pa saving – by 2055! No methodology is advanced to support even that modest saving.

> *we are being seduced by a 'green bullet' scenario for which public funds are never likely to be available*

Of course, it has long been evident that the HSR operator would have to go way beyond modal switch from car and air (and conventional rail) to justify the mammoth capital and operating expenditure involved. Network Rail's report on Anglo-Scottish HSR earlier this year demonstrated just how small a role carbon-reducing modal switch would play – 53% of projected 2030 HSR journeys would be abstracted from conventional rail (thereby increasing carbon impact) and no less than 32% would be newly generated travel (entirely new carbon impact). Reflecting in part the commercial need for premium pricing on HSR, just 6% of passengers would have switched from air, and 9% from car. So much for 'the most sustainable of transport investments'!

If increased rail speed and capacity really is needed in a world of climate change and 'peak oil' then there is much that can be done to improve the existing network. Under 3 hours 45 minutes from Edinburgh to London via the ECML is perfectly feasible, and a wide range of capacity enhancements – such as Trent Valley quadrupling on the WCML, and a Hitchin flyover on the ECML – are planned or already happening. Much more can be done in this sensibly incremental manner, rather than pinning hopes on a distant 'big bang' which has little or no relevance to building a greener and more resilient UK economy.