

# The Glendale Transport Project

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## **1. Introduction**

The Glendale Trust is a registered charity set up to benefit the disparate communities of north-west Duirinish on the Isle of Skye. The area serviced by the Trust comprises a number of small townships with a resident population of around 400 people. Scottish Executive statistics dating from 2010 show that 35% of the population have retired, 10% are children or young people and 55% are of working age. The Scottish Index of Multiple Deprivation (SIMD) lists the area as having a Geographical Access Rank of 48 placing it in the worst 5% of Scotland as a whole. Surveys conducted by the Glendale Trust have shown that the number of respondents who declare themselves as 'retired' has increased slightly with a corresponding reduction in those of 'working age'. This is broadly in line with the observed population profile. The local medical facilities, public transport links to the rest of the island and other essential services are situated in Dunvegan some 10 miles distant from the larger number of the resident population.

## **2. Need**

The current public transport provision could best be described as poor or non-existent as it consists of a single school bus service to Portree High School leaving the area at 0730 on week days and returning at 1710. This service only operates during the school term. For 12 weeks of the year there is no public transport provision including the peak tourist period of July and August. The surveys and public consultations conducted by the Glendale Trust repeatedly refer back to the lack of public transport provision. There is a general presumption that people living in remote rural areas all have access to private transport. This is patently untrue and many elderly and low income families are forced to rely on neighbourly goodwill, or expensive taxi journeys, to access medical appointments, conduct the weekly shop or socialise with their peers. The feelings of isolation that arise from the lack of social mobility are contributing factors to many depressive illnesses and can lead to the elderly and infirm requiring premature residential care. Contact has been made with the Practice Manager at the Dunvegan Medical Practice and the Age Concern Scotland charity in relation to these matters and letters of support for this scheme have been requested.

The lack of any public transport links and employment are also seen as a major factor in retaining or attracting the young people who will allow the community to flourish. Virtually all of the young people move away from the area to seek employment when they leave school citing the lack of employment and isolation as being major contributory factors in the decision.

The bulk of the locally generated income is derived from the Tourist Sector. This supports a significant number of local businesses who would all benefit from better public transport links, indeed a major local employer struggled to fill all the available job vacancies in 2013 due to the lack of a public transport connection for their employees.

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## **3. Review of Current Provision**

A Post Bus Service run by Royal Mail was withdrawn a number of years ago following a countrywide review of these services by that company. The reason given for this was the lack of use by the travelling public. This was due in the larger part by this Post Bus travelling in the opposite direction to the needs of potential passengers as the service was secondary to the mail delivery. In the mornings the service ran from Dunvegan to Glendale at a time when potential passengers wished to go to Dunvegan for any number of reasons. The service also terminated in Glendale at the end of the mail delivery run as the vehicles are kept overnight at the home of the Royal Mail employee to allow early morning collections from the Post Boxes the next day. This integration of a passenger service with the delivery of the mail also led to logistical problems concerning security in relation to the letters and packages as well as the timing of the actual runs. Royal Mail cited the additional insurance costs of providing this service as being excessive in their decision to withdraw the service.

The school bus service, which is the only service currently being offered, is operated by Stagecoach and uses a full size coach to complete the Glendale to Dunvegan section of the school run. It must be noted that this size of vehicle is unsuited to the single track nature of the local road network. The use of this size vehicle is due to the number of passengers carried from Dunvegan onward to the school in Portree dictating the need for such a vehicle. The service does not include a number of the townships in the area and parents are required to drive their children to the bus pick up points. This coach weighs some 12 tonnes and will use a considerable amount of fuel per passenger mile as vehicles of this size only return some 10 miles to the gallon. The service leaves Glendale at 0730 and does not return until 1710 which would lead to excessive waiting times for the elderly or infirm attending a morning or afternoon medical appointment at Dunvegan Surgery.

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## **4. The market for the proposed bus service.**

The population of the area represented by the Trust numbers around 400 people, not all of these people have access to private transport and many are reliant upon neighbourly goodwill or expensive taxi journey's to satisfy their social and domestic needs. A meeting with the Practice Manager of the Dunvegan Medical Practice has confirmed that the lives of a number of the residents would be enhanced by the provision of a local bus service. It has been noticed that there are residents who are sufficiently concerned by the feelings of helplessness, caused by their remote location and inability to attend medical appointments or other aspects of their lives that they are considering entering into a care facility. These are residents who could easily continue to live in their own homes for a number of years yet if they were connected with the rest of society. The Government figures from 2010 show that some 35% of the local population are 'retired'. This equates to around 140 people who could be listed as a low income group who could require assistance with travel. The average wage in this area, given the remote location and reliance on the tourist industry, is about minimum wage. A Community Bus Service would allow the elderly and disabled residents to use the Scottish Executive Concessionary Travel Scheme at no cost to them.

Fuel costs are generally much higher than less rural areas and consequently vehicle running costs can account for a much larger proportion of weekly income. The provision of a local bus service could therefore encourage use of the service and would greatly enhance the living standards of a great many more people.

The local tourist industry brings a huge number of visitors to the area all year round but most particularly between Easter and October. The Dunvegan Castle for example attracts some 100,000 annual visitors. Many of these tourists arrive by private car are unfamiliar with driving on the single track carriageways of the local area and would welcome the opportunity to view the local attractions from the comfort of a bus service. This would also reduce the vehicle numbers on the roads which can greatly extend travel times and lead to congestion.

The Glendale Trust has also undertaken several consultations with the local community in relation to other projects and these reviews consistently show the desire for a public transport network to be developed. The other projects currently under planning would also be greatly enhanced by the provision of this service giving all three the greatest possible chance of success. There would be little point in building affordable housing for low income families who are then unable to leave the immediate area for employment or medical needs, developing a tourist backpackers hostel to bring visitors into the area who then discover they must walk 10 miles from the nearest bus service to get here, or developing guest harbour facilities in order to attract visiting yachts whose owners then find themselves stranded some 2 km from local facilities. This local bus service proposal could be viewed as glue that would bind all the other proposals together into a unified package.

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Having established that there is a market/need for a public transport service it is recommended that a detailed needs/market survey is carried out in order to determine more accurate demand figures especially with regards to the provision of an operational business plan.

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## **5 Options for Provision of Services**

The following options have been presented in order provide information on the potential options that are available to the community of Glendale in order to provide a community operated transport service.

### **5.1 A full Commercial Bus Service.**

This would be operated under the provisions of the Transport Act 1985 and the regulations and requirements of the Traffic Commissioner and Vehicle Operator Standards Agency. The Public Service Vehicle Operator Licence scheme regulations and requirements were initially designed for large scale commercial operators with considerable financial and logistical resources. A local bus service operating under this legislation would be required to employ a Transport Manager, drivers would require a Passenger Carrying Vehicle licence (PCV) and a Certificate of Professional Competence (CPC) and the vehicles would be subject to additional checks, technical specification and more rigid (and therefore expensive) annual testing. The drivers who hold both a PCV licence and a CPC would also command a substantial salary in relation to the expected revenue. A high level review of these factors indicates substantial annual revenues being required to service this proposal which would lead to doubts over the long term viability of the service.

### **5.2 A Local Bus Service operated under a Section 19 Permit.**

The Transport Act 1985 allows the operation of a Community Bus Scheme by a charity, or similar corporate body, on a 'not for profit' basis under a Section 19 Permit. This is issued by the Traffic Commissioner upon application. This scheme requires the potential passenger groups to be named upon application and does not allow the carriage of members of the public or others for reward. The vehicle must only be used for the specific purpose listed upon the permit. This legislation is neither designed, nor is indeed suitable, for the operation of a local bus service due to the restrictions placed upon it by the 'reward' restriction. The lack of access to revenue streams indicates that this service would be unsustainable in the long term without significant on-going outside support. The drivers would, of necessity, be volunteers which could lead to logistical problems with staffing of the service which is a requirement of the registration of the route with the Traffic Commissioner.

### **5.3 A Dial-a-Bus or Subsidised Taxi Scheme.**

These potential solutions have been examined and found to be unsuitable with reference to the established needs of the community and the likely numbers of passengers using the service. The Dial-a-Bus service would, of necessity, be delivered under the control of a Section 19 Permit thereby removing the possibility of the service becoming self-sustaining by removing access to all potentially available revenue streams. The service would require constant support by way of external fundraising to achieve viability.

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The subsidised Taxi Scheme currently being piloted by Highland Council, to connect Glenelg with Shiel Bridge and the A87, is not suitable for this area. That scheme has a finite time slot for daily operation as it will link outward and inward travel to an already established timetable offered by Scottish Citylink. A service proposed for the Glendale area by this should be designed to remove the feelings of isolation and disenfranchisement, currently being felt by a number of the residents, allowing them to lead a socially inclusive life. A Taxi service would require residents to pay a proportion of the fare for the journey which may prove a barrier to those on low or fixed incomes.

## **5.4 A community operated bus operating under a Section 22 Permit.**

The Local Transport Act 2008 altered the requirements of Section 22 of the Transport Act 1985 to encourage certain groups to run a local bus service on a 'not for profit' basis. The aim was to allow Community groups to run a local bus service where it is not commercially viable to aid and assist in the welfare of local residents. The Section 22 Permit allows for the carriage of members of the public in return for a fare and the hiring out of transport services, out-with the registered route, on a commercial basis to give access to revenue streams to support the local bus service. The scheme is delegated as 'not for profit' though it is permissible for a revenue surplus to be accrued, through either popularity or strict financial management, providing this is allocated to service upgrades or an emergency contingency fund. The over-riding principle being that the accrued excess is not used for any other purpose. The permits are available from the Traffic Commissioner to all qualifying groups who can show they are running the service primarily on the basis of need and not for deliberate financial gain. Registered Charity's and similar groups, such as a Company Limited by Guarantee, will normally qualify.

### **5.4.1 Definition of a Section 22 Permit -**

The scheme is mandated for local bus services to be run on the basis of need and to service the welfare and social requirements of a local community. It is not designed for commercial bus operators. There is however no compulsion to simply 'break even'. It is permissible to achieve a surplus of revenue over expenditure through the popularity of the service or close financial management. The regulations allow for this providing the excess is retained for service improvements or a contingency fund. The over-riding principle is that these revenues must not be used for any other purpose.

The section 22 permit is issued by the local Traffic Commissioner and is available to registered charities and other similar corporate bodies such as a Company Limited by Guarantee. It is recommended that the second option is used for this purpose to put in place a degree of separation between this venture and the other activities currently being undertaken by the Trust. This will provide a 'safety net' in relation to all these activities. The licences are valid for 5 years from the date of issue and cannot be transferred between named corporate bodies without further application. It is therefore recommended that the applying body is set up prior to the request to the Traffic Commissioner. The number of

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vehicles intended for use with regard to the licence must also be stipulated on the application form together with the desire to supply any service, out-with the registered bus route, to raise revenue to support the venture.

There must be adequate arrangements for vehicle maintenance.

## **6 Recommended Service - Provision of a community transport service operated under a section 22 license.**

After an examination of the options available in supplying a local bus service had been conducted a number of these have been rejected as unsuitable or not financially viable.

The aim of a community operated transport service in Glendale should seek to redress issues of a lack of public transport for the community of Glendale. The aim should be to provide much needed sustainable transport links to essential services, provide new jobs for the area, help support local business, reduce the social isolation felt by older people, reduce the need for institutional care, provide social mobility for low income groups and provide a link with the other projects currently being formulated by the Glendale Trust. The development of the Meanish Pier area, the old Borrodale School refurbishment project and the delivery of an affordable housing project will all be enhanced and connected by the provision of a transport service.

As mentioned in section 5.4 The Transport Act 1985 allows the operation of a Community Bus Scheme by a charity, or similar corporate body, on a 'not for profit' basis under a Section 22 Permit. This would allow the Glendale Trust or other community group to run a local bus service to aid and assist in the welfare of local residents. The Section 22 Permit allows for the carriage of members of the public in return for a fare and the hiring out of transport services, out-with the registered route. By allowing a commercial operation to exist revenue streams can be generated to support the local bus service. Even though the scheme is delegated as 'not for profit' there is clearly potential for revenue surplus to be accrued, through the strong use of the service and proper financial management. This revenue generating potential has the ability to de-risk the provision of the service by ensuring there could be budget for upgrades and maintenance. The permits is easily obtained by registered charities and other not for profit organisations. 5.2 Key Factors in operating a section 22 permit

### **6.2.1 Servicing**

One of the main conditions relating to the issue of these permits is that an adequate arrangement is made for the servicing, inspection and repair of the vehicles. Each of these matters must be recorded and retained in relation to each vehicle to satisfy the requirements of the Vehicle Operator Standards Authority (VOSA). Mr Stuart Bell of Holmisdale Partners has been approached with relation to this matter and has indicated his provisional agreement to taking on the responsibility. Mr Bell is a Chartered Engineer and

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has previously undertaken a similar role for a fleet of mini-buses run by a college in West Bromwich.

## **6.2.2 Staffing**

The Traffic Commissioner will also require that a member of the licenced corporate body has some experience of the nature of the provision of local bus services and the legal and technical requirements of the licence.

## **6.2.3 Service Level Agreements**

There must be sufficient arrangements in place to 'guarantee' the service levels.

This requirement is in relation to the ability to run the service. The timetable and service route are legal requirements that could attract financial penalties for non-completion of any run. The Traffic Commissioner would require an arrangement whereby any breakdown or accident will not un-necessarily result in the failure to comply with the timetable. This will mean that some arrangement must be in place for a 'spare' vehicle to be available at relatively short notice.

## **6.2.4 Spare Vehicle**

It is anticipated that the project would seek to operate a second vehicle. This would ensure that the requirement to deliver service levels would be met. The provision of a second vehicle also provides an opportunity to raise additional revenue from hires which could support the provision of the local bus service. There is no compulsion to complete these secondary services or tours so that extra service could be cancelled to provide cover for the scheduled local bus service. It is therefore recommended that two vehicles would be acquired from the outset.

## **6.2.5 Route**

Before the service is started the proposed route(s) must be registered with the Traffic Commissioner. This registration will take into account any objection or comment from the Local Transport Authority (Highland Council) and the Police with regard to suitability of the route and any safety issues that are relevant. The nature of the existing road network, and the other limiting factors in relation to servicing and licensing issues of the vehicle and drivers, virtually dictate the use of a Ford Transit sized vehicle. The recommended route is as follows:

Main Summer Route (April to 15<sup>th</sup> October)

Neist Point Car Park

Milovaig Road End

Milovaig Loop Road

Carters Rest

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Glendale Post Office

Glashphien and Fasach Road Ends

Skye Silver

Totaig

Husabost

Borreraig

Galtrigal Turning Point

Borreraig

Husabost

Totaig

Colbost

Skinidin

Lonmore

Dunvegan Hotel

Dunvegan Castle

Route distance; 37.3 km

Travel Time: 1 hour

The return journey would be the exact opposite of this journey. This route will serve the vast bulk of the local townships, and resident population, allowing them access to the essential services in Dunvegan as it will pass the Medical/Dental Practice and overlap the transport connections already in place. The service would also be available for use by tourist passengers between Dunvegan Castle and Neist Point Lighthouse, the two most popular tourist destinations in the area, thereby allowing access to this revenue source. In the winter months (16<sup>th</sup> October to March 31<sup>st</sup>) the service run could be reduced, to reflect the closure of Dunvegan Castle and the reduction in overall visitor numbers, by dropping the Neist Point Car Park and Dunvegan Castle stages. This would reduce the overall journey by 4.3 km and the journey time by 10 minutes.

This suggested route will fall below the 50 km 'cut off point' for the regulations in relation to the driver as it will be within the limit for 'Domestic Rules' regulation. Thus will leading to a simplified administrative procedure.

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When considering the route, further consideration should also be given into supplying a similar style service to the townships between Dunvegan and Struan. The problems encountered by the residents of that area are identical to our own. A cursory examination of the route from the causeway at Struan, taking in the townships of Ullinish, Caroy, Ose, Harlosh and Roag en route to Lonmore and ultimately Dunvegan Hotel is about 31 km and would take some 40 minutes. This would involve a similar number of residents to be included in the scheme, thereby doubling the numbers involved from the viewpoint of possible funding bodies and possibly attracting additional funding from their Community Councils Wind farms and Trusts. This route could be incorporated between the service run already proposed allowing time for the Glendale service passengers to complete their business prior to being ferried home. This could also constitute as being an efficient use of the bus and drivers time. The below map indicates the stops in red within the Glendale boundary. It is anticipated that the route will be designated as 'Hail and Ride', in line with most of the bus routes on the island, whereby passengers can request that the bus stops wherever it is safe to do so. The provision of signage and bus shelters by the Highland Council will therefore not be required.

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The above map indicates locations and coverage of the proposed route

## 6.2.6 Passenger Numbers

The vehicle must carry at least 9 passengers. There is a requirement that the vehicle must carry at least 9 passengers. If the vehicle has a smaller capacity then all these arrangements must be under the Taxi legislation operated by the Highland Council. There is no real upper limit to the passenger capacity but it must be remembered that a capacity of more than 12 will take the vehicle to the technical level that will invoke the more stringent Public Service Vehicle regulations. If the vehicle carries between 9 and 12 passengers these rules are simplified.

## 6.2.7 Additional Vehicle Use.

The vehicle(s) can be used to source additional funding for services/hires which are wholly outside the parameters of the registered bus schedule. These will be for services that are

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not required to be registered with the Traffic Commissioner such as pre-booked tours and hires. There is almost no limit to the scope for these additional revenue sources and no regulation with reference to them save that it is not a scheduled and on-going service. As an example it could take the form of a conducted tour of the area with regard to the scenic, wildlife and social history aspects of the area allowing tourists to view all of these aspects and be given time to do so without the stress of driving on unfamiliar roads. The 'spare' bus that is required under the licensing arrangements could be used for these additional services during the summer months thereby maximising the income potential. In the winter months this bus can be used to run shopping trips to Inverness. The desire to run these types of additional services must be communicated to the Traffic Commissioner upon initial application and a second bus 'service disc' obtained.

## **6.2.8 Staffing**

In the most basic form the proposal will seek to create at least two jobs, one full time driver and one part-time relief driver/administrator/tour driver. The basic proposal would assist in securing a further job in relation to the servicing and maintenance of the vehicles. A further driver may be required in relation to additional routes should these be considered and the funding package put in place.

The vehicle can be driven without the need for a PCV licence.

If the vehicles used to supply the aforementioned services and routes have a capacity of between 9 and 12 seats the drivers would not need a PCV licence to drive the vehicle under a Section 22 Permit subject to certain conditions. The requirement of the driver also holding a CPC is also removed. This would have the effect of easing any recruitment problems with relation to the driver. The vehicle can be driven on an ordinary car licence providing the driver passed the car test prior to 1<sup>st</sup> January 1997. Before that time a category D (Minibus) authorisation was automatically given. If the test was passed after that date the driver can still drive the vehicle but cannot be paid for their services until they have upgraded the licence to the D (Minibus) category. This upgrade can be obtained through the satisfactory completion of a short course.

## **6.2.9 Storage**

Arrangements must also be in place for the storage of the vehicle when not in use.

## **6.2.10 Technical barriers to implementing the service.**

There are a number of issues relating to the application for a Section 22 Permit to run this type of local bus service. Some of these have already been examined and the observations recorded earlier in the report. There are additional matters which will require examination.

The service and maintenance arrangements that are required as a pre-condition of the licence will require a base office or address to which the relevant documentation and reports can be addressed. This need not be the servicing base but must be more than a

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simple Box number. The Traffic Commissioner will also require that certain standards are maintained in relation to the qualifications and tooling availability of the person responsible for the servicing of the vehicles. The initial agreement of Mr Bell to undertake this work has all of these requirements adequately covered. A formal agreement for this must be negotiated and signed with Mr Bell prior to the application stage to ease the granting of the Section 22 Permit.

Discussions with Mr Bell have resulted in a particular vehicle being the best suited for the purpose. The various factors such as ease of maintenance, availability of service and repair parts, fuel consumption, reliability of function, power output and carrying capacity leave Mr Bell in no doubt that the best all round vehicle is the long wheelbase Ford Transit. This vehicle comes with 15 seats fitted as standard from the factory. The removal of three of these seats will bring the vehicle within the limits described in the licence from the Traffic Commissioners and allow room for the transportation of luggage and or shopping without reducing passenger comfort or capacity. The Ford Transit also has a diesel engine engineered for very low emissions and is the best in its' overall class. Mr Bell has experience of the organisation of a fleet of minibuses for a college in West Bromwich and his knowledge must be respected in this matter.

The supply of fuel for the vehicles must also be considered with regard to this scheme. The nearest supply is in Dunvegan. The cost per litre upon compilation of this report was £1.48. Enquiries of the main fuel supplier on the island, Scottish Fuels, reveal the possibility of purchasing fuel directly from that company at a cost of £1.32 per litre including VAT. This would realise a substantial overall saving in running costs as fuel will be the second most expensive aspect of the service after wages. When the Bus Service Operators Grant refund of 14.4p per kilometre of the service route driven is applied this would reduce the overall cost to around 12p per litre. Scottish Fuels are willing to supply our venture with fuel but will only deliver it in batches of 1000 litres and only to a proper storage facility. The cost of setting this up and an initial delivery of 1000 litres can be included in the start-up funding grant application.

A regular and necessary revenue source is the Scottish Executive Concessionary Travel Scheme. This scheme allows for the free travel of the elderly, disabled and other social groups at point of delivery with re-imburement being claimed from the Scottish Executive through this scheme. Access to this funding source can be problematic and at times expensive to set up. The Highland Council operate a scheme for community groups, such as this proposal, to hire the ticketing machines directly from them. The service comes with all the necessary software, maintenance and breakdown cover that will be required and includes access to the Highland Council web connection for instant transfer of claims to the Scottish Executive. The money is then transferred directly to the operator's bank account.

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All of the foregoing matters in this section will require further detailed investigation and verification should the matter be moved to the next planning stage.

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## **7 Funding / Finance**

The following section aims to identify the cost and revenue assumptions associated with delivering a transport service in Glendale. They are based on the assumptions around operating a section 22 operator's permit.

In the most basic form the proposal will seek to create at least two jobs, one full time driver and one part-time relief driver/administrator/tour driver. The basic proposal will also assist in securing a further job in relation to the servicing and maintenance of the vehicles. A further driver may be required in relation to additional routes should these be considered and the funding package put in place.

### **7.2 Capital Cost**

The main vehicle should be purchased new direct from the manufacturer. The backup vehicle can be sourced from the second hand market as it will not be required on a daily basis and will therefore not be required to undertake a substantial workload. It is recommended that both these vehicles are purchased outright as they can then have a resale value to act as an additional 'safety net' with regard to the viability of the service. A new Ford Transit 15 seat Minibus is available for around £25,000. The second hand Minibus market has good examples available for around £5,000. Both vehicles should, with the correct servicing regime, return some 5 years of use prior to a replacement being required. This will require an initial outlay of £30,000 in year 1. In the second year the capital outlay should be nil.

Capital Cost Year One £30,000 and Year Two Nil.

### **7.3 Revenue Cost**

#### **7.3.1 Staffing**

In the most basic form the proposal will seek to create at least two jobs, one full time driver and one part-time relief driver/administrator/tour driver. The basic proposal will also assist in securing a further job in relation to the servicing and maintenance of the vehicles. A further driver may be required in relation to additional routes should these be considered and the funding package put in place.

The service can be operated by a full time driver and a part-time relief driver/administrator. This will allow the service to be covered over the full year and allow for holiday/sickness cover. An additional driver should be sourced to act as emergency cover should the other two drivers be unavailable. The full time driver and the administrator will be paid at the same rate - £7.50 per hour – which is widely recognised as being a 'Living Wage'. The full time driver will work a 40 hour week at a cost of £15,600 per annum. The part-time driver/administrator will work for 30 hours per week from April to October and 16 hours a week outside that period to reflect the expected workload. This employees' salary will therefore be £9075. It is expected that the employees will each have four weeks holiday per

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annum so an additional sum of £1890 should be set aside to cover these periods. The expected annual wage bill will therefore be £26,565 in year One and Two.

## **7.3.2 Licence Fees**

The initial licence issued under Section 22 will cost £60 from the Vehicle Operator Standards Authority and is valid for 5 years. The route registration with the Traffic Commissioner also commands a fee of £60 as a one-off payment. The total outlay will therefore be £120.

## **7.3.3 Insurance**

A general quote for insurance for the service has been obtained through the Community Transport Association. The actual premium will depend upon the actual vehicle chosen and a number of other factors relevant at the time, factors which are not yet to hand. A 'ball park' figure of £2,000 should be set aside for this.

## **7.3.4 Fuel Costs**

The fuel costs for the vehicles can be split into that required for the registered service route and that required for the 'additional' services used to secure the funding for the service route. The registered service mileage is subsidised by the Scottish Executive at the rate of 14.4p per kilometre. The total mileage driven 'in service' only is refunded to the operator. This mileage is paid quarterly in advance by the Scottish Executive with alterations adjusted as and when necessary. The route envisaged for the service is 37.3 kilometres each way. Three return trips will therefore attract a refund of £32.23 per day, £193.36 per week and £2513.72 per quarter (paid in advance). If the same route is used all year round the refund will be £10,054.88. The expected mileage for the main bus of 8.88 km per litre will result in a fuel bill of £10,380, or a net expenditure of £336 for the main bus service. The fuel used on tours and hires by the second bus will not qualify for this grant aid but the fuel cost can be factored into the separate charges. The overall fuel bill for the registered local bus service will therefore be £336.

## **7.3.5 Administration Costs**

The administration costs will be difficult to accurately calculate without further detailed investigation. It will include items such as printing, advertising, leaflet distribution and bank account charges. A figure of £1,000 should adequately cover these expected costs. The Highland Council hire out ticket machines for local bus services, including all software, access to web-based payment systems for the Concessionary Travel Scheme and repair backup systems for £1 per machine per day. The machines are interchangeable between buses. This figure will therefore be £365.

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## **7.3.6 Vehicle Maintenance / Servicing**

A further £2,000 should be included in this section to cover the servicing, inspections and repairs of both vehicles. The inspections are a requirement of the licence agreement with VOSA to record all aspects of the maintenance regime. The inspections must be carried out every 8 weeks to ensure that the vehicles may safely carry members of the public. The servicing regime will be dependent upon the vehicle mileage of each vehicle but casual enquiry of Mr Bell has established that a figure of £2,000 will adequately cover every eventuality.

The total revenue costs will therefore be £42,430 in Year One and £42,310 in Year Two.

## **7.4 Income Assumptions**

### **7.4.1 Grant Funding**

The Scottish Executive has established a refund scheme in relation to fuel costs incurred by bus operators. This refund is dependent upon the total mileage driven in the course of the scheduled and registered local bus service. It is paid in quarterly instalments in advance and was designed to compensate for the high fuel costs caused by market prices and taxation. The claims are reviewed at the end of each quarter and adjusted in relation to the actual miles travelled when compared to the expected miles. The current level of grant will reduce the total cost of fuel to only 12p per litre based upon the vehicle returning 24 miles per gallon, a figure which can easily be achieved by modern engine systems.

There are grants and subsidies available from Highland Council to assist in the provision of a service such as this but these have already been allocated for the next fiscal year of 2014/15. It must be noted that financial assistance from Highland Council may still be obtained through either the Ward Discretionary Fund for Glendale or by direct application to the Chief Executive Office vide an elected Council Member.

It is anticipated that the initial Grant Funding application will realise the purchase costs of the vehicles, fuel storage system, first fill of diesel fuel and three months initial revenue costs. This will total an estimated £42,880. The Bus Service Operators Grant is paid quarterly in advance and is worth an estimated £10,054 in the first and subsequent years based on the estimated mileage of the proposed route. The Year One total for Grant Funding will therefore be £52,934. The total for Year Two will be £10,054

### **7.4.2 Tourist Fees**

There is an assumption that the bus service will run from Neist Point to Dunvegan Castle during the 27 weeks of the recognised tourist season. A fare of £8 return for this run is anticipated. Five tourist return tickets per day of service will return £6480 during this period.

### **7.4.3 Hires and Tours**

The second bus and driver can be used to organise and supply a conducted tour service of our area highlighting the scenery, wildlife and social history. A charge of £10 per person for

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this half day tour will realise some £4860 each season operating on three tours per week for 12 people over the 27 week period at 50% capacity take up.

## **7.4.4 School Contract**

The school contracts are not due for renewal until 2015. The daily run from Glendale to Dunvegan will cost in the region of £15 per day in fuel and salary. A quote of £30 per day would realise some £6,000 per annum in Year Two for this service.

## **7.4.5 Fares**

The Scottish Executive operates a Concessionary Travel Scheme for older people and some disabled people. This scheme pays a total of 60% of the adult fare for one of the users on each journey. The area served by the proposed local bus scheme has an age demographic of 35% being over 60 years old. There are therefore some 140 people who would have access to this scheme. Historical evidence of passenger use of a similar service in Sutherland has shown that it is anticipated that 60% of these will make one return journey each week on average. This would mean some 84 passenger journeys each way between Glendale and Dunvegan in any given week. Using the anticipated adult fare of £4 for this journey would realise some £20,966. These fares would be in addition to the normal adult and child numbers making this journey. Two adults and two children per day making the return journey to Dunvegan would realise some £7488 per annum. The total fares would be in the region of £28,454 per annum.

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## 7.5 Funding and Finance Model

The below cash flow presents the capital and revenue assumptions for the provision of a community operated transport in the area of Glendale.

<b>Glendale Community Bus Cash flow</b>	<b>Year 1</b>	<b>Year 2</b>
<b>Capital Costs</b>		
Bus Purchase	£30000	
<b>Revenue Costs</b>		
Salaries	£26565	£26565
Licensing	£120	0
insurance	£,2000	£2000
Fuel	£10380	£10380
Admin	£1365	£1365
Servicing	£2000	£2000
<b>Total Cost</b>	<b>£72430</b>	<b>£42310</b>
<b>Income</b>		
Grant Funding	£42,880	£10054
Fares	£28,454	£28454
Tourist Fares	£6,480	£6480
Hires	£4,680	£4680
School Contract	0	£6000
<b>Total Income</b>	<b>£82,494</b>	<b>£55,668</b>
<b>Profit/Loss</b>	<b>£10,064</b>	<b>£13,358</b>

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## **8 Conclusion and recommendations**

The report concludes that there is evidence to support the provision of a transport service for the community of Glendale. The area would benefit from the operation of a full time local bus service operated under a Section 22 Permit issued under the authority of the Transport Act 1985. The provision of such a service allows for the carriage of members of the general public for reward and the hiring of the bus and driver for services out-with the registered bus route to provide additional revenue allowing the 'main' service a degree of financial security and sustainability. The assumptions made in regarding the financial operation of the service indicate at this stage that the service is financially viable.

It is recommended that more time and resources be applied in order to complete a fully detailed operational business plan for providing such a service which would include detailed community needs / market demand.