



Item: 13

Development and Infrastructure Committee: 4 February 2025.

Sustainable and Green Transport Fund.

**Report by Corporate Director for Enterprise and Sustainable
Regeneration.**

1. Overview

- 1.1. In accordance with the public bus contract which commenced in August 2021, passenger and concessionary fare income from all subsidised public bus services on mainland Orkney will be passed back to the Council.
- 1.2. On 1 March 2022, the Policy and Resources Committee recommended establishment of a Sustainable and Green Transport Fund, utilising passenger fare income from subsidised public bus routes, specifically for sustainable transport initiatives, including active travel, as a means to off-set existing transport CO2 emissions and to invest in sustainable and green transport solutions for the future.
- 1.3. Public bus passenger carryings have steadily increased year on year in Orkney despite the heavy decline across the rest of Scotland. It is therefore anticipated that the revenue generated from passenger fares on Council subsidised routes will be in the region of £180,000 during the period 2025/26.
- 1.4. Projects funded during 2024/25 are summarised in section 4 of this report.
- 1.5. A summary of proposed projects during 2025/26 is outlined at Appendix 1 to this report.

2. Recommendations

- 2.1. It is recommended that members of the Committee:
 - i) Note projects funded from the Sustainable and Green Transport Fund during 2024/25, as summarised in section 4 of this report.
 - ii) Approve the allocation of funding from the Sustainable and Green Transport Fund in respect of proposed projects during 2025/26, as set out in Appendix 1 to this report.

3. Background

- 3.1. The Sustainable and Green Transport Fund was established by Council following consideration by the Policy and Resources Committee on 1 March 2022.
- 3.2. It was agreed that the income raised through bus passenger fare income across mainland subsidised public bus services should establish a fund towards sustainable and green initiatives, thereby reinvesting back into improved services and facilities for the community.
- 3.3. Bus passenger fare income during 2024/25 financial year is projected to reach £180,000, following a further increase in bus passenger carryings for the period.
- 3.4. The annual bus monitoring report is normally presented to the September meeting of the Development and Infrastructure Committee outlining bus passenger figures and fare income by route, once the financial year has finished and the actual figures for passengers and income are known.

4. Projects Funded During 2024/25

- 4.1 The School and Public Bus Contract is subject to an amendment to contract rate which is applied in August each year. The Contract applied a maximum uplift of 3% during 2024/25. The uplift during 2024/25 was in the region of £38,000.
- 4.2 Above the budget setting process, the uplift to contract rates for public bus services is met through the Sustainable and Green Transport Fund, with the remaining balance available for relatable projects.
- 4.3 During 2024/25, the Sustainable and Green Transport Fund ensured the continuation of the evening bus services at a cost in the region of £49,000 per annum, with match funding from the Local Authority Direct Award Grant (LADA) for active and sustainable travel grants. The evening services provide connectivity around the east mainland, west mainland, Kirkwall and Orphir on a Friday and Saturday evening from the Kirkwall Travel Centre and the Pickaquoy Centre for social and leisure purposes.
- 4.4 A Scottish Government capital grant of £35,000 was received during 2023/24 to help towards the purchase of an electric community transport vehicle. Grant funding received from the LADA included a capital element which also contributed £21,000 towards the purchase of a second electric wheelchair accessible minibus at a total cost of £94,225 for both vehicles. The shortfall in funding of £38,225 for the buses will be met from the Sustainable and Green Transport Fund. The buses

will be used to operate the South Ronaldsay trial and support community transport services operated across the county. The first bus arrived in December 2024 with the second expected by the end of January 2025.

- 4.5 The fund has also provided match funding support to the Community Transport Small Grant Scheme which established eight isles' projects during 2024/25. The level of funding awarded through the small grants scheme to support these projects was up to £57,381, divided between the eight projects.
- 4.6 The HITRANS Behaviour Change post based in Development and Marine Planning is also part funded through the Sustainable and Green Transport Fund with a £25,000 contribution towards staff costs. This is a temporary post which was part funded by the Regional Transport Partnership, HITRANS during 2024/25.
- 4.7 Repair and replacement infrastructure works were also met under the fund such as the replacement of bus shelter displays and printing of timetable information.
- 4.8 Due to insufficient funds within the Airfields Budget during 2024/25 for essential maintenance, the Sustainable and Green Transport Fund has also been used to meet costs within that service area. Funding sources for the ongoing costs associated with airfield maintenance are being considered.

5. Projects Funded During 2025/26

- 5.1 The annual review of contract rates for public bus services, to be met from the Sustainable and Green Transport Fund is estimated at £40,000 during 2025/26.
- 5.2 It is proposed that the projects currently funded through the Sustainable and Green Transport Fund are continued during 2025/26, including the established evening bus services, match funding of eligible applications submitted to the Community Transport Small Grant Scheme, South Ronaldsay community transport trial and the replacement and updating of bus shelter displays, real-time information and bus and bike shelter infrastructure.
- 5.3 The active and sustainable funding streams from Scottish Government and HITRANS are evolving, and it is currently unclear what funding pot will cover existing and established projects. It is therefore possible that some previously Scottish Government or HITRANS funded projects may require support from the Sustainable and Green Transport Fund going forward.

- 5.4 Due to changes in funding, the match funding element of the HITRANS Behaviour Change post, outlined at section 4.6 above, will need to be met from the Local Authority Direct Award (LADA) Grant issued to the Council, formerly known as the Smarter Choices, Smarter Places Initiative, with match funding from the Sustainable and Green Transport Fund. The full time post is fixed term, up to 31 March 2026.

For Further Information please contact:

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Implications of Report

1. Financial

The annual review of contract rates will be subject to a maximum increase of 3% and a decrease of no more than 1% as per the Conditions of Contract and inflation index set by the Office of National Statistics.

The report proposes that any income received over the amount required to allow for the annual uplift of contract rates beyond the 1% inflationary budget increase would be assigned to the Sustainable and Green Transport Fund, with any remaining balance to be transferred over to the following year.

The available balance in the Sustainable and Green Transport Fund as at 31 March 2024 is £126,320.14.

Based on current passenger carryings income is expected to be in the region of £180,000 from subsidised public bus passenger fares for the period 2025/26 with £40,000 estimated to cover the cost of the uplift to contract rate for public bus services, leaving a remaining balance of approximately £140,000 plus any underspend from last financial year towards sustainable and green initiatives.

The service has submitted unavoidable service pressures for airfields maintenance and the inter-island air services contract award during 2025/26 to avoid further use of the Sustainable and Green Transport Fund for essential maintenance works.

2. Legal

Section 1 of the Local Government in Scotland Act 2003 obliges the Council to make arrangements that secure best value. Approving the recommendations in this report will assist the Council in discharging this duty.

In terms of section 63(2) of the Transport Act 1985, the Council has a duty “to secure the provision of such public passenger transport services as the council consider it appropriate to secure to meet any public transport requirements within their area which would not in their view be met apart from any action taken by them for that purpose”.

If grant assistance is to be provided by the Council, a legally-binding agreement will require to be entered into between the Council and the recipient setting out the terms on which the funding is being provided.

3. Corporate Governance

Not applicable.

4. Human Resources

Not relevant to the recommendations outlined in this report.

5. Equalities

Not relevant to the recommendations outlined in this report.

6. Island Communities Impact

Not relevant to the recommendations outlined in this report.

7. Links to Council Plan

The proposals in this report support and contribute to improved outcomes for communities as outlined in the following Council Plan strategic priorities:

- Growing our economy.
- Strengthening our Communities.
- Developing our Infrastructure.
- Transforming our Council.

8. Links to Local Outcomes Improvement Plan

The proposals in this report support and contribute to improved outcomes for communities as outlined in the following Local Outcomes Improvement Plan priorities:

- Cost of Living.
- Sustainable Development.
- Local Equality.

9. Environmental and Climate Risk

The Sustainable and Green Transport Fund was established to promote and encourage uptake of sustainable travel and reduce single car journeys.

10. Risk

Not relevant to the recommendations outlined in this report.

11. Procurement

Not relevant to the recommendations of this report.

12. Health and Safety

Not relevant to the recommendations of this report.

13. Property and Assets

Not relevant to the recommendations of this report.

14. Information Technology

Not relevant to the recommendations of this report.

15. Cost of Living

Not relevant to the recommendations of this report.

List of Background Papers

Sustainable and Green Transport Fund, Development and Infrastructure Committee,
6 February 2024.

Sustainable and Green Transport Fund, Development and Infrastructure Committee,
28 March 2023.

Sustainable and Green Transport Fund, Development and Infrastructure Committee,
1 March 2022.

Appendix

Appendix 1 Proposed projects during 2025/26.

Appendix 1

Sustainable and Green Transport Fund - Proposed Spend During 2025/26

Estimated Income

Estimated income through bus passenger fares during 2025/26

(remaining balance/underspend will roll over to the following financial year)

Proposed Expenditure (2025/26)

Uplift to Contract Rate (Public Bus Contract Uplift)
Evening Bus Services (Continuation of existing services) - 50 % match funded with LADA Grant
Community Transport - Trial (South Ronaldsay)
Community Transport (Small Grant Scheme) - match funding of various projects
Bus Shelter, Timetable Displays, Leaflets and Promotion
Match funding of Active Travel Officer Post - match funded with LADA Grant
TOTAL (estimated)

Contingency (required if evening bus services are not match funded)

£180,000

£40,000

£23,500

£10,000

£40,000

£18,000

£25,000

£156,500

£23,500
