



# Problem solvers

Are you facing a community transport problem? Perhaps you're assessing the implications of recent legislation or considering the specifications of a new vehicle. Whatever your community transport poser, *CTA Journal* can help.

Our problem solver, Amanda Howard (pictured), is a member of the CTA's advice and information team. Every day the team members field enquiries from across the UK's community transport sector and have

a wealth of knowledge and experience to draw upon.

If you have a problem that you'd like solved on this page, please write to Problem Solvers at *CTA Journal*, 26 Gransden Avenue, London E8 3QA.

**"My community transport scheme has been approached by the local authority to provide a contracted weekly service to take elderly people to their daycare centre. Can we do this using vehicles operated under our section 19 permit and what costs should we take into consideration?"**

Services provided under a section 19 permit are not classified as "local services" and members of the general public cannot be carried on such services. Therefore the restrictions in the Transport Act 1985, which prevents local authorities from accepting tenders to operate a local service from a section 19 permit operator, do not apply. Further information on tendering for contracts can be found in PSV 385-1, *Passenger Transport Provided Under Section 19 or Section 22 Permits*, published by the Vehicle and Operator Services Agency (VOSA), which is available for download from the CTA's website.

This type of contract can be undertaken by community transport operators as their permits will usually include the appropriate class of passengers (class B or C). Your organisation needs to ensure that your legal aims, shown in your governing document, allow you enter into contracts for this type of service. For example, it would be inappropriate for a youth organisation to operate this type of service.

Prior to signing the contract it is important to read through it, taking care to note any provisions that it contains, for example, the revocation

of the contract should patronage fall below a certain level.

With regard to calculating the costs you have to remember that you cannot operate any services under a permit with a view to profit (because of transport legislation) and you cannot provide a service where you would be subsidising the local authority (because of charity legislation). You must, therefore, be as accurate as possible.

You will already have data to help you with this and I would recommend that you set up a spreadsheet to show how you arrive at the price for your service – and also that you resist the urge to round up or down your final price. A "full cost recovery" system can be used to apportion certain costs to just this service and the spreadsheet will allow you to do this.

There are lots of costs you should include in the price for the contract. These include costs associated with the vehicle, the driver and the operating centre. You should start by deciding how many miles your vehicle will travel each day and if you are going to provide paid staff to drive and/or a passenger assistant. Remember that when the vehicle is used for the contract and for other work on behalf of the organisation there will be certain costs that cannot be assigned wholly to the contract but will have to be apportioned.

The table, right, shows most of the headings you should consider for your spreadsheet, although you should think of any other costs that are specific to your organisation. You should also consider the possibility of losing the contract prematurely, or of the contract being varied at some time during the contract period, because this may cause you to incur additional costs.

## Pricing your service – costs to consider

### Vehicles

Leasing or depreciation (allowing for residual value and any modifications to the vehicle); fuel (including any "dead mileage"); insurance; vehicle excise duty; permits; garaging; vehicle cleaning; purchase or depreciation of any safety equipment needed, such as wheelchair tiedowns.

### Maintenance

Safety inspections; MoTs; servicing; lift inspections and maintenance; tyres (remember to include an allowance for accidental damage); exhausts; wear and tear for bulbs, seatbelts etc; consumables (oil, brake fluid, etc).

### Staff

Driver and passenger assistant wages for contract period, holidays and sickness and time spent training; wages of supervisory staff; wages of administrative staff; employer's national insurance, pension contributions and other benefits for all time spent by all staff; protective equipment; criminal record checks; recruitment and redundancy costs (including advertising); cost of training; employer's liability insurance.

### Premises

Rent or cost of ownership; maintenance; power; public liability and premises insurance; telephones; office costs; business rates

### Governance

Recruitment, expenses, preparation for meetings, staff time in attending meetings; audit and any legal/specialist advice; bank charges.