



**Community  
Transport  
Association**

**Response to  
Consultation on  
Dormant Bank and Building Society Accounts**

4 September 2008

The Community Transport Association

The CTA is a national charity giving voice and providing leadership, learning and enterprise support to member organisations, which are delivering innovative transport solutions to achieve social change. CTA UK promotes excellence through providing training, publications, advice and information on voluntary, accessible and community transport.

Voluntary and community transport exists to meet the travel and social needs of people to whom these would otherwise be denied, providing accessible and affordable transport to achieve social inclusion.

The CTA is the representative body for third sector passenger transport operators in the UK. CTA Member organisations are involved in the provision of transport, especially accessible services. Our membership consists of 1400 organisations of whom 150 are based in Scotland.

### **CTA's Response to Consultation**

The CTA welcomes the opportunity to contribute to the Dormant Bank and Building Society Accounts Consultation. Our comments are shown on the following pages.

### **Contact Details**

Any queries regarding this response should be directed to:

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## **Introduction**

Like many parts of the Scottish voluntary sector, community transport providers are currently going through a period of major change in relation to the way they are funded. The Scottish Government and Local Government Concordat of November 2007 has put the future fate of the network very much in the hands of Scotland's local authorities and the vast majority of community transport providers have no commitment to funding from this source beyond March 2008. Thus the 150 Scottish groups who are members of the Community Transport Association are finding this period of time extremely difficult, particularly in respect of their ability to plan forward. Many are seeking to build up their social enterprise orientation to enhance the element of their funding which includes self generated income but the vast majority will always need some sort of financial support in order to deliver their services. Given that community transport operations often arise because commercial operators find that they are unable to make a profit on the provision of services in certain areas or to certain client groups it stands to reason that few community transport operators will be able to stand on their own feet completely free of subsidy or grant aid.

The CTA's responses to your specific questions are in the context of this background.

### **Q1 What should be the governing principles of the Fund?**

In our view a basic principle of the Dormant Bank and Building Society Fund should be that it has lasting effect. There are clear weaknesses in the economic base of many parts of the Scottish voluntary sector and a funding source which can help redress this would be welcome. Though funding can fairly readily be available for innovative solutions to Scotland's social problems the problem is that tried and tested projects which run basic services and which address people's needs perfectly well have difficulty in securing continuation funding.

CTA would favour prioritising the poorest parts of Scotland which can be hard to reach. We would be in favour of the funding being available for voluntary sector activities across the board and not restricted to one set of voluntary sector interests.

### **Q2 Which of the funding models set out in the BIG paper would be most valuable for the third sector?**

Given that loan finance opportunities are increasing for the third sector and that contractual relationships between service providers and service commissioners (who hitherto have often been funders) are also on the increase, CTA's preference is for the Fund to be used for grants or as a trust/ endowment fund which can be invested to produce an income each year. If a grant approach is adopted then given the limited funds available we think a small grants approach would have more impact, and we would favour long term funding commitments of perhaps 5-10 years. A number of endowment funds could be established in Scotland's poorest communities aimed at generating an income for that community for decades or even into perpetuity.

### **Q3. Should the Fund be used for a particular type or mix of funding?**

CTA would favour a mixed funding approach. Community development endowments for the most disadvantaged areas or groups have the chance of a lasting effect and we would support this approach. A basic principle of this approach should be that local people should make the decisions on how income from endowments should be spent. Funding should be out with the influence and certainly control of local authorities and other statutory agencies though we would be in favour of transparent decision making which may follow criteria set by BIG.

In respect of grant aid we would be in favour of both revenue and capital funding. Grant aid sources are diminishing and whilst there are currently good opportunities for the more enterprising and entrepreneurial voluntary organisations, many services are delivered extremely well by small groups, often highly dependent on volunteers, who will continue to require grant aid. Many have already proved their worth but are constantly battling to stay afloat through lack of long term funding commitment. Revenue funding is traditionally difficult for any voluntary organisation and in our own sector, community transport, we anticipate major difficulty in our members' ability to raise capital funding for replacement of vehicles given the tight public spending regime we are currently in. A new source of grant aid would be most welcome.

### **Q4 What sort of timescales should be set for the release of the estimated £40m?**

CTA are in favour of the release of smaller amounts over a long period of time or into perpetuity. The principle of "lasting effect" should govern timescales.

**Q5 Should the Fund be used for a particular purpose across the sector?**

If the community endowment approach is adopted we would be in favour of communities making their own decisions on the purpose to which funds should be put.

Core funding is traditionally difficult for voluntary organisations to secure and we would particularly support a grant aid scheme which funded core costs.

**Q6 Are there particular priority areas where the Fund could make the most impact?**

The Fund could make a major impact on almost any part of the voluntary sector but we believe that in the interest of fairness no one interest group should be favoured over any other, though we would support funds being channelled as a matter of priority into those parts of Scotland which are poorest and most deprived.