

Additional Rural Transport Funding

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1. Background

The provisional local government funding settlement for Herefordshire for 2015/16 was announced on 18th December 2014 and was in line with expectations in the draft budget with Herefordshire's Revenue Support Grant (RSG) funding reducing by £9m. RSG will now provide just £26m of the councils £142m 2015/16 net budget requirement.

The settlement confirmed another year of additional resources for the most rural authorities to recognise the additional challenges faced by rural communities in delivering services. In 2015/16, national rural grant funding was increased to £15.5 million, an additional £378k for Herefordshire, £976k in total. This grant currently applies only in respect of super sparse areas like Herefordshire. Its incremental growth is relatively small and it does not currently assist some due to the funding being largely removed by damping and other measures.

In Herefordshire this additional funding has been offset by reductions in funding elsewhere, such as the national funding for the Improvement and Development Agency which has been funded by deducting £23.4m nationally from RSG, Herefordshire's proportion being £127k. This means Herefordshire has benefited overall by an additional £251k pa.

2. Funding Rural Transport Costs in 2015/16

The additional funds are to be used to fund rural transport costs. The intention is to use the bulk of these funds to reintroduce services that received significant local public support and have a potential longer term growth opportunity that were removed during the public transport services cuts made during 2014. Particularly to improve public transport services for elderly members of the community and support trips to health and social care opportunities. The remaining funds will be used to fund further feasibility work in relation to the Rotherwas rail link proposals.

The additional funding is for 2015/16 only therefore if passenger demand exists and increases for services are supported, funding required beyond 2015/16 would become fully commercial or be prioritised for continued support alongside all other supported services in line with the council's public transport policies.