

## **Strathclyde Partnership for Transport**

### **Minute of Strategy & Programmes Committee**

**1 February 2013**

held in Consort House, Glasgow

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## **Minute of the meeting of Strathclyde Partnership for Transport's Strategy & Programmes Committee held in Consort House, Glasgow, on 1 February 2013**

**Present** Councillor David Fagan (Chair), Jim Coleman, Bill Grant, Pauline McKeever, Denis McKenna, George Redmond and Chris Thompson and appointed members Ann Faulds, Anne Follin, Tom Hart, Alan Malcolm, Susan Nicol and Gavin Scott.

**Attending** Valerie Davidson, Assistant Chief Executive (Business Support)/ Secretary; Gordon MacLennan, Chief Executive; Eric Stewart, Assistant Chief Executive (Operations); Gordon Dickson, Head of Transport Planning; Bruce Kiloh, Head of Policy and Planning and Stuart Paul, Chief Accountant.

### **1. Valedictory**

Councillor Fagan intimated that, due to his recent appointment as Convener of Regeneration and Infrastructure at North Lanarkshire Council, he would be resigning from his post of Vice-Chair of the Partnership and Chair of the Strategy and Programmes Committee. He advised members that he would remain a member of the Partnership and thanked everyone who had assisted him over the years.

### **2. Apologies**

Apologies were submitted from Councillors John Bruce and Paul Welsh.

### **3. Declaration of interest in terms of the Ethical Standards in Public Life etc (Scotland) Act 2000**

The committee noted that there were no declarations of interest.

### **4. Minute of previous meeting**

The minute of the meeting of 16 November 2012 was submitted and approved as a correct record.

### **5. Revenue monitoring report as at 5 January 2013 (period 10)**

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There was submitted a report (issued) of 24 January 2013 by the Assistant Chief Executive (Business Support)

- (1) reminding members that the Partnership had approved a revenue budget for 2012/2013 of £38.418m;
- (2) informing members that significant variances had occurred across departmental budgets as SPT continued to drive through the savings programme together with a strong cost control on all budget heads;
- (3) appending
  - (a) a summary of the major forecast variances which had identified a forecast positive outturn for the current financial year of £260,000; and

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- (b) the revenue monitoring report for the period to 5 January 2013 (period 10); and
- (4) explaining
  - (a) that any positive outturn would be utilised as part of SPT's overall funding and reserves strategy to safeguard frontline services, support capital works (non-Subway related) and funding of Subway modernisation; and
  - (b) that this approach would minimise the risk to the funding partners in future years of increased requisition levels and support future years borrowing.

After consideration and having heard Mrs Davidson in answer to members' questions, the committee noted the projected outturn position as at period 10.

**6. Capital programme monitoring report and proposed amendments as at 5 January 2013 (period 10)**

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**P\*** There was submitted a report (issued) of 23 January 2013 by the Assistant Chief Executive (Business Support)

- (1) reminding members that the 2012/2013 capital programme of £37.920m had been approved by the Partnership on 30 March 2012 against known funding of £21.692m;
- (2) advising members that actual expenditure as at 5 January 2013 (period 10) totalled £15.650m compared to a planned spend position of £25.155m;
- (3) providing a detailed financial analysis of individual projects contained within the programme, split by department which indicated a risk to spend potential of minus £9.187m (£3.360m Subway modernisation and £5.827m other capital projects);
- (4) appending proposed amendments to the capital programme, together with reasons for the adjustments listed against each project, which gave a revised projected outturn figure of £44.558m; and
- (5) requesting that the committee
  - (a) note
    - (i) the financial performance of the 2012/2013 capital programme as at period 10;
    - (ii) the results of the risk assessment exercise as detailed in the report; and
    - (iii) that further work to manage risks, advance savings and re-phase existing projects was being undertaken to balance spend against budget;
  - (b) approve
    - (i) the proposed amendments to the 2012/2013 capital programme as detailed in appendix 2 to the report; and

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- (ii) the award of grant funding up to the value of £160,000 to the local authorities and other identified bodies as detailed in the report;
- \*(c) agree to recommend to the Partnership the award of grant funding over the value, or cumulative award value, of £160,000 to the local authorities and other identified bodies as detailed in the report; and
- (d) authorise the Assistant Chief Executive (Business Support) to sign the grant funding letters to expedite all of the projects.

After consideration and having heard Messrs Maclennan and Stewart in answer to members' questions, the committee approved the recommendations at (5) above.

## 7. **Proposed revenue budget 2013/2014 and 2014/2015**

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**P** With reference to the minute of the Partnership of 10 February 2012 (page 2, paragraph 5) when the Partnership, inter alia, had considered and approved in principle an indicative net revenue budget for the financial year 2013/14, there was submitted a report (issued) of 17 January 2013 by the Assistant Chief Executive (Business Support)

- (1) intimating that, since the indicative 2013/2014 budget had been set out and approved by the Partnership, the opportunity had been taken to review and refine the budget at an organisational and departmental basis;
- (2) outlining the background to the production of SPT's draft revenue plan and budget which included a number of movements across departments to reflect the priorities of the organisation and the results of the ongoing changes within the organisation:-
  - a reduction in the overall staffing costs from the budgeted 2012/2013 figure of £1.4m (7.8%), which reflected the current headcount;
  - support to socially necessary services increasing by up to £1.1m (7%) overall – which was considered necessary to maintain service levels;
  - a reduction in the Subway operating deficit by £362,000 (20%), reflecting the on-going changes to structures, approach to service delivery and increased income arising from fare changes implemented previously; and
  - a proposed contribution from revenue of £2.5m to assist funding the capital programme. Funding available for the capital plan from general capital grant would again reduce in 2013/2014 and this contribution would allow the continuation of projects across the region;
- (3) appending the proposed detail of the budget for 2013/2014, together with an indicative revenue budget for the financial year 2014/2015;
- (4) informing members
  - (a) that it was proposed that a net revenue budget for 2013/2014 of £38.418m be established, to be funded by a requisition of £37.381m from constituent councils and £1.037m from the Scottish Government;

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- (b) that the level of requisition required from funding partners had remained flat in cash terms, with all inflation factors and service cost pressures being absorbed internally; and
  - (c) that a consistent budget and funding basis would be used as the basis for the 2014/2015 revenue budget with a proposed indicative flat requisition in real terms, allowing the organisation sufficient time and a basis by which to tailor its services to ensure delivery within agreed financial parameters; and
- (5) requesting that the committee
- (a) recommend adoption of the budget to the Partnership and, in particular,
    - that the net revenue budget for 2013/2014 be set at £38.418m;
    - that the level of requisition for 2013/2014 be set at £37.381m, consistent with previous approval; and
    - the planning assumptions for 2014/2015, as detailed in the report, and that a detailed budget would be submitted at the appropriate time, and
  - (b) note the progress made to date on generating the level of efficiencies and savings required to maintain services within the available funding and generation of funding to support subway modernisation.

Following a presentation by Mrs Davidson and having heard various officers in answer to members' questions, the committee approved the recommendations at (5) above.

## 8. Progress on 3 year capital plan and budget preparation

[Click here to view report](#)

There was submitted a report (issued) of 17 January 2013 by the Assistant Chief Executive (Business Support)

- (1) reminding members
- (a) that SPT had prepared a rolling three year capital plan and budget which sought to balance the transport project needs and the available funding;
  - (b) that the Scottish Government had awarded SPT a 3 year general capital grant as undernoted:
    - 2012/13 £21.692m;
    - 2013/14 £15.337m; and
    - 2014/15 £22.524m; and
  - (c) that of this general capital sum, £6m per annum was ring fenced to support the subway modernisation works, with additional spend on this project being funded initially from a call on the subway modernisation fund or borrowings. In addition to this general capital grant funding, specific grants had been awarded also for the Fastlink project and additional monies had been secured or had been bid for on a project specific basis from ERDF;

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- (2) appending a proposed 3 year programme of projects currently being assessed which took account of funding, estimated delivery status and the agreed priorities of the Transport Outcome Reports for each constituent council area; and
- (3) summarising the draft capital programme at this stage over each year and category as currently assessed, which would be reviewed continually to take account of changes in delivery status as well as funding:-

	<b>2013/2014 £'000</b>	<b>2014/2015 £'000</b>	<b>2015/2016 £'000</b>
Category 1	45,735	66,004	88,952
Category 2	13,858	24,697	19,700
<b>Total</b>	<b>59,593</b>	<b>90,701</b>	<b>108,552</b>

After consideration and having heard that a more detailed report would be presented to the next Partnership for approval, the committee noted the terms of the report.

#### 9. **Bus fleet replacement strategy**

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**P\***There was submitted a report (issued) of 10 January 2013 by the Assistant Chief Executive (Business Support)

- (1) reminding members that the Partnership had approved previously a strategy of procuring a fleet of buses which were used on SPT subsidised socially necessary services and Mybus, the aim of which was to improve the quality of vehicles being used for these services whilst reducing the overall tendered price for subsidised routes;
- (2) intimating
  - (a) that although SPT currently had 99 vehicles in operation, the mileage use and suitability of the vehicles varied quite significantly;
  - (b) that to maintain the quality of the fleet, as well as building in capacity where required for additional vehicles, it was considered necessary to adopt a bus fleet replacement strategy which took account of vehicle usage, mileage and affordability; and
  - (c) that it was also pertinent at this stage to consider the performance and suitability of those vehicles already in use;
- (3) advising members
  - (a) that an assessment had identified 14 vehicles (known as Lobus Conversions) which were no longer considered to efficient or appropriate;
  - (b) that it was proposed to replace these vehicles prior to the renewal of the various Mybus contracts in July 2013 to ensure that the revenue cost of service provision was maintained;

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- (c) that, to do this, an amendment to the capital plan of an additional £950,000 (in addition to the £160,000 of the original budget not utilised) was required to secure replacement vehicles; and
- (4) explaining
- (a) that it was proposed to implement a fleet replacement criteria of bus age of a minimum of 7 years or 300,000 miles which would allow for the replacement of all vehicles to be spread more evenly over a seven year period, and more heavily used vehicles to be replaced on a more managed basis;
  - (b) that, although consideration also needed to be given to planned possible new vehicles where these might be needed to reduce subsidised service costs on routes where operators currently provided the vehicle, funding availability would require to be assessed at that time; and
  - (c) that not only would adopting a strategy along the criteria outlined enable the bus fleet to be replaced and managed within resources available, the costs could be built into the capital plan for future years which would assist with the planning of procurement processes.

After consideration and having heard Mrs Davidson and Mr Stewart in answer to members' questions, the committee

- (i) noted the work which had been undertaken in assessing the current bus fleet; and
- (ii) agreed
  - (A) the adoption of a replacement strategy equal to a minimum of 7 years or 300,000 miles whichever was reached first;
  - (B) that to put the fleet on a stable basis, 14 Locus vehicles be replaced at a cost of £1.1m;
  - \*(C) to recommend to the Partnership the award of a contract to Bluebird for the supply of 14 buses, via Scotland Excel, subject to delivery issues being resolved.
  - (D) that the capital plan be amended to take account of this in the current financial year, and

## 10. Refreshed guidance on Single Outcome agreements: Implications for SPT

[Click here to view report](#)

There was submitted and noted a report (issued) of 9 January 2013 by the Assistant Chief Executive (Operations)

- (1) intimating that the Scottish Government had issued refreshed Guidance to Community Planning Partnerships (CPPs) on Single Outcome Agreements (SOAs);
- (2) summarising the impact of the new Guidance for Community Planning Partnerships; and

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- (3) explaining
- (a) that although SPT's responsibilities for transport would not change as a result of this refreshed Guidance, Community Planning partners would be expected to participate more effectively in delivering services, engaging with communities in the design of services, and demonstrating an evidence base for their investment and policy decisions;
  - (b) that in anticipation of the Guidance, CPPs were moving towards a more area-based and focussed approach to resource allocation based on the outcomes set out and this would require partners to demonstrate effectively how they were meeting these priorities;
  - (c) that SPT would continue to play its part in meeting its statutory obligations and would reflect its commitment to meeting SOA outcomes in its refreshed Transport Outcomes Report which would be published in the summer of 2013, taking into account the staggered timetable for SOA submission; and
  - (d) that although Transport Outcome Reports would, to a large extent, be dependent on the evolving outcomes of the respective SOAs, the Guidance provided a clear steer which would enable SPT to plan its future investment programmes focussed on the outcomes in the Guidance.

## 11. Rail Update in SPT area

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There was submitted and approved a report (issued) of 14 January 2013 by the Assistant Chief Executive (Operations)

- (1) updating members on various strategic issues concerning rail in the SPT area;
- (2) appending Transport Scotland's guidance on the funding process for a £30m Scotland wide stations fund;
- (3) requesting that members note, in particular
  - (a) that the ScotRail franchise had been continued until 31 March 2015 and during this period peak fare increases would be capped in 2014 and 2015 to RPI, at no additional cost to the franchise subsidy. These rail fare changes would increase reimbursement payments to First ScotRail under the Strathclyde Concessionary Travel Scheme;
  - (b) that the guidance published by Transport Scotland on the £30m funding process had highlighted that any new station proposal should result from a comprehensive transport appraisal, and be supported by the respective Regional Transport Partnership;
  - (c) that SPT awaited further detail on the Edinburgh Glasgow Improvements Programme (EGIP) scope of works, phasing and timescales and would update the committee further in due course;
  - (d) that SPT would continue to work with rail industry partners to ensure the benefits of EGIP were fully realised and that any disruptions during construction were minimised;

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- (e) that SPT would continue to support the work of the Scottish Partnership Group on High Speed Rail in Scotland; and
- (f) that SPT would continue to work with Transport Scotland and First ScotRail on proposals for improved Paisley Corridor Services.

## 12. Art on the Subway

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There was submitted and noted a report (issued) of 18 January 2013 by the Assistant Chief Executive (Operations)

- (1) reminding members that, as part of the Subway Modernisation programme, the Partnership had approved the 'Subway Modernisation Design Guide', which had included a commitment to include, where possible and operationally feasible, art on the Subway;
- (2) intimating that, if SPT was to build on the success of the Hillhead artwork, it was important to ensure that the future approach to Art on the Subway was undertaken in a co-ordinated and effective manner, including governance, budget, procurement, development of brief, project programme/delivery, external engagement/partnership and communications; and
- (3) explaining
  - (a) that the inclusion of art as part of the Subway Modernisation programme had been championed at Partnership level by Councillor David Fagan;
  - (b) that it was proposed that the member officer group, established to further the Art on the Subway initiative, be continued and strengthened; and
  - (c) that output from this group be would be reported to future committees for approval and implemented in accordance with SPT's governance arrangements.

## 13. SPT responses to consultation documents

There were submitted reports of 4 and 9 January 2013 (issued) by the Assistant Chief Executive (Operations) appending SPT's response to each of the following consultations:-

- (1) UK Parliament Transport Select Committee Inquiry into VOSA; [Click here to view report](#)
- (2) Scottish Government Review of Scottish Planning Policy; and [Click here to view report](#)
- (3) Scottish Parliament Inquiry into Public Service Reform (Strand 3). [Click here to view report](#)

After consideration and having heard that comments raised by members would be fed into the relevant consultations, the committee noted the reports.

## 14. Chief Executive

The Chief Executive took the opportunity to thank Councillor Fagan for his contribution to the work of the Strategy & Programmes Committee and wished him well in his new post.