



Subsidised bus service contract recommendations : financial implications

Committee Operations

Date of meeting 9 November 2018

Date of report 24 October 2018

Report by Assistant Chief Executive (Business Support)

1. Object of report

To advise the committee of the financial implications of the subsidised bus contract recommendations being considered at the meeting.

2. Background

The opening position prior to the decisions being sought at this meeting is as below.

2018/19	Net Approved Budget	Net Projected Outturn	Variance
Subsidised bus services	£11,561,918	£11,294,757	£267,161

The previous positive variance of £148,839 reported to committee (24 August 2018) has increased by £118,322 at the time of writing as a result of actual costs being less than budgeted. Actual costs are reflected following receipt of the 4 weekly returns, which provide details of services operated and income generated.

The current projected underspend against budget is in the main as a result of contract inflation and contract renewals both being below the budgeted estimates. A straight comparison to the prior year’s net expenditure budget shows an increase of £374,018 or 3.3%. It should be noted that this increase has been incurred in an environment where SPT’s overall budget has reduced by 2%. When comparing the net subsidised bus budget as a percentage of SPT’s overall net budget the funding share has increased from 29.7% in 2017/18 to 31.3% in 2018/19, which is an increase of 1.6%.

3. Proposals

Should the committee accept all the recommendations contained within the following papers, the financial implications will be a decrease in costs of £1,296 against the current 2018/19 forecast. The net impact is detailed below.

2018/19	Net Approved Budget	Net Projected Outturn	Variance
Subsidised bus services	£11,561,918	£11,293,462	£268,456

As Committee have been previously advised this is a budget which is subject to the vagaries of the commercial market and operator behaviour and is subject to significant fluctuations during each financial year. Such service change notifications from bus operators could swing the budgets into overspend in 2018/19.

4. Committee action

The committee is asked to note the financial implications of the recommendations in the following papers, and give due consideration to this in the course of the decision making. The impact of individual decisions is reported in each paper for consideration.

5. Consequences

Policy consequences	<i>None.</i>
Legal consequences	<i>None.</i>
Financial consequences	<i>As detailed in the report.</i>
Personnel consequences	<i>None.</i>
Equalities consequences	<i>None</i>
Risk consequences	<i>None.</i>

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