



Subsidised bus service contract recommendations : financial implications

Committee Operations

Date of meeting 8 November 2019

Date of report 22 October 2019

Report by Assistant Chief Executive

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 2019/20 approved budget has increased by £650,781 (5.6%) to £12,212,699. This increase has occurred in an environment where SPT’s overall budget has reduced by 1.22%. Members are reminded that the net subsidised bus budget as a percentage of SPT’s overall net budget has increased from 31.3% in 2018/19 to 33.5% in 2019/20, which is an increase of 2.2%. This was to accommodate foreseen and unforeseen costs arising from tender renewals throughout 2019/20. Members have previously been advised that budget growth of this scale is unsustainable in the longer term given the increasing pressures on SPTs funders and the likelihood of further funding reductions.

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

2019/20	Net Approved Budget	Net Projected Outturn	Variance
Subsidised bus services	£12,212,699	£11,875,416	£337,283

The previous positive variance of £347,596 reported to committee (23 August 2019) has decreased by £10,313 at the time of writing as a result of actual costs being higher than budgeted. During the course of the financial year actual contract costs will be monitored and compared to budgeted costs. Actual costs are reflected following receipt of the 4 weekly returns, which provide details of services operated and income generated.

3. Proposals

Should the committee accept all the recommendations contained within the following papers, the financial implications will be an increase in costs of £80,459 against the 2019/20 budget. The net impact is detailed below.

2019/20	Net Approved Budget	Net Projected Outturn	Variance
Subsidised bus services	£12,212,699	£11,955,875	£256,824

Note: This budget covers 144 local and Demand Responsive Transport (DRT) contracts delivered by 16 operators.

As Committee have been previously advised this is a budget which is subject to the vagaries of the commercial market and operator behaviour. Furthermore, this budget is subject to significant fluctuations during each financial year. Such service change notifications from bus operators could swing the budgets into overspend in 2019/20.

While members are being advised of a positive variance at this stage, members attention is drawn to the fact that this is only as a result of additional funding being allocated at a late stage in the budget process. Without that the budget would be fully committed at this stage in the financial year.

4. Committee action

The committee is asked to note the financial implications of the recommendations in the following paper, 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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