

Partnership minute



Strathclyde Partnership for Transport

Minute of meeting

18 September 2020

held via Video Conference

Contact officer:

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Minute of the meeting of the Strathclyde Partnership for Transport held via Video Conference on 18 September 2020

- Present** Councillors Dr Martin Bartos (Chair), Malcolm Balfour, Richard Bell, Colin Cameron, Ian Cochrane, William Goldie, Graham Hardie, Marie McGurk, Marie McNair, Michael McPake, Alan Moir, Richard Nelson, Donald Reid, Anna Richardson, Jim Roberts, David Shearer, and David Wilson and appointed members Greg Beecroft, Brian Davidson, Ann Faulds, Anne Follin, Graham Johnston, Alex Macaulay and Jim McNally.
- Attending** Gordon Maclennan, Chief Executive; Neil Wylie, Director of Finance; Antony Smith, Director of Subway; Bruce Kiloh, Head of Policy & Planning; Gordon Dickson, Head of Bus Strategy & Delivery; Jim Griffin, Solicitor and Gary Devlin and Karen Jones of Azets (formerly Scott Moncreiff).

Chairs Opening Remarks

The Chair welcomed Cllr Goldie to his first SPT Partnership meeting.

1. Apologies

Apologies were submitted from Councillors Maureen Devlin and Alan Lafferty.

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

Appointed member Gregory Beecroft declared an interest in Item 5 on behalf of all appointed members.

3. Minute of previous meeting

[Click here to view the minute](#)

The minute of the meeting of 26 June 2020 was submitted and approved as a correct record with no matters arising.

4. Committee Minutes

The minutes (issued) of the undernoted committees were noted and approved as an accurate record:

- (a) Operations Committee of 21 August 2020;
- (b) Personnel Committee of 21 August 2020;
- (c) Audit & Standards Committee of 28 August 2020; and
- (d) Strategy & Programmes Committee of 28 August 2020 - following extensive discussion on the financial information paper (Agenda Item 4) appended to the minute for Partnership members' information, the Partnership unanimously agreed the Chair would write to the Cabinet Secretary for Transport, Infrastructure & Connectivity on behalf of the Partnership requesting additional financial support of SPT and reflecting the principal points made by members.

5. Partnership Membership Changes

[Click here to view the report](#)

There was submitted a report (issued) of 31 August 2020 by the Assistant Chief Executive advising the Partnership that:

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- (a) Cllr Kerr of North Lanarkshire had been replaced by Cllr William Goldie;
- (b) appointed member Jo Maclennan had intimated her decision to stand down from the Partnership due to work commitments, and
- (c) it was proposed that the appointed member recruitment process be resumed within a safe environment, and seeking to bring forward recommendations to the December Partnership.

After discussion, specifically seeking clarity as to the maximum number of appointed member terms, the Partnership:

- (i) noted the intimated changes to the Partnership membership as detailed and agreed that the Chair would write on behalf of the Partnership to express thanks to Jo Maclennan; and
- (ii) agreed the proposal to recommence the appointed member recruitment process within the timescales outlined.

6. 2019/20 Annual Audit Report

[Click here to view the report](#)

There was submitted a report (issued) of 31 August 2020 by the Assistant Chief Executive, appending the report by SPTs External Auditor Scott Moncrieff (now known as Azets) to those charged with governance advising of the outcome of Scott Moncrieff's external audit of SPT and Strathclyde Concessionary Travel Scheme Joint Committee in 2019/20.

Having heard from Mr Devlin, who thanked the SPT Finance team for their work, which was seconded by Cllr McGurk as Chair of the Audit & Standards Committee where the initial report was initially tabled, the Partnership noted the details of the 2019/20 Annual Audit Report.

7. Audited Annual Accounts 2019/20

[Click here to view the report](#)

There was submitted a report (issued) of 31 August 2020 by the Assistant Chief Executive recommending the Partnership consider and approve the audited annual accounts to ensure compliance with the Local Authority Accounts (Scotland) Regulations 2014.

After discussion and after hearing from Mr Wylie in response to members' questions, the Partnership approved the signing of the Partnership financial statements for the year ending 31 March 2020.

8. Covid-19 Crisis – Transport Progress Update (copy herewith) and Presentation

[Click here to view the report](#)

There was submitted a report (issued) of 26 August 2020 by the Assistant Chief Executive advising the Partnership of the content of a presentation delivered at the meeting by Mr Kiloh in relation to the Covid-19 crisis and transport in the west of Scotland, specifically highlighting:

- (a) the impact of the Covid crisis on transport trends; on attitudes and behaviours;
- (b) work underway arising from national and regional transport transition plans;
- (c) financial support for operators and funding for temporary infrastructure;
- (d) communications and messaging specific to public transport use;

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- (e) wider strategic issues including an update on the development of the Regional Transport Strategy; and
- (f) opportunities and challenges for transport arising from the crisis in the short, medium and long term.

After extensive discussion and hearing from Mr Kiloh and Mr Smith in response to members' questions, particularly concerning the need for members of rural authorities to be briefed on the respective working Group discussions, the Partnership:

- (i) noted the contents of the report and presentation;
- (ii) agreed the importance of the pivotal role SPT played in ensuring key worker transport continued to be provided during the pandemic and agreed this detail should be included in the Chair's letter to the Cabinet Secretary; and
- (iii) expressed thanks and encouragement to all SPT staff for their excellent work in maintaining transport for West of Scotland citizens.



2 October 2020

BY EMAIL

Michael Matheson MSP
Cabinet Secretary for Transport,
Infrastructure and Connectivity
The Scottish Parliament
Edinburgh
EH99 1SP

Email: Martin.Bartos@spt.co.uk

Dear Michael,

Covid-19 Crisis: Funding for Public Transport in the West of Scotland

At its meeting of 18 September, SPT's Partnership Board unanimously agreed that I write to you in regard to the very challenging circumstances facing SPT in funding public transport, both now and in the future, in light of the current crisis. The Board are very concerned about levels and fairness of emergency transport funding, the region's changing transport needs and the potential impact to public transport if SPT funding falls short.

SPT has continued to operate the regional public transport services, including the Glasgow Subway and socially necessary bus services, throughout the crisis. As the largest regional transport authority in Scotland, our dedicated staff have worked hard to deliver continued public transport services for 41% of Scotland's population, covering an area of 7,000km².

As you will be aware, SPT has undertaken significant and detailed discussions with your officials over the past few weeks ahead of our emergency Scottish Government funding coming to an end this week. This cut-off point has now passed. Throughout these discussions, we have highlighted the critical need to continue SPT's public transport services at such an exceptionally difficult time for communities throughout our area. Indeed, as you recognised when you provided financial support in July, "*these services have allowed our key workers and others who needed to travel for essential journeys to do so during very challenging circumstances*" and that "*any restrictions on these services could have placed unsustainable demands on other modes*".

These challenging circumstances remain, but SPT now faces a severe funding shortfall. We are unable to cover the anticipated shortfall without service cuts somewhere to bring our revenue budget into balance. Among the areas most likely to be directly impacted is subsidy support to scheduled bus services, which would have a detrimental impact on the most deprived communities in the west of Scotland.

In light of the funding shortfall, I would like to emphasise three key points:

1. The vital need for transport funding to support deprived communities

The west of Scotland has some of the most deprived communities in Scotland. It has urban, rural and island areas which absolutely rely on public sector-supported transport services - both economically and socially. Any cut to the socially necessary transport services provided by SPT will only serve to reinforce the deprivation and inequality in our communities, when we should be looking to reduce it. The impact of any bus service link disruptions is likely to fall on the elderly, in-work poor and groups with reduced mobility who rely on public transport.

2. The crucial role of public transport funding to the green recovery

The ongoing management and operation of SPT's services is essential not just as we continue to cope with this health crisis, but also in order to promote a green recovery and look towards showcasing Glasgow to the world for COP26. The post-Covid environment will undoubtedly see a significant shift in travel patterns, (and welcome increases in active travel) but without government support of public transport then the west of Scotland will miss out on the modal shift essential to help deliver the nation's commitment to reducing carbon emissions.

3. The urgent need for a fresh approach to public transport revenue funding

The Covid-emergency revenue funding support provided so far has lagged behind that given to privately owned public transport operators and is simply not enough. As a body SPT are otherwise dependent on our local authorities who cannot take a further hit. Over recent years we have acted prudently by generating extra income to cross-subsidise our public mission – this income has also taken a big hit. This pandemic has posed significant challenges and taking a fresh approach to make public transport funding and delivery sustainable is absolutely needed. Only with a fresh approach will we be able to deliver the changes necessary to transition to an affordable, integrated and decarbonised transport system capable of supporting the inclusive, green sustainable economic recovery which Scotland needs. The approach of the Scottish Government to compensate private transport interests first in this pandemic has made it difficult for public transport providers and regional transport authorities to take an integrated and strategic approach to serving the communities in our areas - a responsibility we take very seriously.

The impact in prospect of the SPT funding shortfall and our requests can be summarised as follows:

Glasgow Subway

People are the lifeblood of Scotland's largest city and the Subway is a vital part of its circulation. The underground system continues to support key workers, those who cannot work from home and people on essential journeys in getting around the city in a safe and efficient way. We know from our data that during this pandemic we are particularly serving journeys to/from Govan station – the nearest link to Scotland's largest hospital. Without an increase in Scottish Government support for the Subway, there could be long-term knock-on implications for all SPT services.

My ask of you therefore is that SPT as the public body running the Subway is supported no less generously than private sector transport operators and afforded the same courtesy in being given appropriate and timely notice of funding in order to continue robustly managing and operating the vital service the Subway provides.

Bus Services

The socially necessary bus services SPT funds are relied upon by some of our most vulnerable people and communities. The very challenging current situation and uncertain future facing the bus network of the west of Scotland is plain to see. You have recognised the needs of the commercial network with the significant 'service enhancement' grants you have provided. Not one penny of additional funding for bus service subsidy has however been received by SPT during this national emergency. I am advised that operators are retrenching and many are scaling back their services given reduced passenger numbers. Similar pressures are being felt by SPT supported services and public demand for additional support is only likely to increase in future. Existing bus subsidy from SPT already only occurs where market failure means that the private sector does not provide a sufficient service. Cutting existing service funding would already, in my view, be cutting too far but will be unavoidable without support.

I urge you therefore, as with the commercial network, to make available additional funding to SPT for the provision of socially necessary bus services.

Conclusion

In conclusion, public transport is an essential service, as we have shown by continuing to operate our services throughout the crisis, providing vital access to goods, services and jobs, particularly in respect of access to healthcare. I would therefore urge you and colleagues in the Scottish Government to consider addressing these matters urgently, both for the current situation and with a view to the longer-term wellbeing of our communities and our environment. I would welcome an urgent meeting with you, to openly discuss the issues and, crucially, solutions we believe will help. You are, of course, also welcome to attend our next SPT Partnership Board meeting to discuss these matters directly with our councillors and appointed members. I have also included more information in an appendix on the impact of the funding shortfall.

At the request of the Partnership I have copied this letter to the MPs, MSPs, and Council leaders of the west of Scotland for information and I look forward to receiving your response.

Yours sincerely

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Councillor Dr Martin Bartos
Chair, SPT

Appendix: potential public impact of shortfall of SPT funding

The likely financial deficit facing SPT was made clear in Juneⁱ and was the subject of active behind the scenes engagement with Transport Scotland. The latest adviceⁱⁱ from SPT officers is that the organisation faces an in-year deficit. With potential options which have been identified to date, the deficit should be smaller than originally anticipated, but even so may still prove as high as £10.5million. The precise figure cannot be predicted since it depends on patronage on revenue generating services and may improve or deteriorate further with change to use of public transport as the public health emergency evolves.

Alongside use of reserves we are unable to cover the anticipated shortfall without cuts elsewhere to bring the revenue budget into balance. Final decisions on where transport related funding cuts would fall have not been made, but inevitably the options must necessarily fall where SPT's revenue expenditure is currently spent.

Staffing

SPT's total budget is roughly £23.9million on staff. This covers the training, recruitment and retention of skilled permanent staff as well as bringing on apprentices in our transport operations. SPT has already become a lean organisation with 32% fewer FTE staff than just over a decade ago in 2009/2010. Headcount reduction has occurred at all levels. Whilst we are constantly looking for improvements to our operations, we absolutely do not consider any further personnel reductions to be a viable option. Our staff have worked hard to serve the public during a national emergency and should not be rewarded with job uncertainty as a consequence of emergency funding support shortfalls.

Subway

Prior to the pandemic SPT budgeted to spend roughly £24million on the Glasgow Subway with the expectation that we would get £22m back in fares. Of that expenditure, £13m is spent on staff, with the rest on unavoidable costs such as traction electricity and vehicle/track/station maintenance. Due to the nature of the Subway operation substantial financial savings could not be achieved by minor short term reductions in the service pattern and any service reductions would likely run counter to broadly held policy wishes to encourage business activity in the city in the recovery phase of this emergency.

Bus services

SPT currently has roughly £13million budgeted to spend on external bus/transport operator payments. Existing bus subsidy from SPT occurs where market failure means that the private sector does not provide a sufficient service. This subsidy is already constrained substantially by affordability. In practical terms this means that bus service links - even if in principle they are highly socially desirable, and without them substantial isolation of populations could occur - may not be funded if the level of funding in the context of low patronage would result in more spend per passenger than is affordable.

Community transport

SPT currently supports a wide range of community organisations across the region supporting communities with particular needs. In many instances these organisations have provided lifeline services during the Covid-emergency. Most of these have been set up by local people where local public transport services provided by the market have either disappeared completely or what is left fails to meet the needs of the community. SPT's budget spending amounts to £700,000 planned support for Community Transport groups which supplements the operation of SPT's socially necessary MyBus service for over 80s and people with mobility issues. It seems unlikely that reductions in funding of this sector would yield the necessary levels of saving to balance budgets, but it also seems likely that any additional demand for developing community transport further might be impossible to assist as previously due to lack of additional resource.

In short, the effects of cuts necessary to balance any in-year Covid-emergency SPT deficit may be devastating for some communities.

ⁱ Covid-19 Financial implications June 2020 - http://www.spt.co.uk/documents/latest/p260620_Agenda6.pdf

ⁱⁱ Updated financial forecast published in August 2020 - http://www.spt.co.uk/documents/latest/SP280820_Agenda4.pdf

Cabinet Secretary for Transport, Infrastructure and
Connectivity
Michael Matheson MSP



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Councillor Dr Martin Bartos
Chair, SPT
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Our ref: 2020/0003759
30 October 2020

Dear Martin,

Thank you for your letter of 2 October 2020 to Michael Matheson MSP, Cabinet Secretary for Transport, Infrastructure and Connectivity, seeking financial support for SPT and requesting a meeting to discuss the issues highlighted in your letter.

Since your letter was received, Mr Matheson was pleased to announce additional emergency financial support for SPT to assist with lost revenue from the Subway. However, Mr Matheson would welcome the opportunity to meet, virtually, to explore the other issues you raise in your letter. Please contact his Diary Secretary, REDACTED at REDACTED to arrange a suitable date

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