



## Revenue Budget for 2021/22 – Update

**Date of meeting** 12 March 2021

**Date of report** 23 February 2021

### Report by Assistant Chief Executive

#### 1. Object of report

Following consideration by the Strategy and Programmes Committee, to recommend the Partnership approve a balanced revenue budget for 2021/22 and noting the risks and challenges of preparing a balanced budget during the current period of uncertainty.

This report also seeks to highlight the assumptions being made in the preparation of the budget, proposals for fees and charges and the proposed local authority requisition. In addition, members are asked to approve the amendment to the reserves policy, as recommended following consideration by the Strategy and Programmes Committee.

#### 2. Background

Members have received regular financial reports throughout 2020/21 outlining the ongoing financial and organisational pressures arising from the ongoing pandemic, the continued government restrictions and messaging of essential travel only. Members are also aware of the measures taken by SPT in the current financial year that have been necessary to minimise the disruption to SPT arising from this financial instability. These were reported in the Financial Forecast paper to the Strategy and Programmes Committee and include, although are not limited to, significant staff recruitment freezes, reductions on budgets including priority budgets such as the supported bus services, MyBus and support to frontline services, including the reduction of support to the capital plan and transport infrastructure funding.

The development of a robust and stable budget at this time continues to prove challenging, consistent with all public service organisations. There remain a significant number of unknowns at this stage including:

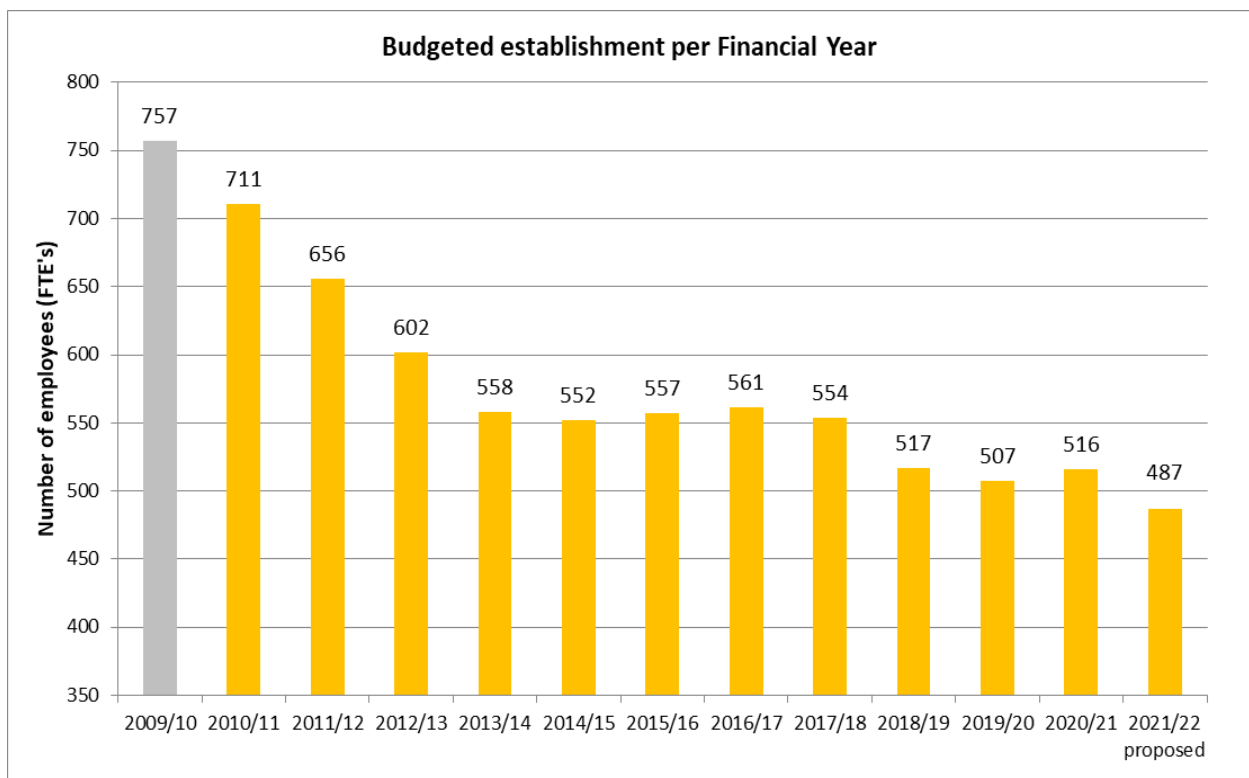
- the plans for easing restrictions, including travel restrictions, and thus any certainty around patronage numbers and revenue plans;
- the plans for easing support to commercial bus operators and the impact this will have on services linking communities not served by commercial networks;
- the final local government settlement and therefore the agreed requisition to SPT; and
- whether the income loss support grant made available from Transport Scotland in 2020/21, totalling £12.2m, will continue and if so at what level.

Notwithstanding the above uncertainties, financial planning for 2021/22 and beyond has endeavoured to take account of the current environment and pressures being faced, but also

anticipating some of the pressures that may be brought to bear from the external environment. As a result, the proposed budget continues to focus within the resources available, on funding socially necessary bus services with ever increasing demand expected as the commercial market considers potential reductions in government support and therefore potentially continues to shrink, maintaining the current Subway fleet and associated infrastructure, and supporting and allocating funding to the Subway Fund. In addition, looking beyond the pandemic, SPT is keen to continue to invest in new digital solutions for transport information, including building interfaces with stakeholders, ticketing solutions and maintenance of assets such as bus stations to a high standard, all of which puts pressure on the reduced revenue resources. SPT is keen to ensure that transport is a key enabler to the economic recovery post pandemic and a key contributor to the carbon reduction agenda.

Continuing with the commitment to resource the Subway Fund will ensure that SPT can fund the overall modernisation project and associated works without placing any adverse financial pressure on our local authority partners through seeking increased requisition levels. The subway fund has been a key element of SPT's plans to support its contribution to the subway project (£43m), as well as funding infrastructure works (£33.5m already spent and a further £15m contractually committed to ensure the integrity of the infrastructures, including tunnels) and revenue costs arising from the project, including organisational change costs, training and development of the new asset base, as well as scheduled contracted major asset refurbishments (£22m) during the asset life. The fund is currently being utilised to absorb some of these costs and therefore it is necessary to ensure that resources are continued to be allocated to it.

Balancing the SPT revenue budget over the last decade has very much involved the reallocation of resources and significant works to redesign the organisation. This has resulted in significant headcount reductions to reallocate resources to the priority areas identified above. The chart below shows the reduction in FTEs from 2009/10 to the proposed establishment for 2021/22. As can be seen, there has been significant reductions over years with the proposed full time equivalent staff numbers for 2021/22 being 270 less than 2009/10 or 36%. However, in demonstrating this, members' attention is also drawn to the current recruitment freeze applied at this stage, and the impact this could have in some areas of the business.



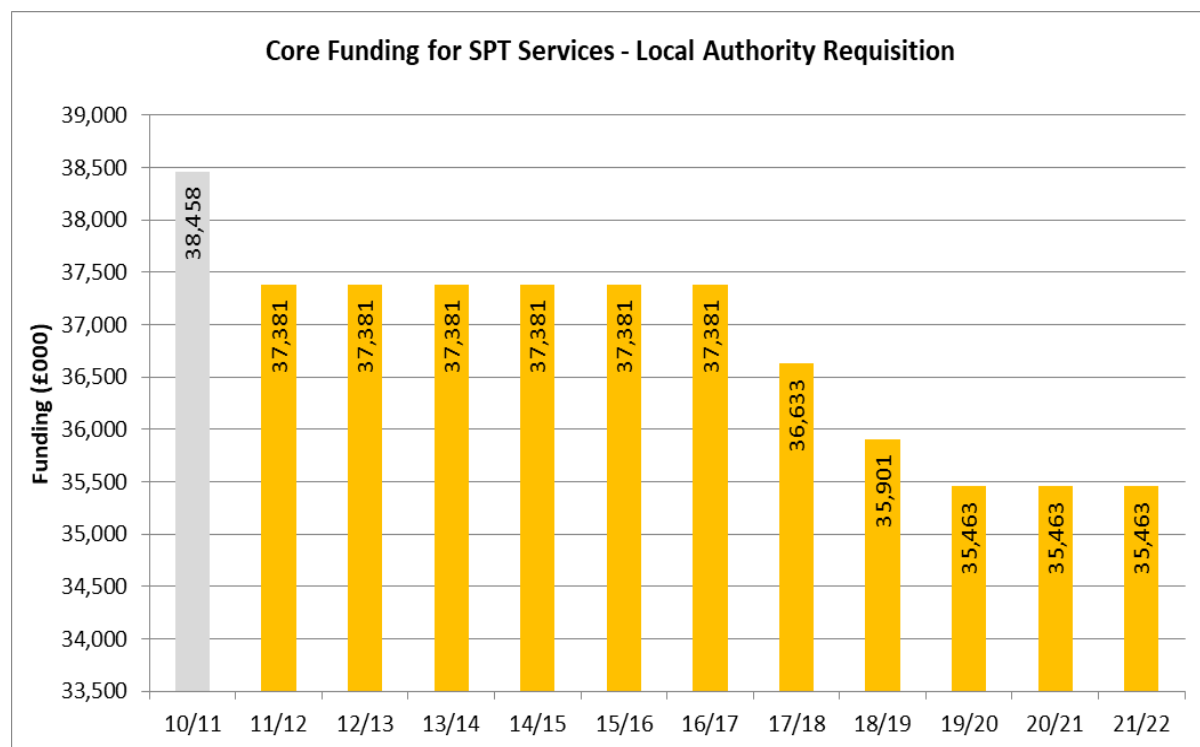
### 3. Current Position

As noted, the Scottish Government has again announced a one-year budget and, at the time of writing, a draft local government settlement. SPT has actively engaged with both the local authorities and the Scottish Government throughout the budget setting process to establish an agreed funding method for the future – at the time of writing, the local government settlement has been issued in draft and it is assumed following detailed discussions with local authority partners that the SPT requisition will mirror the +/- percentage change to the settlement. At this stage, for financial planning purposes it is assumed a flat cash requisition level until confirmed otherwise. This assumption will not be finalised until the Scottish Parliament agree the full budget and is therefore subject to late changes.

Transport Scotland however has confirmed the continuation of their revenue support grant of £1.034m less the funding transfer in respect of the Gourrock – Kilcreggan ferry service (£342,000).

Detailed discussions also continue with Transport Scotland regarding available resources due to the unprecedented impact that Covid 19 has had on travel demand and transport capacity. It is anticipated that some level of Covid 19 grant support will continue into 21/22, although the timeframe and overall value remains unknown. Transport Scotland have indicated that they expect to put the next update on light rail support to Ministers around the middle of March 2021. For the purposes of preparing a balanced budget at this stage it is assumed that similar proportionate levels will be made available.

The current budget has been prepared whilst taking account of the external environment at this stage. The assumed level of requisition is the same as the level of 2020/21 – the chart below demonstrates the changes over the last decade and confirms that funding for transport still remains a significant challenge.



The proposed requisition (subject to the final settlement) for 2021/22 split by local authority can be seen in Appendix 1.

There is no doubt that without the continuation of the income loss grant, SPT would only be in a position to propose a balanced budget that included significant reductions to service levels including support to supported bus services, staffing levels and continued funding to the subway fund for the ongoing modernisation and associated works. At this stage, a balanced budget has been prepared with the assumption of the same proportionate level of funding from Scottish Government. A proposed revenue budget for 2021/22 can be found at Appendix 2. The budget has been prepared after a comprehensive review of all expenditure lines, taking into account known cost pressures but members' attention is drawn to the following:

- in undertaking the budget preparation, a number of scenarios have been considered for income levels, and the corresponding income support grant from Scottish Government – the attached budget projection is based on a cautious approach given the number of unknowns regarding the lifting of restrictions etc. Specifically, this cautious approach assumes subway patronage and other related incomes will be based on the current patronage levels in place i.e. approximately 12% of pre-Covid levels, and as restrictions are gently lifted throughout the year, that patronage will increase by an average of 5% every second period. Over the year this would mean that the subway patronage levels had recovered greater than they were in the summer of 2020. The alternative less cautious approach considered assumes patronage and income will be approximately 20% at the start of the financial year and increasing at a faster pace at 5% per period. The actual position will clearly be entirely dependent upon the restrictions in place, and customer behaviours and support to public transport but based on current information is considered to be a balanced approach;
- a slight reduction in the current level of bus support contracts at £13.4m. This budget reflects the current commitments only and minimal scope to absorb the pressures that may arise as the ongoing pandemic continues and support to commercial operators from government is potentially reduced;
- a reduction in staff costs from £23.9m to £22.9m – the budget assumes adoption of the public sector pay award framework but even after this increased cost, an overall reduction of approximately £1m. This level of staff savings reflects the ongoing staff recruitment freeze;
- no planned revenue contribution to the Capital Budget – this has been necessary in previous years to supplement the reduced capital funding received and support to local authority partner projects, and
- reducing the contribution to the subway fund to £5.2m – this is approximately £2.5m less than the level that was included in the indicative budget presented to the Partnership in March 2020. Any further reduction to this brings risks to SPT's ability to ensure it has the resources available to respond to the challenges arising from the subway project without seeking additional resources from local authority partners.

Taking all of the above into account, and importantly a continuing level of Covid income grant, a balanced budget is now presented to the Partnership for approval. Further work will continue to minimise the uncertainties around some of the assumptions made. This is likely to continue into 2021/22 as the current national restrictions are eased.

### **Proposals for Fares, Fees and Charges**

As part of the budget setting process SPT has reviewed the fares that it levies for the various services provided to both the traveling public and transport operators. In reviewing the fares SPT has considered the potential increased income as well as the potential impact to the travelling public, operators and other customers.

Subway fares are reviewed annually to ensure that all fares are set at an appropriate level for the service provided, whilst taking account of the offerings of other operators in the area.

At this stage it is not proposed to change the fares, fees and charges of SPT services given the level of uncertainty and the ongoing challenges to encouraging patronage increase, and therefore it is assumed the approved 2020/21 fares, fees and charges for SPT services will continue into 2021/22.

#### 4. Reserves

The reserves policy states that reserve balances must be reported / reviewed annually as part of the budget setting process to the Partnership. The current reserves held by SPT along with the projected balances at 31 March 2021 are detailed in the table below. As can be seen, the only movements since last year end have been a further addition to the Rolling Stock, Signalling and Associated Equipment Fund and also a draw down from the Subway Infrastructure Fund.

Description	2019/20 (£000's)	Estimated Additions / (Draw) 2020/21 (£000's)	Revised Balance (£000's)
<b>Earmarked Reserves</b>			
Rolling Stock, Signalling and Associated Equipment Fund	35,000	10,423	45,423
Subway Infrastructure Fund	20,000	-991	19,009
Guideline Criteria Review Fund / Transport Act Implementation	10,000	0	10,000
Strategic Bus Routes Fund	2,000	0	2,000
<b>Total Earmarked Reserves</b>	<b>67,000</b>	<b>9,432</b>	<b>76,432</b>
Non-earmarked balance	7,867	-429	7,438
<b>Total General Fund Balance</b>	<b>74,867</b>	<b>9,003</b>	<b>83,870</b>
Capital Fund	26,047	37	26,084
Renewal & Repairs Fund	1,500	0	1,500
Insurance Fund	1,000	0	1,000
<b>Total Useable Reserves</b>	<b>103,414</b>	<b>9,040</b>	<b>112,454</b>

One minor change is proposed to the reserves policy, which can be found at Appendix 3. The proposed change in the policy document is to update the targeted level of non-earmarked reserves to be based on all operational income and not just subway income. The change reflects the reality that SPT relies on income from across the organisation and not just the Subway. The proposed amendment to the policy is highlighted and shown under section 3.1.

#### 5. Conclusions

The proposed revenue budget for 2021/22 has been prepared taking cognisance of SPT's and our partners' priorities and links planned spend to desired outcomes, but also the current external environment which all have been faced with throughout 2020 and continue into 2021. The financial challenges continue and SPT continues to work with local authorities and Transport Scotland to bring about a stable financial position.

Significant reductions have been built into the SPT budget and assuming a level of Covid income support grant from Scottish Government, a balanced budget has been prepared. However, members are advised that should income support grant not be available to the level

assumed at this stage, it will be necessary to revisit the budget assumptions particularly with regard to the support for bus and subway fund contributions.

## 6. Partnership Action

Notwithstanding that the final Local Government Settlement remains outstanding, the Partnership is recommended to:

- Consider and approve the proposed revenue budget and the assumptions being made, noting that the final local authority requisition level will be finalised once the Scottish Budget is finalised;
- note the current and projected reserve balances as detailed in section 5; and
- approve the minor update to the Reserves Policy.

## 8. Consequences

Policy consequences	<i>Expenditure plan has been aligned to agreed priorities.</i>
Legal consequences	<i>Required to set a balanced budget.</i>
Financial consequences	<i>As outlined in the report.</i>
Personnel consequences	<i>None directly.</i>
Equalities consequences	<i>None directly.</i>
Risk consequences	<i>Balanced budget dependent on strong financial management.</i>

**Name** Valerie Davidson

**Title** Assistant Chief Executive

**Name** Gordon MacLennan

**Title** Chief Executive

For further information, please contact *Valerie Davidson, Assistant Chief Executive* on 0141 333 3298.



# Proposed Council Requisition - SPT

Financial Year 2021/22

	Requisition Financial Year 2020/21	Proposed Financial Year 2021/22
Argyll and Bute	409,046	405,258
East Ayrshire	1,937,945	1,931,629
East Dunbartonshire	1,723,060	1,719,959
East Renfrewshire	1,513,741	1,512,405
Glasgow	9,963,462	10,023,385
Inverclyde	1,243,027	1,231,709
North Ayrshire	2,151,717	2,133,167
North Lanarkshire	5,410,786	5,404,478
Renfrewshire	2,827,867	2,835,463
South Ayrshire	1,790,182	1,782,811
South Lanarkshire	5,074,222	5,074,545
West Dunbartonshire	1,417,671	1,407,916
<b>Total Requisition</b>	<b>35,462,726</b>	<b>35,462,726</b>

1. The above is based on a flat requisition with no change between 2020/21 and 2021/22.
2. Change in % allocation to Councils due to update on the latest Mid Point population survey (mid-2019)



# Budget Report by Division

Draft Budget Summary - 2021/22 - 2022/23

	Historic Data	Proposed		Draft	
	Budget 2020/21	Budget 2021/22	Variance 20/21 v 21/22	Budget 2022/23	Variance 21/22 v 22/23
<b>Chief Executive</b>					
Policy & Strategy	478,306	446,003	32,303	454,671	(8,668)
Cabinet	468,621	474,784	(6,162)	484,150	(9,366)
<b>Total Chief Executive</b>	946,927	920,787	26,140	938,821	(18,034)
<b>Operations</b>					
Subway	1,891,514	16,659,578	(14,768,063)	10,401,777	6,257,800
Bus Operations	16,494,731	16,751,913	(257,182)	16,568,354	183,559
Projects	304,878	351,757	(46,879)	358,358	(6,601)
Health and Safety	167,403	171,109	(3,706)	174,581	(3,471)
Customer Standards	585,125	569,635	15,490	579,507	(9,872)
<b>Total Operations</b>	19,443,652	34,503,992	(15,060,340)	28,082,577	6,421,415
<b>Business Support</b>					
Finance	1,404,244	1,334,742	69,502	1,353,895	(19,153)
Digital	1,194,897	1,184,825	10,072	1,193,535	(8,710)
Human Resources	289,994	262,237	27,757	267,456	(5,219)
Legal Services	330,833	356,928	(26,095)	364,095	(7,167)
Business Support	220,349	225,958	(5,609)	230,116	(4,159)
Elected Members	58,788	74,626	(15,838)	56,528	18,097
Contact Centre	497,455	244,839	252,616	249,732	(4,893)
Corporate	366,581	1,603,293	(1,236,712)	1,362,117	241,176
<b>Total Business Support</b>	4,363,142	5,287,447	(924,306)	5,077,475	209,973
<b>Contribution to Subway Fund</b>	10,423,087	5,200,000	5,223,087	5,070,000	130,000
<b>Contribution to Capital Funded from Revenue</b>	1,000,000	-	1,000,000	-	-
<b>Net Total</b>	<b>36,176,808</b>	<b>45,912,226</b>	<b>(9,735,418)</b>	<b>39,168,872</b>	<b>6,743,354</b>
<b>Funded by:</b>					
SPT Requisition	35,462,726	35,462,726		35,462,726	
RTP Core Funding	714,082	649,500		649,500	
Estimated Covid Support Grant	-	9,800,000		-	
<b>Total Funding</b>	<b>36,176,808</b>	<b>45,912,226</b>		<b>36,112,226</b>	
<b>Budget Deficit</b>	<b>0</b>	<b>0</b>		<b>3,056,647</b>	





## Revenue Monitoring Report

Draft Budget Summary - 2021/22 - 2022/23

	Historic Data	Proposed		Draft		Notes
		Budget 2021/22	Variance 20/21 v 21/22	Budget 2022/23	Variance 21/22 v 22/23	
<b>EXPENDITURE</b>						
<b>Employee Costs</b>						
Salaries	18,032,528	17,116,710	915,818	17,618,338	(501,628)	1 Net decrease of 29 posts in budgeted establishment. This is partially offset by the impact of the salary uplift for all employees and salary increments where applicable.
Overtime	708,136	671,040	37,096	671,040	-	
Other Employee Costs	5,143,938	5,197,851	(53,914)	5,278,657	(80,806)	2 Net increase between 2020/21 and 2021/22 relates to projected decrease in the vacancy time lag recovery partially offset by a decrease in oncosts due to a reduced establishment.
<b>Sub Total Employee Costs</b>	<b>23,884,602</b>	<b>22,985,602</b>	<b>899,000</b>	<b>23,568,035</b>	<b>(582,433)</b>	
<b>Property Costs</b>						
Electricity	1,917,280	1,926,251	(8,971)	1,945,347	(19,095)	
Repairs and Maintenance	468,000	437,000	31,000	437,000	-	3 Increase based on projections provided by SPT's insurance broker based on current market conditions.
Property Insurance	300,000	381,000	(81,000)	381,000	-	4 Increase relates to additional customer facing cleaning within the Subway and contract cost inflation increases for cleaning and security.
Other Property Costs	3,624,124	3,675,793	(51,669)	3,750,457	(74,663)	
<b>Sub Total Property Costs</b>	<b>6,309,405</b>	<b>6,420,045</b>	<b>(110,640)</b>	<b>6,513,803</b>	<b>(93,759)</b>	
<b>Supplies &amp; Services</b>	<b>2,105,251</b>	<b>1,913,006</b>	<b>192,245</b>	<b>1,941,916</b>	<b>(28,910)</b>	5 The main budget reduction relates to reduced ticketing costs based on current stock balances and anticipated patronage numbers. This is partially offset by a reduction in capitalisation within Subway and Projects.
<b>Transport &amp; Plant Costs</b>	<b>158,050</b>	<b>110,550</b>	<b>47,500</b>	<b>110,550</b>	<b>-</b>	
<b>Third Party Payments</b>						
Bus Operator Payments	13,891,510	13,361,737	529,773	13,361,737	-	6 This budget reduction reflects current commitments only and leaves minimal scope to absorb the pressures that may arise as the ongoing pandemic continues and support to commercial operators from government is potentially reduced.
Communications	96,500	14,000	82,500	14,000	-	7 Communications costs now shown within other third party payments.
Other Third Party Payments	6,421,251	6,926,998	(505,747)	8,098,466	(1,171,468)	8 Includes additional costs associated with the TSSSA contract partially offset by a reduction in agency staff costs and the airwave contract.
<b>Sub Total Third Party Payments</b>	<b>20,409,261</b>	<b>20,302,735</b>	<b>106,526</b>	<b>21,474,203</b>	<b>(1,171,468)</b>	
<b>Financing Costs</b>						
Contribution to Subway Fund	10,423,087	5,200,000	5,223,087	5,070,000	130,000	9 Significant reduction which brings risks to SPTs ability to ensure it has the resources available to respond to the challenges arising from the subway project.
Contribution to Capital Funded from Revenue	1,000,000	-	1,000,000	-	-	10 No planned revenue contribution to the Capital Budget – this has been necessary in previous years to supplement the reduced capital funding received.
<b>Sub Total Financing Costs</b>	<b>11,423,088</b>	<b>5,200,000</b>	<b>6,223,088</b>	<b>5,070,000</b>	<b>130,000</b>	
<b>TOTAL EXPENDITURE</b>	<b>64,289,656</b>	<b>56,931,937</b>	<b>7,357,718</b>	<b>58,678,507</b>	<b>(1,746,570)</b>	
<b>INCOME</b>						
Subway Income	(22,064,417)	(6,733,346)	(15,331,071)	(14,846,059)	8,112,714	11 Budget reflects substantial reduction in income due to the ongoing Covid-19 pandemic. The projection incorporates a prudent estimate of patronage increases as restrictions ease. Budget reductions projected across all bus stations income areas including departure charges, left luggage, toilets, rental income and advertising as a result of the Covid-19 pandemic.
Bus Station Income	(2,748,886)	(2,068,509)	(680,377)	(2,352,311)	283,802	
Agency Income - Agency Fee	(1,477,044)	(1,444,356)	(32,688)	(1,448,764)	4,408	
Interest Received	(1,400,000)	(400,000)	(1,000,000)	(400,000)	-	12 Interest received budget reduced due to reduction in interest rates and reduced cash balances.
Other Income	(422,500)	(373,500)	(49,000)	(462,500)	89,000	14 Incorporates budgeted reduction in corporate rental income for 2021/22.
<b>TOTAL INCOME</b>	<b>(28,112,847)</b>	<b>(11,019,711)</b>	<b>(17,093,136)</b>	<b>(19,509,635)</b>	<b>8,489,924</b>	
<b>Net Total</b>	<b>36,176,808</b>	<b>45,912,226</b>	<b>(9,735,418)</b>	<b>39,168,872</b>	<b>6,743,354</b>	



# Budget Report by Directorate - Policy & Strategy

Draft Budget Summary - 2021/22 - 2022/23

	Historic Data	Proposed		Draft		Notes
	Budget 2020/21	Budget 2021/22	Variance 20/21 v 21/22	Budget 2022/23	Variance 21/22 v 22/23	
<b>EXPENDITURE</b>						
<b>Employee Costs</b>						
Salaries	359,005	332,076	26,930	338,588	(6,512)	1
Other Employee Costs	109,301	101,428	7,873	103,583	(2,156)	1
<b>Sub Total Employee Costs</b>	468,306	433,503	34,803	442,171	(8,668)	
<b>Supplies &amp; Services</b>	1,000	1,000	(0)	1,000	-	
<b>Transport &amp; Plant Costs</b>	1,500	1,500	(0)	1,500	-	
<b>Third Party Payments</b>						
Communications	7,500	10,000	(2,500)	10,000	-	
<b>Sub Total Third Party Payments</b>	7,500	10,000	(2,500)	10,000	-	
<b>Total</b>	<b>478,306</b>	<b>446,003</b>	<b>32,303</b>	<b>454,671</b>	<b>(8,668)</b>	

## Notes

1. Reduction incorporates one post not budgeted offset by the impact of salary uplift for all employees and salary increments where applicable.



# Budget Report by Directorate - Cabinet

Draft Budget Summary - 2021/22 - 2022/23

	Historic Data	Proposed		Draft		Notes
	Budget 2020/21	Budget 2021/22	Variance 20/21 v 21/22	Budget 2022/23	Variance 21/22 v 22/23	
<b>EXPENDITURE</b>						
<b>Employee Costs</b>						
Salaries	348,149	355,849	(7,700)	362,886	(7,037)	1
Other Employee Costs	110,472	112,935	(2,462)	115,264	(2,329)	1
<b>Sub Total Employee Costs</b>	458,621	468,784	(10,162)	478,150	(9,366)	
<b>Supplies &amp; Services</b>	5,000	3,000	2,000	3,000	-	
<b>Transport &amp; Plant Costs</b>	5,000	3,000	2,000	3,000	-	
<b>Total</b>	<b>468,621</b>	<b>474,784</b>	<b>(6,162)</b>	<b>484,150</b>	<b>(9,366)</b>	

## Notes

1. Includes impact of salary uplift for all employees and salary increments where applicable.



## Budget Report by Directorate - Subway

Draft Budget Summary - 2021/22 - 2022/23

	Historic Data	Proposed		Draft		Notes
	Budget 2020/21	Budget 2021/22	Variance 20/21 v 21/22	Budget 2022/23	Variance 21/22 v 22/23	
<b>EXPENDITURE</b>						
<b>Employee Costs</b>						
Salaries	10,227,465	9,698,548	528,917	10,057,748	(359,200)	1
Overtime	635,136	608,040	27,096	608,040	-	
Other Employee Costs	3,060,352	2,834,980	225,372	2,947,045	(112,065)	1
<b>Sub Total Employee Costs</b>	<b>13,922,953</b>	<b>13,141,568</b>	<b>781,385</b>	<b>13,612,833</b>	<b>(471,265)</b>	
<b>Property Costs</b>						
Electricity	1,664,213	1,664,213	0	1,676,797	(12,584)	2
Property Insurance	275,000	350,000	(75,000)	350,000	-	3
Other Property Costs	2,059,179	2,103,426	(44,248)	2,142,522	(39,096)	3
<b>Sub Total Property Costs</b>	<b>3,998,392</b>	<b>4,117,639</b>	<b>(119,247)</b>	<b>4,169,319</b>	<b>(51,680)</b>	
<b>Supplies &amp; Services</b>	<b>2,042,962</b>	<b>1,701,945</b>	<b>341,017</b>	<b>1,841,945</b>	<b>(140,000)</b>	4
<b>Transport &amp; Plant Costs</b>	<b>45,000</b>	<b>22,500</b>	<b>22,500</b>	<b>22,500</b>	<b>-</b>	
<b>Third Party Payments</b>						
Bus Operator Payments	20,000	25,400	(5,400)	25,400	-	5
Other Third Party Payments	3,926,624	4,383,871	(457,247)	5,575,839	(1,191,968)	5
<b>Sub Total Third Party Payments</b>	<b>3,946,624</b>	<b>4,409,271</b>	<b>(462,647)</b>	<b>5,601,239</b>	<b>(1,191,968)</b>	
<b>TOTAL EXPENDITURE</b>	<b>23,955,931</b>	<b>23,392,923</b>	<b>563,008</b>	<b>25,247,837</b>	<b>(1,854,913)</b>	
<b>INCOME</b>						
Subway Income	(22,064,417)	(6,733,346)	(15,331,071)	(14,846,059)	8,112,714	6
<b>TOTAL INCOME</b>	<b>(22,064,417)</b>	<b>(6,733,346)</b>	<b>(15,331,071)</b>	<b>(14,846,059)</b>	<b>8,112,714</b>	
<b>Net Total</b>	<b>1,891,514</b>	<b>16,659,578</b>	<b>(14,768,063)</b>	<b>10,401,777</b>	<b>6,257,800</b>	

### Notes

1. Includes impact of reduced establishment partially offset by salary uplift for all employees and salary increments where applicable.
2. Increase based on projections provided by SPT's insurance broker based on current market conditions.
3. Incorporates increased costs associated with enhanced touch point cleaning within the Subway.
4. The main budget reduction relates to reduced ticketing costs based on current stock balances and anticipated patronage numbers. This is partially offset by a reduction in capitalisation.
5. Includes additional costs associated with the TSSSA contract partially offset by a reduction in agency staff costs and the airwave contract.
6. Budget reflects substantial reduction in income due to the ongoing Covid-19 pandemic. The projection incorporates a prudent estimate of patronage increases as restrictions ease.



# Budget Report by Directorate - Bus Operations

Draft Budget Summary - 2021/22 - 2022/23

	Historic Data	Proposed		Draft		Notes
	Budget 2020/21	Budget 2021/22	Variance 20/21 v 21/22	Budget 2022/23	Variance 21/22 v 22/23	
<b>EXPENDITURE</b>						
<b>Employee Costs</b>						
Salaries	2,538,642	2,585,952	(47,311)	2,633,446	(47,494)	1
Overtime	50,500	40,500	10,000	40,500	-	
Other Employee Costs	749,864	749,617	(8,753)	765,288	(15,671)	1
<b>Sub Total Employee Costs</b>	<b>3,330,006</b>	<b>3,376,070</b>	<b>(46,064)</b>	<b>3,439,234</b>	<b>(63,165)</b>	
<b>Property Costs</b>						
Electricity	210,717	217,039	(6,322)	223,550	(6,511)	
Repairs and Maintenance	423,000	407,000	16,000	407,000	-	
Property Insurance	15,000	19,000	(4,000)	19,000	-	
Other Property Costs	1,193,885	1,254,377	(60,492)	1,284,944	(30,567)	2
<b>Sub Total Property Costs</b>	<b>1,842,602</b>	<b>1,897,416</b>	<b>(54,814)</b>	<b>1,934,494</b>	<b>(37,079)</b>	
<b>Supplies &amp; Services</b>	<b>65,400</b>	<b>46,000</b>	<b>19,400</b>	<b>46,000</b>	<b>-</b>	
<b>Transport &amp; Plant Costs</b>	<b>81,600</b>	<b>66,600</b>	<b>15,000</b>	<b>66,600</b>	<b>-</b>	
<b>Third Party Payments</b>						
Bus Operator Payments	13,871,510	13,336,337	535,173	13,336,337	-	3
Communications	4,000	4,000	(0)	4,000	-	
Other Third Party Payments	223,500	269,000	(45,500)	269,000	-	
<b>Sub Total Third Party Payments</b>	<b>14,099,010</b>	<b>13,609,337</b>	<b>489,673</b>	<b>13,609,337</b>	<b>-</b>	
<b>TOTAL EXPENDITURE</b>	<b>19,418,617</b>	<b>18,995,422</b>	<b>423,195</b>	<b>19,095,665</b>	<b>(100,243)</b>	
<b>INCOME</b>						
Bus Station Income	(2,748,886)	(2,068,509)	(680,377)	(2,352,311)	283,802	4
Agency Income - Agency Fee	(175,000)	(175,000)	(0)	(175,000)	-	
<b>TOTAL INCOME</b>	<b>(2,923,886)</b>	<b>(2,243,509)</b>	<b>(680,377)</b>	<b>(2,527,311)</b>	<b>283,802</b>	
<b>Net Total</b>	<b>16,494,731</b>	<b>16,751,913</b>	<b>(257,182)</b>	<b>16,568,354</b>	<b>183,559</b>	

## Notes

1. Includes impact of salary uplift for all employees and salary increments where applicable.
2. Increase relates to increased costs in relation to cleaning and security contracts.
3. This budget reduction reflects current commitments only and leaves minimal scope to absorb the pressures that may arise as the ongoing pandemic continues and support to commercial operators from government is potentially reduced.
4. Budget reductions projected across all bus stations income areas including departure charges, left luggage, toilets, rental income and advertising as a result of the Covid-19 pandemic.



# Budget Report by Directorate - Projects

Draft Budget Summary - 2021/22 - 2022/23

	Historic Data	Proposed		Draft		Notes
	Budget 2020/21	Budget 2021/22	Variance 20/21 v 21/22	Budget 2022/23	Variance 21/22 v 22/23	
<b>EXPENDITURE</b>						
<b>Employee Costs</b>						
Salaries	850,353	745,089	105,264	759,058	(13,970)	1
Other Employee Costs	260,025	228,433	31,592	233,057	(4,624)	1
<b>Sub Total Employee Costs</b>	1,110,378	973,522	136,856	992,116	(18,594)	
<b>Supplies &amp; Services</b>	(814,000)	(626,765)	(187,235)	(638,757)	11,993	2
<b>Transport &amp; Plant Costs</b>	8,500	5,000	3,500	5,000	-	
<b>Total</b>	<b>304,878</b>	<b>351,757</b>	<b>(46,879)</b>	<b>358,358</b>	<b>(6,601)</b>	

## Notes

1. Includes impact of reduced budgeted establishment partially offset by a salary uplift for all employees and salary increments where applicable.
2. Reduction in capitalised salaries due to realignment of Project's structure including further support for the Subway transformation team and also support for Digital projects (non capital).



# Budget Report by Directorate - Health and Safety

Draft Budget Summary - 2021/22 - 2022/23

	Historic Data	Proposed		Draft	
	Budget 2020/21	Budget 2021/22	Variance 20/21 v 21/22	Budget 2022/23	Variance 21/22 v 22/23
<b>EXPENDITURE</b>					
<b>Employee Costs</b>					
Salaries	127,904	130,737	(2,833)	133,345	(2,608)
Other Employee Costs	38,699	39,572	(873)	40,435	(863)
<b>Sub Total Employee Costs</b>	166,603	170,309	(3,706)	173,781	(3,471)
<b>Supplies &amp; Services</b>	600	600	(0)	600	-
<b>Transport &amp; Plant Costs</b>	200	200	(0)	200	-
<b>Total</b>	<b>167,403</b>	<b>171,109</b>	<b>(3,706)</b>	<b>174,581</b>	<b>(3,471)</b>



# Budget Report by Directorate - Customer Standards

Draft Budget Summary - 2021/22 - 2022/23

	Historic Data	Proposed		Draft		Notes
	Budget 2020/21	Budget 2021/22	Variance 20/21 v 21/22	Budget 2022/23	Variance 21/22 v 22/23	
<b>EXPENDITURE</b>						
<b>Employee Costs</b>						
Salaries	399,031	386,564	12,468	393,980	(7,417)	1
Overtime	15,000	15,000	0	15,000	-	
Other Employee Costs	119,094	116,071	3,022	118,526	(2,455)	1
<b>Sub Total Employee Costs</b>	533,125	517,635	15,490	527,507	(9,872)	
<b>Supplies &amp; Services</b>	51,000	51,000	0	51,000	-	
<b>Transport &amp; Plant Costs</b>	1,000	1,000	(0)	1,000	-	
<b>Total</b>	<b>585,125</b>	<b>569,635</b>	<b>15,490</b>	<b>579,507</b>	<b>(9,872)</b>	

## Notes

1. Includes reduction in establishment partially offset by impact of salary uplift for all employees and salary increments where applicable.





# Budget Report by Directorate - Finance

Draft Budget Summary - 2021/22 - 2022/23

	Historic Data	Proposed		Draft		Notes
	Budget 2020/21	Budget 2021/22	Variance 20/21 v 21/22	Budget 2022/23	Variance 21/22 v 22/23	
<b>EXPENDITURE</b>						
<b>Employee Costs</b>						
Salaries	1,045,267	992,872	52,395	1,012,599	(19,727)	1
Overtime	-	-	-	-	-	
Other Employee Costs	306,077	291,970	14,107	298,396	(6,427)	1
<b>Sub Total Employee Costs</b>	<b>1,351,344</b>	<b>1,284,842</b>	<b>66,502</b>	<b>1,310,995</b>	<b>(26,153)</b>	
<b>Supplies &amp; Services</b>	<b>32,000</b>	<b>22,500</b>	<b>9,500</b>	<b>22,500</b>	<b>-</b>	
<b>Transport &amp; Plant Costs</b>	<b>900</b>	<b>400</b>	<b>500</b>	<b>400</b>	<b>-</b>	
<b>Third Party Payments</b>						
Other Third Party Payments	20,000	27,000	(7,000)	20,000	7,000	
<b>Sub Total Third Party Payments</b>	<b>20,000</b>	<b>27,000</b>	<b>(7,000)</b>	<b>20,000</b>	<b>7,000</b>	
<b>Total</b>	<b>1,404,244</b>	<b>1,334,742</b>	<b>69,502</b>	<b>1,353,895</b>	<b>(19,153)</b>	

## Notes

1. Includes reduction in establishment partially offset by impact of salary uplift for all employees and salary increments where applicable.



# Budget Report by Directorate - Digital

Draft Budget Summary - 2021/22 - 2022/23

	Historic Data	Proposed		Draft		Notes
	Budget 2020/21	Budget 2021/22	Variance 20/21 v 21/22	Budget 2022/23	Variance 21/22 v 22/23	
<b>EXPENDITURE</b>						
<b>Employee Costs</b>						
Salaries	908,336	900,949	7,387	918,967	(18,019)	1
Overtime	3,000	3,000	0	3,000	-	
Other Employee Costs	273,561	257,876	15,685	263,568	(5,691)	1
<b>Sub Total Employee Costs</b>	1,184,897	1,161,825	23,072	1,185,535	(23,710)	
<b>Supplies &amp; Services</b>	4,000	3,000	1,000	3,000	-	
<b>Transport &amp; Plant Costs</b>	6,000	5,000	1,000	5,000	-	
<b>Third Party Payments</b>						
Other Third Party Payments	-	15,000	(15,000)	-	15,000	
<b>Sub Total Third Party Payments</b>	-	15,000	(15,000)	-	15,000	
<b>Total</b>	<b>1,194,897</b>	<b>1,184,825</b>	<b>10,072</b>	<b>1,193,535</b>	<b>(8,710)</b>	

## Notes

1. Includes reduction in establishment partially offset by impact of salary uplift for all employees and salary increments where applicable.



# Budget Report by Directorate - Human Resources

Draft Budget Summary - 2021/22 - 2022/23

	Historic Data	Proposed		Draft		Notes
	Budget 2020/21	Budget 2021/22	Variance 20/21 v 21/22	Budget 2022/23	Variance 21/22 v 22/23	
<b>EXPENDITURE</b>						
<b>Employee Costs</b>						
Salaries	218,036	196,367	21,669	200,288	(3,921)	1
Other Employee Costs	64,959	58,870	6,089	60,168	(1,298)	1
<b>Sub Total Employee Costs</b>	282,994	255,237	27,757	260,456	(5,219)	
<b>Supplies &amp; Services</b>	7,000	7,000	(0)	7,000	-	
<b>Total</b>	<b>289,994</b>	<b>262,237</b>	<b>27,757</b>	<b>267,456</b>	<b>(5,219)</b>	

## Notes

1. Includes transfer of a post to the Subway partially offset by impact of the salary uplift for all employees and salary increments where applicable.



# Budget Report by Directorate - Legal Services

Draft Budget Summary - 2021/22 - 2022/23

**EXPENDITURE**

**Employee Costs**

Salaries 251,737  
Other Employee Costs 76,246

**Sub Total Employee Costs**

**Supplies & Services**

**Transport & Plant Costs**

**Total**

Historic Data	Proposed		Draft		Notes
Budget 2020/21	Budget 2021/22	Variance 20/21 v 21/22	Budget 2022/23	Variance 21/22 v 22/23	
Salaries	251,737	(17,500)	274,622	(5,385)	1
Other Employee Costs	76,246	(8,595)	86,623	(1,782)	1
<b>Sub Total Employee Costs</b>	<b>327,983</b>	<b>(26,095)</b>	<b>361,245</b>	<b>(7,167)</b>	
<b>Supplies &amp; Services</b>	<b>2,000</b>	<b>0</b>	<b>2,000</b>	<b>-</b>	
<b>Transport &amp; Plant Costs</b>	<b>850</b>	<b>(0)</b>	<b>850</b>	<b>-</b>	
<b>Total</b>	<b>330,833</b>	<b>(26,095)</b>	<b>364,095</b>	<b>(7,167)</b>	

**Notes**

1. Includes increase in budgeted establishment for 2021/22 and also impact of salary uplift for all employees and salary increments where applicable.



# Budget Report by Directorate - Business Support

Draft Budget Summary - 2021/22 - 2022/23

	Historic Data	Proposed		Draft		Notes
	Budget 2020/21	Budget 2021/22	Variance 20/21 v 21/22	Budget 2022/23	Variance 21/22 v 22/23	
<b>EXPENDITURE</b>						
<b>Employee Costs</b>						
Salaries	166,454	170,460	(4,006)	173,776	(3,316)	1
Other Employee Costs	51,395	52,997	(1,602)	53,840	(842)	1
<b>Sub Total Employee Costs</b>	217,849	223,458	(5,608)	227,616	(4,159)	
<b>Supplies &amp; Services</b>	2,000	2,000	(0)	2,000	-	
<b>Transport &amp; Plant Costs</b>	500	500	(0)	500	-	
<b>Total</b>	<b>220,349</b>	<b>225,958</b>	<b>(5,609)</b>	<b>230,116</b>	<b>(4,159)</b>	

## Notes

1. Includes impact of salary uplift for all employees and salary increments where applicable.



# Budget Report by Directorate - Elected Members

Draft Budget Summary - 2021/22 - 2022/23

## EXPENDITURE

### Supplies & Services

### Transport & Plant Costs

### Third Party Payments

Other Third Party Payments

### Sub Total Third Party Payments

### Total

Historic Data	
	Budget 2020/21
	50,288
	4,500
	4,000
	4,000
	58,788

Proposed		Draft	
Budget 2021/22	Variance 20/21 v 21/22	Budget 2022/23	Variance 21/22 v 22/23
50,126	162	51,028	(903)
3,500	1,000	3,500	-
21,000	(17,000)	2,000	19,000
21,000	(17,000)	2,000	19,000
74,626	(15,838)	56,528	18,097

Notes

1

### Notes

1. Includes budget provision for ongoing consultancy support for elected members.



# Budget Report by Directorate - Contact Centre

Draft Budget Summary - 2021/22 - 2022/23

	Historic Data	Proposed		Draft		Notes
	Budget 2020/21	Budget 2021/22	Variance 20/21 v 21/22	Budget 2022/23	Variance 21/22 v 22/23	
<b>EXPENDITURE</b>						
<b>Employee Costs</b>						
Salaries	532,221	352,011	180,210	359,034	(7,023)	1
Overtime	4,500	4,500	(0)	4,500	-	
Other Employee Costs	141,778	93,584	48,194	95,862	(2,278)	1
<b>Sub Total Employee Costs</b>	678,499	450,095	228,404	459,396	(9,301)	
<b>Supplies &amp; Services</b>	71,500	56,600	14,900	56,600	-	
<b>Transport &amp; Plant Costs</b>	2,500	500	2,000	500	-	
<b>Third Party Payments</b>						
Other Third Party Payments	47,000	47,000	0	47,000	-	
<b>Sub Total Third Party Payments</b>	47,000	47,000	0	47,000	-	
<b>TOTAL EXPENDITURE</b>	<b>799,499</b>	<b>554,195</b>	<b>245,304</b>	<b>563,496</b>	<b>(9,301)</b>	
<b>INCOME</b>						
Agency Income - Agency Fee	(302,044)	(269,356)	(32,688)	(273,764)	4,408	2
Other Income	-	(40,000)	40,000	(40,000)	-	3
<b>TOTAL INCOME</b>	<b>(302,044)</b>	<b>(309,356)</b>	<b>7,312</b>	<b>(313,764)</b>	<b>4,408</b>	
<b>Net Total</b>	<b>497,455</b>	<b>244,839</b>	<b>252,616</b>	<b>249,732</b>	<b>(4,893)</b>	

## Notes

1. Includes reduction in establishment as a result of recent restructure which is partially offset by impact of salary uplift for all employees and salary increments where applicable.
2. Reduced recovery from Concessionary Travel Scheme for travel card unit costs in 2021/22 based on proposed travel card unit budget which incorporates the reduced establishment.
3. Budgeted income in respect of agency work recharged to Glasgow City Council for scheduling support.



## Budget Report by Directorate - Corporate

Draft Budget Summary - 2021/22 - 2022/23

	Historic Data	Proposed		Draft		Notes
	Budget 2020/21	Budget 2021/22	Variance 20/21 v 21/22	Budget 2022/23	Variance 21/22 v 22/23	
<b>EXPENDITURE</b>						
<b>Employee Costs</b>						
Salaries	44,929	-	44,929	-	-	
Other Employee Costs	(193,885)	174,676	(368,561)	97,000	77,676	1
<b>Sub Total Employee Costs</b>	(148,957)	174,676	(323,633)	97,000	77,676	
<b>Property Costs</b>						
Electricity	42,350	45,000	(2,650)	45,000	-	
Repairs and Maintenance	45,000	30,000	15,000	30,000	-	
Property Insurance	10,000	12,000	(2,000)	12,000	-	
Other Property Costs	371,061	317,990	53,071	322,990	(5,000)	2
<b>Sub Total Property Costs</b>	468,411	404,990	63,421	409,990	(5,000)	
<b>Supplies &amp; Services</b>	584,500	593,000	(8,500)	493,000	100,000	
<b>Third Party Payments</b>						
Communications	85,000	-	85,000	-	-	3
Other Third Party Payments	2,200,127	2,164,127	36,000	2,184,627	(20,500)	
<b>Sub Total Third Party Payments</b>	2,285,127	2,164,127	121,000	2,184,627	(20,500)	
<b>Financing Costs</b>						
Contribution to Subway Fund	10,423,087	5,200,000	5,223,087	5,070,000	130,000	4
Contribution to Capital Funded from Revenue	1,000,000	-	1,000,000	-	-	5
<b>Sub Total Financing Costs</b>	11,423,088	5,200,000	6,223,088	5,070,000	130,000	
<b>TOTAL EXPENDITURE</b>	<b>14,612,169</b>	<b>8,536,793</b>	<b>6,075,376</b>	<b>8,254,617</b>	<b>282,176</b>	
<b>INCOME</b>						
Agency Income - Agency Fee	(1,000,000)	(1,000,000)	(0)	(1,000,000)	-	6
Interest Received	(1,400,000)	(400,000)	(1,000,000)	(400,000)	-	7
Other Income	(422,500)	(333,500)	(89,000)	(422,500)	89,000	
<b>TOTAL INCOME</b>	<b>(2,822,500)</b>	<b>(1,733,500)</b>	<b>(1,089,000)</b>	<b>(1,822,500)</b>	<b>89,000</b>	
<b>Net Total</b>	<b>11,789,669</b>	<b>6,803,293</b>	<b>4,986,376</b>	<b>6,432,117</b>	<b>371,176</b>	

### Notes

- Increase relates to projected decrease in the vacancy time lag recovery based on trends relating to the average number of vacant posts in the establishment in previous financial years.
- Reduced costs associated with the climate change levy. The levy is now incorporated within electricity bills.
- Communications costs now shown within other third party payments.
- Significant reduction which brings risks to SPTs ability to ensure it has the resources available to respond to the challenges arising from the subway project.
- No planned revenue contribution to the Capital Budget – this has been necessary in previous years to supplement the reduced capital funding received.
- Interest received budget reduced due to reduction in interest rates and reduced cash balances.
- Incorporates budgeted reduction in corporate rental income for 2021/22.



## **Strathclyde Partnership for Transport Reserves Policy**

### **1.0 Introduction**

- 1.1 It is best practice that the Partnership has a documented and approved Reserves Policy.
- 1.2 Local Authority Accounting Practice (LAAP) Bulletin 99 published in July 2014 provides advice from CIPFA in respect of Local Authority Reserves and Balances. This guidance applies to the Partnership, as the Partnership follows local authority accounting rules.
- 1.3 The following Policy reflects the key messages from the LAAP Bulletin and also outlines the practical application.

### **2.0 LAAP Bulletin 99 – Main Messages**

- 2.1 In Scotland there are explicit statutory powers under Schedule 3 of the Local Government (Scotland) Act 1975 permitting Local Authorities to establish a Renewal and Repair Fund, an Insurance Fund and Capital Fund alongside a requirement to maintain a General Fund Reserve. These powers extend to the Partnership as well.
- 2.2 Within the General Fund Reserve, organisations are allowed to create specific funds earmarked for specific purposes, which are called earmarked reserves.
- 2.3 It is the duty of the Chief Finance Officer to report on the robustness of estimates and adequacy of reserves as part of their statutory duty. This requirement also needs to take account of the requirements of CIPFA's Prudential Code in respect of affordability when making recommendations about the Partnership's future Capital Programme.
- 2.4 The LAAP Bulletin makes it clear it is not the responsibility of External Auditors to prescribe the optimum or minimum level of reserves for organisations.
- 2.5 Whilst not prescribing a generally acceptable minimal level of reserves the LAAP Bulletin makes it clear that reserves should not be held without a clear purpose. This purpose however does include "a contingency to cushion the impact of unexpected events or emergencies".
- 2.7 In the case of Earmarked Reserves there should be a clear protocol setting out the purpose of the reserve, how and when the reserve can be used and a process for review of the reserve to ensure continuing relevance and adequacy.
- 2.8 The LAAP Bulletin concludes that "it is not normally prudent for reserves to be deployed to finance recurrent expenditure" and "where such action is taken it should be made explicit and an explanation given as to how such expenditure will be funded in the medium to long term"

### **3.0 Types of Reserves Operated by the Partnership**

#### **3.1 General Fund Reserve**

The General Fund Reserve is split between earmarked and non-earmarked reserves. As the name suggests the earmarked reserves are held for a specific purpose, but there is no restriction on whether the funds are spent on capital or revenue. The non-earmarked reserve is

SPTs true general reserve and is held as an organisational contingency. SPT's non earmarked reserve is targeted to be held at approximately three months of **operational income**.

### 3.2 Repairs and Renewals Fund

The Repairs and Renewals Fund is held to fund expenditure which relates directly to the repairing, maintaining, replacing works of plant, building or equipment. Utilisation of this fund can only be agreed as part of the annual budget process (or capital / revenue amendments).

### 3.3 Insurance Fund

The Insurance Fund can only be used to fund expenditure directly relating to insurance, including the costs of insurance excesses, premiums and risk management.

### 3.4 Capital Fund

The Capital Fund can be utilised to fund approved capital expenditure. Utilisation of this fund can only be agreed as part of the annual capital budget process (or capital amendments).

## 4.0 Governance of Reserves

4.1 It is important that there is clarity on the rules and responsibilities in respect of the governance of the Partnership's Funds and Reserves. The governance arrangements are: -

- Balances – The non-earmarked general fund balance will be held at approximately 3 months of Subway income. All other balances to be held at approved levels varied for any draws and additions. Balances will be reviewed annually as part of the budget setting process.
- Creation – With the exception of earmarked reserves all other reserves are statutory. The creation of a new earmarked reserve requires the approval of the Strategy & Programmes Committee. As a minimum a request to create a new earmarked reserve must include: -
  - a description of what the reserve is for;
  - the reason that the reserve is required;
  - the amount of reserve that is required;
  - timescales for the utilisation of the reserve; and
  - how the reserve will be funded.
- Additions – Where an addition to reserves is planned as part of the budget setting process it must be approved by the Partnership. In year additions to reserves must be approved by the Strategy and Programmes Committee.
- Draws – The utilisation of reserves must be approved by the Partnership as part of the Capital or Revenue budget process. Where the need to utilise a reserve arises in year it must be approved by the Strategy and Programmes Committee and reported to the Partnership.
- Reporting / Review – Reserve balance must be reported / reviewed annually as part of the budget setting process to the Partnership. Any amendments to reserves required following the review, will be proposed as part of the budget setting process. Where any amendments are being made to reserves or new reserves created in year the report to the Strategy and Programmes Committee must include details of all current reserve balances held.

Unapplied Capital Grants are excluded from the above governance arrangements as, although a cash reserve, the fund is simply utilised to account for capital grants between financial years.

## **5.0 Review**

The Reserves Policy requires to be reviewed and approved no less frequently than three yearly by the Strategy and Programmes Committee. The Assistant Chief Executive may review the Reserves Policy at any time where a change in the external or internal environment has had or is going to have a significant impact on the policy. Any changes to the policy must be presented to the Strategy and Programmes Committee with the revised Reserves Policy ultimately being approved by the Partnership.