



## Revenue Budget for 2022/23 – Update

**Date of meeting** 18 March 2022

**Date of report** 25 February 2022

### Report by Director of Finance & Corporate Support

#### 1. Object of report

Following consideration by the Strategy and Programmes Committee, to recommend the Partnership approve a balanced revenue budget for 2022/23, 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 & Programmes Committee.

#### 2. Background

Since the start of the pandemic in March 2020, members have received regular financial reports outlining the ongoing financial and organisational pressures arising from the ongoing pandemic, including government restrictions and messaging of essential travel only in certain periods over the last two years. Members are also aware of the measures taken by SPT over the last two financial years that have been necessary to minimise the disruption to SPT arising from this financial instability.

At present after a challenging winter period with the emergence of the Omicron variant there is a renewed hope as we move into the new financial year that the recovery stage of the pandemic will begin. The recent announcement by the Scottish Government that the majority of legal restrictions relating to Covid will be removed in the weeks and months ahead reinforces this view. The 2022/23 budget is being prepared on this basis with a positive outlook albeit with a lot of unknowns as we move into the future. 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:

- With restrictions beginning to be eased in full, will this provide more certainty around patronage numbers, trends and revenue plans,
- How much the anticipated shift by businesses from full time office working to a hybrid model will impact on Subway patronage numbers;
- The plans for easing support to commercial bus operators and the impact this will have on services linking communities not served by commercial networks, and
- Uncertainty, whether the income loss support grant made available from Transport Scotland since 2020/21, will continue and if so at what level.

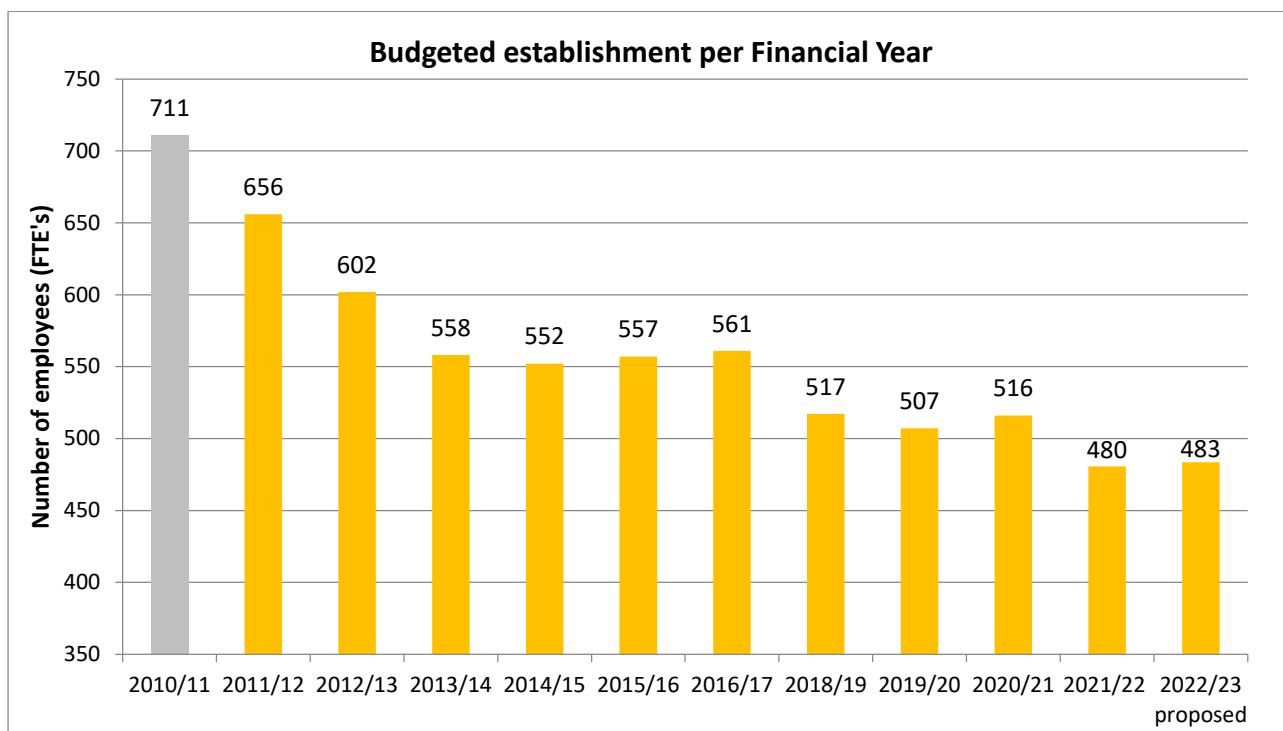
Notwithstanding the above uncertainties, financial planning for 2022/23 and beyond has endeavoured to take account of the current environment and pressures being faced, but also anticipating some of the pressures that may be brought to bear from the external environment. As a result, the proposed draft 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 transitional plans for the Subway as we move from old to new rolling stock and updated associated working practices.

In addition, looking beyond the pandemic, SPT plans to continue to invest in new digital solutions for transport information, 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. The recent announcement of the Strategic Transport Project Review is very encouraging and SPT will provide our support and transport expertise to the initial work on the Clyde Metro scheme as a key stakeholder, and is now considering the resource requirement to fully contribute to the significant challenge ahead.

Over the last 10 financial years SPT has continued to contribute resource to the Subway Fund within our revenue funding envelope. The purpose of this fund is to 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 or a one-off significant funding request. The subway fund has been a key element in SPT's plans, to support its contribution to the subway project (£46m), as well as funding infrastructure works and revenue costs arising from the project including organisational change costs, training and development of the new asset base, as well as scheduled major refurbishments to maintain the asset for a life of up to 40 years.

At this stage and based on an assessment of projected future Subway costs, and immediate financial pressures elsewhere in SPT, the current fund balance is at a level which allows SPT to pause contributions to the fund in 2022/23 in order to ensure SPT achieves a balanced budget position for 2022/23. The Subway Fund balance will be reviewed annually and further contributions may be required to be made in future financial years to support Subway long term planning. More certainty with regard to long term financial planning will hopefully become clearer as we move into the next phase of the pandemic recovery in 2022 and it is planned that an update to the long term financial strategy (LTFS) will be provided to members during the 2022/23 financial year.

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 and to ensure SPT is a lean, efficient organisation. The chart below shows the reduction in FTE's from 2010/11 to the proposed establishment for 2022/23. As can be seen there has been significant reductions over years with the proposed full time equivalent staff numbers for 2022/23 being 228 less than 2010/11 or 32%. However, in demonstrating this, like many organisations during the pandemic SPT, in light of revenue budget and funding pressures applied a recruitment freeze. This naturally brought pressures on some areas of the organisation. However, it is planned moving forward that current vacant posts will be recruited in line with departmental plans and business needs remaining mindful at all times of the financial environment.



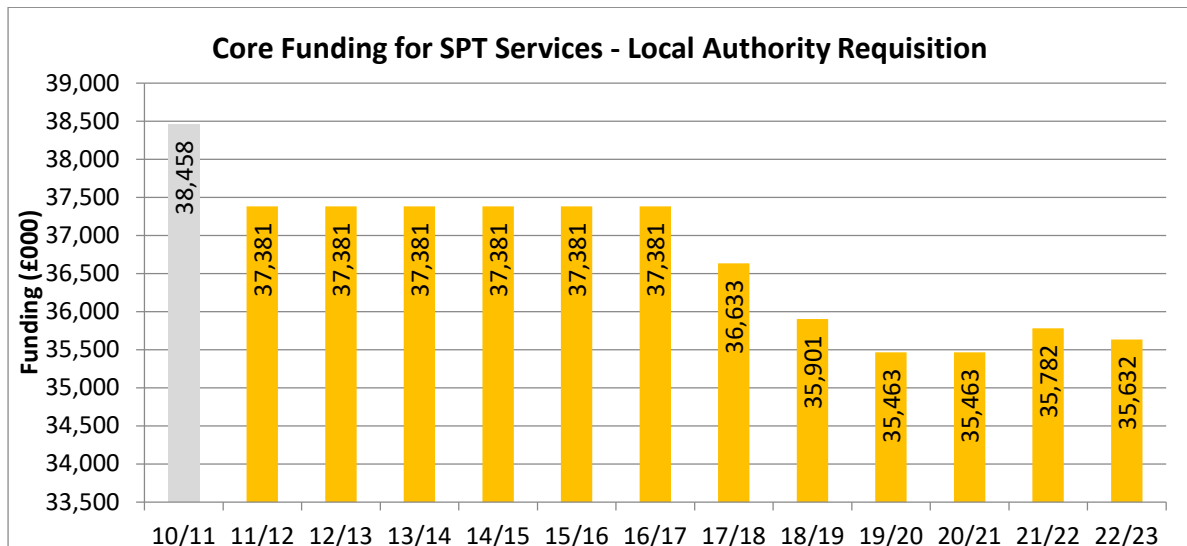
### 3. Current Position

As noted the Scottish Government has again announced a one-year budget and local government settlement. SPT has actively engaged with both the local authorities and the Scottish Government throughout the budget setting process. Discussions with local authority Directors of Finance have now concluded and as previously agreed and in line with the change in the Scotland-wide local government settlement floor calculation, a cash reduction of 0.42% to the SPT requisition has been confirmed.

Transport Scotland have also confirmed the continuation of their revenue support grant of £0.649m.

The current budget has been prepared whilst taking account of the external environment. The level of requisition is reduced by 0.42% compared to 2021/22. As a result, funding from local authorities will be £35.632m in 2022/23. Since 2010/11 the cumulative reduction in the local authorities' requisition to 2022/23 is £2.826m.

With such reductions making a step change in some services such as funding socially necessary bus services is becoming more challenging. The chart below demonstrates the changes over the last decade and confirms that funding for transport still remains a significant challenge. Against the backdrop of reduced funding, SPT has had to absorb inflation – this is estimated to be £9.7m over the same period.



The proposed requisition for 2022/23 split by local authority can be seen in Appendix 1.

The proposed draft revenue budget for 2022/23 can be found at Appendix 2 – and is a balanced budget at this stage. It has been prepared on the assumption that as Covid restrictions ease, Subway passenger numbers will increase and generate increased Subway income compared to 2020/21 and 2021/22. It has also been drafted after a comprehensive review of all expenditure lines, taking into account known cost pressures including increases in electricity, staff costs and supported services costs including the significant impact of inflation. At this stage there is no allocation in the Scottish Budget for Covid support grant for light rail operators in 2022/23. However, if the Scottish Government require to react to new variants by implementing new or additional restrictions, which impact on SPT's ability to generate planned income over a significant period of time then SPT would in all likelihood require proportionate funding from the Scottish Government to achieve a balanced budget position and would as a consequence need to make its case for financial support. Members' attention is drawn to the following:

- in undertaking the budget preparation, a number of scenarios have been considered for income levels – the attached budget projection is based on a prudent approach given the number of unknowns regarding the full lifting of restrictions and incorporates passenger levels achieved in 2021/22. Specifically, this cautious approach assumes subway patronage will be based on patronage levels achieved in October and November 2021 which reached 70% to 75% of pre-Covid levels. This was just prior to the emergence of the Omicron variant which resulted in additional restrictions in December and a drop in patronage to 58% of pre-Covid levels.

It is anticipated that this percentage will increase from February onwards as a result of new guidance from the Scottish Government changing the 'work from home' message to a hybrid working model. The budget also incorporates a modest increase in Subway fares – the first since April 2019. Details of which can be found in section 4 below.

- the budget also acknowledges the will be negative impact to passenger numbers and Subway income from the introduction of free bus travel for under 22's (Young Persons' Free Bus Travel Scheme). It is difficult to quantify how significant the impact will be in 2022/23 in the absence of actual data but a phased reduction across the year culminating at 50% of under 22 patronage by the end of 2022/23 is assumed and the Subway income budget reflects this. The Transport Minister Jenny Gilruth has agreed to meet SPT and Transport for Edinburgh to discuss this issue.

As mentioned above Scottish Government Covid support is not assumed at this stage for 2022/23 and SPT would need to make its case for further support if it was required. The actual position for 2022/23 will clearly be dependent upon the restrictions in place, customer behaviours and support to public transport but based on current information is considered to be a balanced approach;

- the subsidised bus budget has been maintained at the same levels as 2021/22 but this has only been possible by reducing other budget lines. The budget reflects the current commitments and also gives SPT flexibility to react to increased demand for My Bus as Covid restrictions ease in line with Scottish Government guidance. The budget also includes provision for inflationary increases in line with conditions of contract and assumes increases in contract renewals.

In challenging times SPT has worked hard to protect the subsidised bus budget understanding the importance of supporting bus services in the SPT area. However, this budget only allows for minimal scope to absorb the pressures that may arise from the pandemic recovery and the impact of reduced financial support to commercial operators from government. This could create increased demand for SPT to provide further support, with network gaps in the bus market potentially arising as commercial operators withdraw services. SPT will continue to monitor this risk, however any significant increased demand may not be directly affordable within the anticipated resource availability in the next financial year.

- an increase in staff costs from £22.9m to £24.2m – the budget includes an allowance for the adoption of the public sector pay award framework and also takes account of the planned increase in employer national insurance contributions of 1.25% due to be implemented in April 2022. Employee levels remain relatively static compared to 2021/22 after a period of significant reductions.
- an increase in third party payments budget from £6.6m to £9.5m. The increased budget incorporates additional costs associated with the Subway TSSSA contract in line with the payment profile. It also includes increased computer maintenance costs, consultancy costs and a corporate provision to shield SPT from changes in the bus market and the effects of inflation increases – which is currently 5.5% and forecast to increase further over the coming months. This budget will also assist SPT in supporting/resourcing new projects like Clyde Metro.
- 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 but with the current revenue budget pressures is not considered to be affordable, and
- a pause in contributions to the subway fund from £5.2m to zero. The Subway Fund balance will be reviewed annually and further contributions may be required to be made in future financial years to support Subway long term planning. At this stage no contributions are planned for either 2022/23 or 2023/24. This is a significant reduction which does bring risks to SPTs ability to ensure it has the resources available to respond to any new challenges arising from the subway project without seeking additional resources from local authority partners. However, this reduction is proposed based on an assessment of current Subway Fund balances and future Subway funding commitments and estimates.

Taking all of the above into account, 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. However, this work will continue into 2022/23 as restrictions ease and new scheme's such as under 22 free bus travel begin for which the impact to SPT is likely to be significant but not fully known at this stage.

#### 4. 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 that it provides 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 stakeholders.

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. As can be seen from the table below, which details all subway fares, only modest changes have been proposed to fares with no changes to park and ride charges. The car park equipment is due to be replaced with a new system during 2022/23 and any park and ride fare changes will be considered post implementation. The last change to Subway fares was in April 2019 and SPT have absorbed all additional cost and income pressures during the pandemic without passing these costs onto passengers. A fare increase was approved for 2020/21 but was suspended with the onset of the Covid pandemic. It is proposed that implementation of these proposed fares be scheduled for January 2023 to align to other rail operator's fare increases.

<b>Smart Pay As You Go (PAYG)</b>	<b>Current Fare</b>	<b>Proposed Fare</b>	<b>Change</b>
Adult Single	£1.55	£1.60	£0.05
Adult Daily Cap	£3.00	£3.10	£0.10
Child Single	£0.80	£0.80	No change
Child Daily Cap	£1.50	£1.55	£0.05
Concession Single	£1.00	£1.00	Set by SCTC
Concession Return	£1.50	£1.50	Set by SCTC
<b>Disposable</b>	<b>Current Fare</b>	<b>Proposed Fare</b>	<b>Change</b>
Adult Single	£1.75	£1.80	£0.05
Adult Return	£3.30	£3.40	£0.10
Adult Daily	£4.20	£4.30	£0.10
Child Single	£0.80	£0.85	£0.05
Child Return	£1.55	£1.60	£0.05
Child Daily	£2.10	£2.15	£0.05
<b>Season Tickets – Online Purchase</b>	<b>Current Fare</b>	<b>Proposed Fare</b>	<b>Change</b>
Adult 7 day	£13.00	£13.50	£0.50
Adult 28 day	£50.00	£52.00	£2.00
Adult 10 week	£120.00	£125.00	£5.00
Adult 6 month	£250.00	£260.00	£10.00
Adult Annual	£450.00	£470.00	£20.00
Child 7 day	£6.50	£6.50	No change
Child 28 day	£25.00	£25.00	No change
Child 10 week	£60.00	£60.00	No change
Child 6 month	£125.00	£125.00	No change
Child Annual	£225.00	£225.00	No change
<b>Season Tickets (in stations)</b>	<b>Current Fare</b>	<b>Proposed Fare</b>	<b>Change</b>
Adult 7 day	£14.00	£14.50	£0.50

Adult 28 day	£54.00	£56.00	£2.00	
Adult 6 month	£270.00	£275.00	£5.00	
Adult Annual	£485.00	£490.00	£5.00	
Child 7 day	£7.00	£7.00	No change	
Child 28 day	£27.00	£27.00	No change	
Child 6 month	£135.00	£135.00	No change	
Child Annual	£245.00	£245.00	No change	
<b>Park and Ride</b>	<b>Current Fare</b>	<b>Proposed Fare</b>	<b>Change</b>	
Park and Ride (all day disposable)	£5.70	£5.70	No change to park and ride fares. These will be reviewed post implementation of new car park equipment.	
Park and Ride (all day STR)	£5.70	£5.70		
STR parking only - 30 minutes	£0.60	£0.60		
STR parking only - 1 hour	£1.20	£1.20		
STR parking only - 2 hours	£2.70	£2.70		
STR parking only - all day	£5.70	£5.70		
Parking only - 28 days	£53.00	£53.00		
Park and Ride - 7 day season ticket	£27.00	£27.00		
Park and Ride - 28 day season ticket	£105.00	£105.00		
Park and Ride - 6 month season ticket	£540.00	£540.00		
Park and Ride - annual season ticket	£960.00	£960.00		
Lost ticket fee	£3.20	£3.20		No change
Overstay day rate	£5.70	£5.70		No change
Season add on	£2.70	£2.70	No change	

In budgeting for Subway income, consideration is given to many factors – fare increases, current and trending patronage levels, plans which may inadvertently risk service disruption, reliability of current aged assets and likelihood of unplanned disruptions, and general economic and market conditions. Whilst a fares increase is never welcome the average increase to fares affected is just over 3% which is below the current level of inflation.

In addition to Subway fares there are a number of other fees and charges applicable at Bus Stations and apply to Subsidised Bus Services. At this stage it is not proposed to change the fares, fees and charges of other SPT services given the level of uncertainty and the ongoing challenges in the bus market. However, they will be reviewed during 2022/23.

## 5. 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<sup>st</sup> March 2022 are detailed in Appendix 3b. It is anticipated, based on the current revenue position for 2021/22 that there will additions to the Rolling Stock, Signalling and Associated Equipment Fund and also to the Non-earmarked reserve.

One minor change is proposed to the reserves policy, which can be found at Appendix 3a. The proposed change in the policy document is to update the targeted level of non-earmarked

reserves to be based on all operational income for a period of approximately 6 months. The change reflects the reality that SPT relies on income from across the organisation and that as result of our experiences over the last 2 years due to Covid, particularly the first quarter of 2020/21, that it is prudent to do so. The proposed amendment to the policy is highlighted and shown under section 3.1 of Appendix 3a.

Any further changes to the reserves policy will be considered as part of the review of the LTFS planned to be reported to members in 2022/23. The aim is for this to allow for longer term planning from a stronger baseline, taking into account specific organisational plans including from the new Regional Transport Strategy due to be delivered in 2022/23.

## 6. Conclusions

The draft revenue budget for 2022/23 has been drafted taking cognisance of SPT's and our partners priorities and links planned spend to desired outcomes but also the current external environment which all public sector organisations have been faced over the last two years. There is still clearly a lot of unknowns as we hopefully move towards the recovery phase of the pandemic. The financial challenges continue and SPT continues to work closely with local authorities to bring about a stable, sustainable financial position.

Significant reductions have been built into the 2022/23 budget and through this a balanced budget has been achieved. No income loss grant for 2022/23 has been assumed at this stage although we will work closely with Transport Scotland during this challenging recovery period and keep them informed of SPT's financial position. The draft budget reflects the difficulties faced by SPT and the likelihood of considerable pressures continuing in 2022/23.

## 7. Partnership Action

The Partnership is recommended to:

- consider and approve the attached draft revenue budget for 2022/23 of £36.281m, with detail in Appendix 2;
- noting the cash reduction from local authority requisitions of 0.42%, with detail in Appendix 1;
- approve an increase to Subway fares in January 2023 as outlined in section 4;
- approve the update to the Reserves Policy in Appendix 3a; and
- note the current and projected reserve balances as detailed in Appendix 3b.

## 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

*Balanced budget dependent on strong financial management.*

**Name** Neil Wylie  
**Title** **Director of Finance & Corporate Support**

**Name** Valerie Davidson  
**Title** **Chief Executive**

For further information, please contact *Neil Wylie, Director of Finance & Corporate Support* on *0141 333 3380*.



# Proposed Council Requisition - SPT

Financial Year 2022/23

	Requisition Financial Year 2021/22	Proposed Financial Year 2022/23
Argyll and Bute	408,906	404,979
East Ayrshire	1,949,014	1,933,720
East Dunbartonshire	1,735,439	1,729,376
East Renfrewshire	1,526,017	1,527,575
Glasgow	10,113,596	10,108,141
Inverclyde	1,242,794	1,225,432
North Ayrshire	2,152,366	2,134,884
North Lanarkshire	5,453,118	5,424,912
Renfrewshire	2,860,982	2,852,715
South Ayrshire	1,798,856	1,783,284
South Lanarkshire	5,120,215	5,101,778
West Dunbartonshire	1,420,587	1,404,810
<b>Total Requisition</b>	<b>35,781,890</b>	<b>35,631,606</b>

1. The above is based on a reduction of 0.42% in 2022/23 compared with 2021/22.
2. Change in % allocation to Councils due to update on the latest Mid Point population survey (mid-2020)
3. SPT covers the Helensburgh and Lomond area of Argyll and Bute.



# Budget Report by Division

Draft Budget Summary - 2022/23 - 2023/24

	Historic Data	Proposed		Draft	
	Budget 2021/22	Budget 2022/23	Variance 21/22 v 22/23	Budget 2023/24	Variance 22/23 v 23/24
<b>Chief Executive</b>					
Policy & Strategy Cabinet	446,003	518,300	(72,296)	529,291	(10,991)
	474,784	306,620	168,164	312,578	(5,958)
<b>Total Chief Executive</b>	920,787	824,920	95,868	841,869	(16,949)
<b>Operations</b>					
Subway	16,659,577	10,901,209	5,758,368	11,949,209	(1,047,999)
Bus Operations	16,751,913	16,819,102	(67,189)	17,046,107	(227,006)
Projects	351,757	424,074	(72,317)	439,507	(15,433)
Health and Safety	171,109	177,842	(6,733)	182,482	(4,640)
Customer Standards	569,635	580,521	(10,886)	591,041	(10,520)
<b>Total Operations</b>	34,503,991	28,902,748	5,601,242	30,208,346	(1,305,598)
<b>Business Support</b>					
Finance	1,334,742	1,366,490	(31,749)	1,402,854	(36,364)
Digital	1,184,825	1,217,469	(32,644)	1,252,552	(35,083)
Human Resources	262,237	276,905	(14,668)	283,174	(6,269)
Legal Services	356,928	310,619	46,309	319,895	(9,277)
Business Support	225,958	232,695	(6,738)	237,263	(4,567)
Elected Members	74,626	55,643	18,983	55,746	(103)
Contact Centre	192,339	238,247	(45,908)	243,748	(5,502)
Corporate	1,655,793	2,855,369	(1,199,576)	1,435,658	1,419,711
<b>Total Business Support</b>	5,287,447	6,553,438	(1,265,991)	5,230,892	1,322,546
<b>Contribution to Subway Fund</b>	5,200,000	-	5,200,000	-	-
<b>Net Total</b>	<b>45,912,225</b>	<b>36,281,106</b>	<b>9,631,119</b>	<b>36,281,106</b>	<b>(0)</b>
<b>Funded by:</b>					
SPT Requisition	35,781,890	35,631,606	(150,284)	35,631,606	-
RTP Core Funding	649,500	649,500	-	649,500	-
Estimated Covid Support Grant	9,480,835	-	(9,480,835)	-	-
<b>Total Funding</b>	<b>45,912,225</b>	<b>36,281,106</b>	<b>(9,631,119)</b>	<b>36,281,106</b>	<b>-</b>
<b>Difference</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



## Revenue Monitoring Report

Draft Budget Summary - 2022/23 - 2023/24

	Historic Data		Proposed		Draft		Notes
	Budget 2021/22		Budget 2022/23	Variance 21/22 v 22/23	Budget 2023/24	Variance 22/23 v 23/24	
<b>EXPENDITURE</b>							
<b>Employee Costs</b>							
Salaries	17,176,891		17,971,040	(794,149)	18,102,567	(131,527)	1 Includes impact of small increase to establishment, salary uplift for all employees and salary increments where applicable.
Overtime	671,040		615,040	56,000	615,040	-	
Other Employee Costs	5,137,670		5,444,660	(306,990)	5,574,874	(130,214)	2 Includes costs associated with the national insurance increase partially offset by a reduction in costs due to an increase in the vacancy time lag adjustment.
<b>Sub Total Employee Costs</b>	<b>22,985,601</b>		<b>24,030,740</b>	<b>(1,045,139)</b>	<b>24,292,481</b>	<b>(261,741)</b>	
<b>Property Costs</b>							
Electricity	1,926,251		2,198,439	(272,188)	2,413,945	(215,506)	3 Increase based on projections provided by Procurement Scotland for estimated electricity rates increases.
Repairs and Maintenance	438,000		432,000	6,000	432,000	-	
Property Insurance	381,000		381,000	-	381,000	-	
Other Property Costs	3,674,793		3,719,849	(45,055)	3,800,373	(80,525)	4 Incorporates increased contract costs and increased inflation rate impact.
<b>Sub Total Property Costs</b>	<b>6,420,045</b>		<b>6,731,288</b>	<b>(311,243)</b>	<b>7,027,319</b>	<b>(296,031)</b>	
<b>Supplies &amp; Services</b>	<b>1,913,006</b>		<b>2,077,408</b>	<b>(164,402)</b>	<b>2,058,490</b>	<b>18,918</b>	5 The main budget increase relates to increased ticketing costs based on current stock balances and anticipated patronage numbers. This is partially offset by the removal of a 2021/22 budget for COP26.
<b>Transport &amp; Plant Costs</b>	<b>110,550</b>		<b>136,550</b>	<b>(26,000)</b>	<b>136,550</b>	<b>-</b>	6 Increase reflects planned investment in current bus fleet.
<b>Third Party Payments</b>							
Bus Operator Payments	13,361,737		13,361,737	-	13,361,737	-	7 This budget is retained at a same level as 2021/22 and reflects current commitments with provision to increase My Bus capacity if demand increases. However it leaves limited scope to absorb any significant changes that may arise from the pandemic recovery and if support to commercial operators from government is potentially reduced.
Communications	359,000		359,000	-	359,000	-	8 Includes additional costs associated with the TSSSA contract in line with the payment profile. It also incorporates increased computer maintenance costs, consultancy costs and a corporate provision to shield SPT from the potential effects of inflation increases and changes in the bus market. Also to assist SPT in supporting/resourcing new projects like Glasgow Metro.
Other Third Party Payments	6,581,998		9,538,370	(2,956,372)	9,078,302	460,068	
<b>Sub Total Third Party Payments</b>	<b>20,302,735</b>		<b>23,259,107</b>	<b>(2,956,372)</b>	<b>22,799,039</b>	<b>460,068</b>	
<b>Financing Costs</b>							
Contribution to Subway Fund	5,200,000		-	5,200,000	-	-	9 This reduction represents a pause in contributions to this fund based on an assessment of balances held aligned to the long terms plans for the Subway. This will be reviewed on an annual basis.
<b>Sub Total Financing Costs</b>	<b>5,200,000</b>		<b>-</b>	<b>5,200,000</b>	<b>-</b>	<b>-</b>	
<b>TOTAL EXPENDITURE</b>	<b>56,931,937</b>		<b>56,235,093</b>	<b>696,844</b>	<b>56,313,879</b>	<b>(78,785)</b>	
<b>INCOME</b>							
Subway Income	(6,733,346)		(14,548,560)	7,815,214	(14,686,893)	138,333	10 Budget reflects increase in line with current year income and includes a reduction for the impact of U22 free bus travel. The projection incorporates a prudent estimate of patronage increases as restrictions ease.
Bus Station Income	(2,068,509)		(2,225,081)	156,571	(2,157,531)	(67,550)	11 Increased income projected under rental income and parking fees based on current 2021/22 income. Also incorporates increased external funding for supported bus services.
Agency Income - Agency Fee	(1,484,356)		(1,488,347)	3,991	(1,496,348)	8,002	
Interest Received	(400,000)		(1,300,000)	900,000	(1,300,000)	-	12 Interest received budget increased due to an increase in interest rates and current cash balances.
Other Income	(333,500)		(392,000)	58,500	(392,000)	-	13 Incorporates budgeted increase in corporate rental income for 2022/23.
<b>TOTAL INCOME</b>	<b>(11,019,712)</b>		<b>(19,953,987)</b>	<b>8,934,276</b>	<b>(20,032,772)</b>	<b>78,785</b>	
<b>Net Total</b>	<b>45,912,225</b>		<b>36,281,106</b>	<b>9,631,119</b>	<b>36,281,106</b>	<b>0</b>	



# Budget Report by Directorate - Policy & Strategy

Draft Budget Summary - 2022/23 - 2023/24

	Historic Data	Proposed		Draft		Notes
	Budget 2021/22	Budget 2022/23	Variance 21/22 v 22/23	Budget 2023/24	Variance 22/23 v 23/24	
<b>EXPENDITURE</b>						
<b>Employee Costs</b>						
Salaries	332,076	384,798	(52,723)	392,582	(7,784)	1
Other Employee Costs	101,428	121,001	(19,573)	124,209	(3,207)	1
<b>Sub Total Employee Costs</b>	433,503	505,800	(72,296)	516,791	(10,991)	
<b>Supplies &amp; Services</b>	1,000	1,000	-	1,000	-	
<b>Transport &amp; Plant Costs</b>	1,500	1,500	-	1,500	-	
<b>Third Party Payments</b>						
Communications	10,000	10,000	-	10,000	-	
<b>Sub Total Third Party Payments</b>	10,000	10,000	-	10,000	-	
<b>Total</b>	<b>446,003</b>	<b>518,300</b>	<b>(72,296)</b>	<b>529,291</b>	<b>(10,991)</b>	

## Notes

1. Increase incorporates one new post budgeted, the impact of salary uplift for all employees, salary increments where applicable and the national insurance increase.



# Budget Report by Directorate - Cabinet

Draft Budget Summary - 2022/23 - 2023/24

	Historic Data	Proposed		Draft		Notes
	Budget 2021/22	Budget 2022/23	Variance 21/22 v 22/23	Budget 2023/24	Variance 22/23 v 23/24	
<b>EXPENDITURE</b>						
<b>Employee Costs</b>						
Salaries	355,849	226,730	129,119	231,164	(4,435)	1
Other Employee Costs	112,935	73,890	39,045	75,414	(1,523)	1
<b>Sub Total Employee Costs</b>	468,784	300,620	168,164	306,578	(5,958)	
<b>Supplies &amp; Services</b>	3,000	3,000	-	3,000	-	
<b>Transport &amp; Plant Costs</b>	3,000	3,000	-	3,000	-	
<b>Total</b>	<b>474,784</b>	<b>306,620</b>	<b>168,164</b>	<b>312,578</b>	<b>(5,958)</b>	

## Notes

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



## Budget Report by Directorate - Subway

Draft Budget Summary - 2022/23 - 2023/24

	Historic Data	Proposed		Draft		Notes
	Budget 2021/22	Budget 2022/23	Variance 21/22 v 22/23	Budget 2023/24	Variance 22/23 v 23/24	
<b>EXPENDITURE</b>						
<b>Employee Costs</b>						
Salaries	9,698,548	10,214,991	(516,443)	10,424,241	(209,251)	1
Overtime	608,040	565,040	43,000	565,040	-	
Other Employee Costs	2,834,980	3,142,528	(307,548)	3,212,797	(70,269)	1
<b>Sub Total Employee Costs</b>	13,141,568	13,922,559	(780,991)	14,202,078	(279,519)	
<b>Property Costs</b>						
Electricity	1,664,213	1,862,095	(197,882)	2,048,304	(186,209)	2
Property Insurance	350,000	350,000	-	350,000	-	3
Other Property Costs	2,103,426	2,142,340	(38,914)	2,173,483	(31,143)	3
<b>Sub Total Property Costs</b>	4,117,639	4,354,435	(236,796)	4,571,787	(217,352)	
<b>Supplies &amp; Services</b>	1,701,945	1,905,500	(203,555)	1,910,500	(5,000)	4
<b>Transport &amp; Plant Costs</b>	22,500	17,000	5,500	17,000	-	
<b>Third Party Payments</b>						
Bus Operator Payments	25,400	25,400	-	25,400	-	
Other Third Party Payments	4,383,871	5,224,875	(841,004)	5,909,337	(684,462)	5
<b>Sub Total Third Party Payments</b>	4,409,271	5,250,275	(841,004)	5,934,737	(684,462)	
<b>TOTAL EXPENDITURE</b>	<b>23,392,923</b>	<b>25,449,769</b>	<b>(2,056,846)</b>	<b>26,636,102</b>	<b>(1,186,333)</b>	
<b>INCOME</b>						
Subway Income	(6,733,346)	(14,548,560)	7,815,214	(14,686,893)	138,333	6
<b>TOTAL INCOME</b>	<b>(6,733,346)</b>	<b>(14,548,560)</b>	<b>7,815,214</b>	<b>(14,686,893)</b>	<b>138,333</b>	
<b>Net Total</b>	<b>16,659,577</b>	<b>10,901,209</b>	<b>5,758,368</b>	<b>11,949,209</b>	<b>(1,047,999)</b>	

### Notes

1. Includes impact of small increase to establishment, salary uplift for all employees, salary increments where applicable and the national insurance increase.
2. Increase based on projections provided by Procurement Scotland for estimated electricity rates increases.
3. Incorporates increased contract costs and increased inflation rate impact.
4. The main budget increase relates to increased ticketing costs based on current stock balances and anticipated patronage numbers. The 2021/22 budget was reduced due to covid.
5. Includes additional costs associated with the TSSSA contract in line with the payment profile.
6. Budget reflects increase in line with current year income and includes a reduction for the impact of U22 free bus travel. The projection incorporates a prudent estimate of patronage increases as restrictions ease.



## Budget Report by Directorate - Bus Operations

Draft Budget Summary - 2022/23 - 2023/24

	Historic Data	Proposed		Draft		Notes
	Budget 2021/22	Budget 2022/23	Variance 21/22 v 22/23	Budget 2023/24	Variance 22/23 v 23/24	
<b>EXPENDITURE</b>						
<b>Employee Costs</b>						
Salaries	2,585,952	2,681,134	(95,182)	2,743,567	(62,433)	1
Overtime	40,500	34,500	6,000	34,500	-	
Other Employee Costs	749,618	807,849	(58,231)	829,295	(21,446)	1
<b>Sub Total Employee Costs</b>	<b>3,376,070</b>	<b>3,523,483</b>	<b>(147,413)</b>	<b>3,607,362</b>	<b>(83,879)</b>	
<b>Property Costs</b>						
Electricity	217,039	249,594	(32,556)	274,554	(24,959)	2
Repairs and Maintenance	408,000	407,000	1,000	407,000	-	
Property Insurance	19,000	19,000	-	19,000	-	
Other Property Costs	1,253,377	1,253,669	(291)	1,301,786	(48,117)	
<b>Sub Total Property Costs</b>	<b>1,897,416</b>	<b>1,929,263</b>	<b>(31,847)</b>	<b>2,002,340</b>	<b>(73,077)</b>	
<b>Supplies &amp; Services</b>	<b>46,000</b>	<b>48,000</b>	<b>(2,000)</b>	<b>48,000</b>	<b>-</b>	
<b>Transport &amp; Plant Costs</b>	<b>66,600</b>	<b>98,100</b>	<b>(31,500)</b>	<b>98,100</b>	<b>-</b>	3
<b>Third Party Payments</b>						
Bus Operator Payments	13,336,337	13,336,337	-	13,336,337	-	4
Communications	4,000	4,000	-	4,000	-	
Other Third Party Payments	269,000	290,000	(21,000)	295,000	(5,000)	
<b>Sub Total Third Party Payments</b>	<b>13,609,337</b>	<b>13,630,337</b>	<b>(21,000)</b>	<b>13,635,337</b>	<b>(5,000)</b>	
<b>TOTAL EXPENDITURE</b>	<b>18,995,423</b>	<b>19,229,183</b>	<b>(233,760)</b>	<b>19,391,138</b>	<b>(161,956)</b>	
<b>INCOME</b>						
Bus Operations Income	(2,068,509)	(2,225,081)	156,571	(2,157,531)	(67,550)	5
Agency Fee Income - Councils	(175,000)	(185,000)	10,000	(187,500)	2,500	
<b>TOTAL INCOME</b>	<b>(2,243,509)</b>	<b>(2,410,081)</b>	<b>166,571</b>	<b>(2,345,031)</b>	<b>(65,050)</b>	
<b>Net Total</b>	<b>16,751,913</b>	<b>16,819,102</b>	<b>(67,189)</b>	<b>17,046,107</b>	<b>(227,006)</b>	

### Notes

1. Includes impact of salary uplift for all employees, salary increments where applicable and the national insurance increase.
2. Increase based on projections provided by Procurement Scotland for estimated electricity rates increases.
3. Increase reflects planned investment in current bus fleet.
4. This budget is retained at a same level as 2021/22 and reflects current commitments with provision to increase My Bus capacity if demand increases. However it leaves limited scope to absorb any significant changes that may arise from the pandemic recovery and if support to commercial operators from government is potentially reduced.
5. Increased income projected under rental income and parking fees based on current 2021/22 income. Also incorporates increased external funding for supported bus services.





# Budget Report by Directorate - Projects

Draft Budget Summary - 2022/23 - 2023/24

	Historic Data	Proposed		Draft		Notes
	Budget 2021/22	Budget 2022/23	Variance 21/22 v 22/23	Budget 2023/24	Variance 22/23 v 23/24	
<b>EXPENDITURE</b>						
<b>Employee Costs</b>						
Salaries	745,089	751,742	(6,653)	781,109	(29,367)	1
Other Employee Costs	228,433	238,267	(9,834)	248,355	(10,088)	1
<b>Sub Total Employee Costs</b>	973,522	990,009	(16,487)	1,029,464	(39,454)	
<b>Supplies &amp; Services</b>	(626,765)	(570,935)	(55,830)	(594,956)	24,022	2
<b>Transport &amp; Plant Costs</b>	5,000	5,000	-	5,000	-	
<b>Net Total</b>	<b>351,757</b>	<b>424,074</b>	<b>(72,317)</b>	<b>439,507</b>	<b>(15,433)</b>	

## Notes

1. Includes impact of salary uplift for all employees, salary increments where applicable and the national insurance increase.
2. Reduction in capitalised salaries due to support being provided for non capital projects.



# Budget Report by Directorate - Health and Safety

Draft Budget Summary - 2022/23 - 2023/24

	Historic Data	Proposed		Draft		Notes
	Budget 2021/22	Budget 2022/23	Variance 21/22 v 22/23	Budget 2023/24	Variance 22/23 v 23/24	
<b>EXPENDITURE</b>						
<b>Employee Costs</b>						
Salaries	130,737	134,748	(4,010)	138,153	(3,405)	1
Other Employee Costs	39,572	42,295	(2,722)	43,530	(1,235)	1
<b>Sub Total Employee Costs</b>	170,309	177,042	(6,733)	181,682	(4,640)	
<b>Supplies &amp; Services</b>	600	600	-	600	-	
<b>Transport &amp; Plant Costs</b>	200	200	-	200	-	
<b>Net Total</b>	<b>171,109</b>	<b>177,842</b>	<b>(6,733)</b>	<b>182,482</b>	<b>(4,640)</b>	

## Notes

1. Includes impact of salary uplift for all employees, salary increments where applicable and the national insurance increase.



# Budget Report by Directorate - Customer Standards

Draft Budget Summary - 2022/23 - 2023/24

	Historic Data	Proposed		Draft		Notes
	Budget 2021/22	Budget 2022/23	Variance 21/22 v 22/23	Budget 2023/24	Variance 22/23 v 23/24	
<b>EXPENDITURE</b>						
<b>Employee Costs</b>						
Salaries	386,564	395,947	(9,384)	403,778	(7,830)	1
Overtime	15,000	10,000	5,000	10,000	-	2
Other Employee Costs	116,071	122,573	(6,502)	125,263	(2,690)	1
<b>Sub Total Employee Costs</b>	517,635	528,521	(10,886)	539,041	(10,520)	
<b>Supplies &amp; Services</b>	51,000	51,000	-	51,000	-	
<b>Transport &amp; Plant Costs</b>	1,000	1,000	-	1,000	-	
<b>Net Total</b>	<b>569,635</b>	<b>580,521</b>	<b>(10,886)</b>	<b>591,041</b>	<b>(10,520)</b>	

## Notes

1. Includes impact of salary uplift for all employees, salary increments where applicable and the national insurance increase.
2. Reduction in overtime based on prior years overtime expenditure.



# Budget Report by Directorate - Finance

Draft Budget Summary - 2022/23 - 2023/24

	Historic Data	Proposed		Draft		Notes
	Budget 2021/22	Budget 2022/23	Variance 21/22 v 22/23	Budget 2023/24	Variance 22/23 v 23/24	
<b>EXPENDITURE</b>						
<b>Employee Costs</b>						
Salaries	992,872	1,020,106	(27,233)	1,043,638	(23,533)	1
Other Employee Costs	291,970	314,485	(22,515)	317,316	(2,831)	1
<b>Sub Total Employee Costs</b>	1,284,842	1,334,590	(49,749)	1,360,954	(26,364)	
<b>Supplies &amp; Services</b>	22,500	11,500	11,000	11,500	-	
<b>Transport &amp; Plant Costs</b>	400	400	-	400	-	
<b>Third Party Payments</b>						
Other Third Party Payments	27,000	20,000	7,000	30,000	(10,000)	
<b>Sub Total Third Party Payments</b>	27,000	20,000	7,000	30,000	(10,000)	
<b>Net Total</b>	<b>1,334,742</b>	<b>1,366,490</b>	<b>(31,749)</b>	<b>1,402,854</b>	<b>(36,364)</b>	

## Notes

1. Includes impact of salary uplift for all employees, salary increments where applicable and the national insurance increase.



# Budget Report by Directorate - Digital

Draft Budget Summary - 2022/23 - 2023/24

	Historic Data	Proposed		Draft		Notes
	Budget 2021/22	Budget 2022/23	Variance 21/22 v 22/23	Budget 2023/24	Variance 22/23 v 23/24	
<b>EXPENDITURE</b>						
<b>Employee Costs</b>						
Salaries	900,949	919,791	(18,842)	945,903	(26,113)	1
Overtime	3,000	3,000	-	3,000	-	
Other Employee Costs	257,876	286,679	(28,802)	295,649	(8,970)	1
<b>Sub Total Employee Costs</b>	1,161,825	1,209,469	(47,644)	1,244,552	(35,083)	
<b>Supplies &amp; Services</b>	3,000	3,000	-	3,000	-	
<b>Transport &amp; Plant Costs</b>	5,000	5,000	-	5,000	-	
<b>Third Party Payments</b>						
Other Third Party Payments	15,000	-	15,000	-	-	
<b>Sub Total Third Party Payments</b>	15,000	-	15,000	-	-	
<b>Net Total</b>	<b>1,184,825</b>	<b>1,217,469</b>	<b>(32,644)</b>	<b>1,252,552</b>	<b>(35,083)</b>	

## Notes

1. Includes impact of salary uplift for all employees, salary increments where applicable and the national insurance increase.



# Budget Report by Directorate - Human Resources

Draft Budget Summary - 2022/23 - 2023/24

	Historic Data	Proposed		Draft		Notes
	Budget 2021/22	Budget 2022/23	Variance 21/22 v 22/23	Budget 2023/24	Variance 22/23 v 23/24	
<b>EXPENDITURE</b>						
<b>Employee Costs</b>						
Salaries	196,367	205,848	(9,481)	210,515	(4,666)	1
Other Employee Costs	58,870	64,057	(5,187)	65,660	(1,603)	1
<b>Sub Total Employee Costs</b>	255,237	269,905	(14,668)	276,174	(6,269)	
<b>Supplies &amp; Services</b>	7,000	7,000	-	7,000	-	
<b>Net Total</b>	<b>262,237</b>	<b>276,905</b>	<b>(14,668)</b>	<b>283,174</b>	<b>(6,269)</b>	

## Notes

1. Includes impact of salary uplift for all employees, salary increments where applicable and the national insurance increase.



# Budget Report by Directorate - Legal Services

Draft Budget Summary - 2022/23 - 2023/24

	Historic Data	Proposed		Draft		Notes
	Budget 2021/22	Budget 2022/23	Variance 21/22 v 22/23	Budget 2023/24	Variance 22/23 v 23/24	
<b>EXPENDITURE</b>						
<b>Employee Costs</b>						
Salaries	269,237	231,798	37,439	238,703	(6,905)	1
Other Employee Costs	84,841	75,971	8,870	78,342	(2,372)	1
<b>Sub Total Employee Costs</b>	354,078	307,769	46,309	317,045	(9,277)	
<b>Supplies &amp; Services</b>	2,000	2,000	-	2,000	-	
<b>Transport &amp; Plant Costs</b>	850	850	-	850	-	
<b>Net Total</b>	<b>356,928</b>	<b>310,619</b>	<b>46,309</b>	<b>319,895</b>	<b>(9,277)</b>	

## Notes

1. Reduction incorporates one post removed offset by the impact of salary uplift for all employees, salary increments where applicable and the national insurance increase.



# Budget Report by Directorate - Business Support

Draft Budget Summary - 2022/23 - 2023/24

	Historic Data	Proposed		Draft		Notes
	Budget 2021/22	Budget 2022/23	Variance 21/22 v 22/23	Budget 2023/24	Variance 22/23 v 23/24	
<b>EXPENDITURE</b>						
<b>Employee Costs</b>						
Salaries	170,460	174,311	(3,851)	177,711	(3,400)	1
Other Employee Costs	52,997	55,885	(2,887)	57,052	(1,168)	1
<b>Sub Total Employee Costs</b>	223,458	230,195	(6,738)	234,763	(4,567)	
<b>Supplies &amp; Services</b>	2,000	2,000	-	2,000	-	
<b>Transport &amp; Plant Costs</b>	500	500	-	500	-	
<b>Net Total</b>	<b>225,958</b>	<b>232,695</b>	<b>(6,738)</b>	<b>237,263</b>	<b>(4,567)</b>	

## Notes

1. Includes impact of salary uplift for all employees, salary increments where applicable and the national insurance increase.





# Budget Report by Directorate - Elected Members

Draft Budget Summary - 2022/23 - 2023/24

	Historic Data	Proposed		Draft		Notes
	Budget 2021/22	Budget 2022/23	Variance 21/22 v 22/23	Budget 2023/24	Variance 22/23 v 23/24	
<b>EXPENDITURE</b>						
<b>Supplies &amp; Services</b>	50,126	52,143	(2,017)	52,246	(103)	
<b>Transport &amp; Plant Costs</b>	3,500	3,500	-	3,500	-	
<b>Third Party Payments</b>						
Other Third Party Payments	21,000	-	21,000	-	-	1
<b>Sub Total Third Party Payments</b>	21,000	-	21,000	-	-	
<b>Net Total</b>	<b>74,626</b>	<b>55,643</b>	<b>18,983</b>	<b>55,746</b>	<b>(103)</b>	

## Notes

1. Budget provision for ongoing consultancy support for elected members is now budgeted under public affairs.



# Budget Report by Directorate - Contact Centre

Draft Budget Summary - 2022/23 - 2023/24

	Historic Data	Proposed		Draft		Notes
	Budget 2021/22	Budget 2022/23	Variance 21/22 v 22/23	Budget 2023/24	Variance 22/23 v 23/24	
<b>EXPENDITURE</b>						
<b>Employee Costs</b>						
Salaries	352,011	363,313	(11,301)	371,503	(8,190)	1
Overtime	4,500	2,500	2,000	2,500	-	
Other Employee Costs	93,584	102,181	(8,597)	104,994	(2,813)	1
<b>Sub Total Employee Costs</b>	450,095	467,993	(17,898)	478,997	(11,003)	
<b>Supplies &amp; Services</b>	56,600	58,100	(1,500)	58,100	-	
<b>Transport &amp; Plant Costs</b>	500	500	-	500	-	
<b>Third Party Payments</b>						
Other Third Party Payments	47,000	25,000	22,000	25,000	-	2
<b>Sub Total Third Party Payments</b>	47,000	25,000	22,000	25,000	-	
<b>TOTAL EXPENDITURE</b>	<b>554,195</b>	<b>551,593</b>	<b>2,602</b>	<b>562,597</b>	<b>(11,003)</b>	
<b>INCOME</b>						
Agency Fee Income - Councils	(309,356)	(303,347)	(6,009)	(308,848)	5,502	
Other Income	-	(10,000)	10,000	(10,000)	-	
<b>TOTAL INCOME</b>	<b>(309,356)</b>	<b>(313,347)</b>	<b>3,991</b>	<b>(318,848)</b>	<b>5,502</b>	
<b>Net Total</b>	<b>244,839</b>	<b>238,247</b>	<b>6,592</b>	<b>243,748</b>	<b>(5,502)</b>	

## Notes

1. Includes impact of salary uplift for all employees, salary increments where applicable and the national insurance increase.
2. Incorporates reduced Post Office card management support costs for concessionary travel and agency staff costs.



## Budget Report by Directorate - Corporate

Draft Budget Summary - 2022/23 - 2023/24

	Historic Data	Proposed		Draft		Notes
	Budget 2021/22	Budget 2022/23	Variance 21/22 v 22/23	Budget 2023/24	Variance 22/23 v 23/24	
<b>EXPENDITURE</b>						
<b>Employee Costs</b>						
Salaries	60,181	265,784	(205,603)	-	265,784	1
Other Employee Costs	114,495	(3,000)	117,495	(3,000)	-	2
<b>Sub Total Employee Costs</b>	174,676	262,784	(88,108)	(3,000)	265,784	
<b>Property Costs</b>						
Electricity	45,000	86,750	(41,750)	91,088	(4,338)	3
Repairs and Maintenance	30,000	25,000	5,000	25,000	-	
Property Insurance	12,000	12,000	-	12,000	-	
Other Property Costs	317,990	323,840	(5,850)	325,105	(1,265)	
<b>Sub Total Property Costs</b>	404,990	447,590	(42,600)	453,193	(5,603)	
<b>Supplies &amp; Services</b>	593,000	503,500	89,500	503,500	-	4
<b>Third Party Payments</b>						
Communications	355,000	355,000	-	355,000	-	
Other Third Party Payments	1,809,127	3,968,495	(2,159,368)	2,808,965	1,159,530	5
<b>Sub Total Third Party Payments</b>	2,164,127	4,323,495	(2,159,368)	3,163,965	1,159,530	
<b>Financing Costs</b>						
Contribution to Subway Fund	5,200,000	-	5,200,000	-	-	6
<b>Sub Total Financing Costs</b>	5,200,000	-	5,200,000	-	-	
<b>TOTAL EXPENDITURE</b>	<b>8,536,793</b>	<b>5,537,369</b>	<b>2,999,424</b>	<b>4,117,658</b>	<b>1,419,711</b>	
<b>INCOME</b>						
Agency Fee Income - Councils	(1,000,000)	(1,000,000)	-	(1,000,000)	-	7
Interest Received	(400,000)	(1,300,000)	900,000	(1,300,000)	-	8
Other Income	(333,500)	(382,000)	48,500	(382,000)	-	
<b>TOTAL INCOME</b>	<b>(1,733,500)</b>	<b>(2,682,000)</b>	<b>948,500</b>	<b>(2,682,000)</b>	<b>-</b>	
<b>Net Total</b>	<b>6,803,293</b>	<b>2,855,369</b>	<b>3,947,924</b>	<b>1,435,658</b>	<b>1,419,711</b>	

### Notes

- Increase relates to further provision for potential cost of living increase for employees.
- Decrease relates to projected increase in the vacancy time lag recovery based on trends relating to the average number of vacant posts in the establishment in previous financial years.
- Increase based on projections provided by Procurement Scotland for estimated electricity rates increases.
- 2021/22 budget included a budget for COP26 which is not required in 2022/23.
- Increase in budget represents increased computer maintenance costs, consultancy costs and a corporate provision to shield SPT from the potential effects of inflation increases and changes in the bus market. Also to assist SPT in supporting/resourcing new projects like Glasgow Metro.
- This reduction represents a pause in contributions to this fund based on an assessment of balances held aligned to the long terms plans for the Subway. This will be reviewed on an annual basis.
- Interest received budget increased due to an increase in interest rates and current cash balances.
- Incorporates budgeted increase in corporate rental income for 2022/23.

## **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 six 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 6 months of Operational 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 Director of Finance 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.

## Projected Reserve Balances as at 31 March 2022

Description	2020/21 (£000's)	Estimated Additions / (Draw) 2021/22 (£000's)	Revised Balance (£000's)
<b>Earmarked Reserves</b>			
Rolling Stock, Signalling and Associated Equipment Fund	45,423	5,200	50,623
Subway Infrastructure Fund	20,000	-3,913	16,087
Guideline Criteria Review Fund / Transport Act Implementation	10,000	0	10,000
Strategic Bus Routes Fund	3,723	1,500	5,223
<b>Total Earmarked Reserves</b>	<b>79,146</b>	<b>2,787</b>	<b>81,933</b>
Non-earmarked balance	7,867	4,500	12,367
<b>Total General Fund Balance</b>	<b>87,013</b>	<b>7,287</b>	<b>94,300</b>
Capital Fund	26,133	40	26,173
Renewal & Repairs Fund	1,500	0	1,500
Insurance Fund	1,220	0	1,220
<b>Total Useable Reserves</b>	<b>115,866</b>	<b>7,327</b>	<b>123,193</b>