

Subsidised bus service contract recommendations : financial implications

Committee Operations

Date of meeting 20 January 2017

Date of report 11 January 2017

Report by Assistant Chief Executive (Business Support)

1. Object of report

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

2. Background

The opening position prior to the decisions being sought at this meeting is as follows:

2016/17	
Approved budget	£11,187,900
Contractual commitments forecast to year end	£10,598,640
Net 2015/16 forecast	(£589,260)

The previous positive variance of £466,873 reported to committee (4 November 2016) has increased by £122,387 at the time of writing as a result of actual costs being less than budgeted. Actual costs are reflected following receipt of the 4 weekly returns, which provide details of services operated and income generated.

3. Proposals

Should the committee accept all the recommendations contained within the following papers, the financial implications will be as detailed below.

2016/17	Approved Budget	Projected Outturn	Variance
Subsidised bus services	£11,187,900	£10,587,520	(£600,380)

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There will be fluctuations in the actual cost of services between now and the year end, but a positive variance is anticipated in line with this projected outturn. While reporting at an individual expenditure head level, members will be aware that all SPT expenditure heads are being closely managed and efficiencies and savings captured to ensure that there is a break even position between both revenue and capital. This positive variance will be utilised as part of this.

The positive variance in Subsidised Bus Services, which is largely due to cost avoidance, has contributed significantly in recent years to SPT funding the purchase of high quality buses for use on SPT contracts. This in turn has helped to prevent contractual costs increasing and has created a positive cycle of revenue cost control and provision of improved quality buses in service. This approach will continue in the current year.

Clearly consideration must also be given to the impact on future year budgets when awarding contracts. If all papers before the Committee are approved, there will be projected savings of £114,515 in 2017/18. As the Committee have been previously advised this is a budget which is subject to the vagaries of the commercial market and operator behaviour and is subject to significant fluctuations during each financial year.

4. Committee action

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

5. Consequences

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

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