



## Regularity audit of the framework for supporting local bus services

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**Date of meeting** 24 November 2023

**Date of report** 8 November 2023

### Report by Chief Executive

#### 1. Object of report

To advise the committee on the findings of a regularity audit of the framework for supporting local bus services. This engagement was included in the annual Internal Audit plan 2023/2024.

#### 2. Background to report

The SPT framework for supporting local bus services was presented to and approved by the Operations committee at its meeting of 20 August 2021. This framework sets out the arrangements for assessing need, demand and subsidy for local bus services.

The responsibility for the provision of bus services lies with the commercial bus market. Prior to any request to SPT for supported bus service provision, it is expected that an approach has been made to commercial bus operator(s). SPT shall be considered as the bus operator of last resort. SPT will only consider filling gaps in the network once satisfied that all options for providing services on a commercial basis have been fully explored and exhausted.

The objective of this engagement was to review and assess service provision in accordance with the framework for supporting local bus services.

This engagement tested elements of the internal controls and mitigation against SPT 20: Inability to deliver bus service provision due to continual network revisions and tender pricing inflation by commercial operators as identified in the Corporate Risk register.

#### 3. Outline of findings

In accordance with the Transport Act 1985, SPT has guideline criteria to support the provision subsidised bus services.

As at the date of the engagement testing (August 2023) there were 22 operators providing local/rural subsidised bus services through 149 contracts throughout the SPT area.

Engagement testing identified a requirement to review and enhance the current procedural guidance for processing requests for subsidised local bus service(s) and performance management reporting arrangements.

**Note:** Given the ongoing financial challenges and increased costs of subsidised bus service provision, it is essential that SPT aim to demonstrate the rationale behind each decision.

There are areas for improvement which are addressed by recommendations which can be found at Appendix 1. Bus Strategy and Delivery management has agreed to implement the recommendations, which is currently being actioned.

Key controls exist and are applied consistently and effectively in the majority of areas tested in this engagement. Reasonable assurance can be taken from the internal controls in place.

**4. Committee action**

The Committee is asked to note the contents of this report and agree that the Audit and Assurance Manager submits a follow-up report on the implementation of the recommendations to a meeting in approximately six months.

**5. Consequences**

Policy consequences	<i>None.</i>
Legal consequences	<i>None.</i>
Financial consequences	<i>None.</i>
Personnel consequences	<i>None.</i>
Equalities consequences	<i>None.</i>
Risk consequences	<i>As detailed in the report.</i>
Climate Change, Adaptation & Carbon consequences	<i>None.</i>

**Name** Neil Wylie  
**Title** Director

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

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**APPENDIX 1  
Audit & Standards committee – 24 November 2023**

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The recommendation from this engagement is listed in the following table. The priorities are defined as follows:

- High:** A fundamental control that should be addressed as soon as possible;
- Medium:** An important control that should be addressed within three months;
- Low:** An issue which is not fundamental but should be addressed within six months to improve the overall control environment.

No.	Recommendation	Priority	Action Proposed	Lead Officer	Due date
1	<p><u>Policies and procedures</u></p> <p>The SPT Framework for Supporting Local Bus Services should be reviewed and updated (where appropriate). Guidance should be provided on assessment procedures through to monitoring of contract (including mid-contract review) and any recharging requirements (e.g. section 75 and fully funded contracts by third parties).</p> <p>The Conditions of Contract for Subsidised Local Services, School Transport Contracts and Demand Responsive Transport Services (and the SPT farescale for passengers) should be reviewed and enhanced.</p> <p>Bus Services management should ensure that the UK Equality Act 2010 is being complied with Equality Impact Screening and Equality Impact Assessments are being carried out and documented, where required.</p>	Medium	<p>The SPT Framework for Supporting Local Bus Services will be reviewed and enhanced, where appropriate.</p> <p>The Conditions of Service will be reviewed and enhanced in conjunction with Legal Services.</p> <p>Arrangements for compliance with the UK Equality Act 2010 will be reviewed and enhanced.</p>	Head of Bus Strategy & Delivery / Bus Network Analysis and Design Manager	December 2023

No.	Recommendation	Priority	Action Proposed	Lead Officer	Due date
2	<p><u>Performance management and reporting</u></p> <p>Bus Strategy &amp; Delivery management should review and enhance performance management reporting (e.g. contracts exceeding the agreed subsidy and/or patronage levels as determined by the Framework).</p> <p>The replacement digital system functionality should capture the assessment criteria and facilitate flexible reporting (i.e. commercial contracts which have been withdrawn and subsequent subsidised contract awarded to same supplier with no other tenders being submitted).</p>	Medium	<p>Performance management reporting will be reviewed.</p> <p>The replacement digital system reporting requirements will also be given some consideration.</p>	Head of Bus Strategy & Delivery / Bus Network Analysis and Design Manager	December 2023
3	<p><u>Audit trail</u></p> <p>Consideration should be given to amending the management tool to evidence decisions made. Evidence of the assessment and decision-making process should be fully documented.</p> <p>Tender opening arrangements should be reviewed and enhanced (e.g. opened after closing date and time by two members of staff and recorded and initialled. Reason for any disqualification(s) must be clearly recorded.</p>	Medium	<p>Network Analysis and Design management will review and enhance the management tool to ensure its practical application.</p> <p>Tender opening arrangements will be reviewed and enhanced.</p>	Head of Bus Strategy & Delivery / Bus Network Analysis and Design Manager	December 2023