joining up journeys SPT committee minute

Strathclyde Partnership for Transport

Minute of Strategy & Programmes Committee meeting

27 January 2012

held in Consort House, Glasgow

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Minute of the meeting of the Strathclyde Partnership for Transport's Strategy & Programmes Committee held in Glasgow on 27 January 2012

Present Councillors David Fagan (Chair), Jonathan Findlay, Ian Gray, Kaye Harmon, Duncan MacIntyre, Denis McKenna, Jim McNally and Eddie Phillips and appointed members Alan Malcolm and Gavin Scott.

Attending Valerie Davidson, Assistant Chief Executive (Business Support)/Secretary; Valerie A Bowen, Senior Clerk; Gordon Maclennan, Chief Executive; Eric Stewart, Assistant Chief Executive (Operations); Neil Wylie, Director of Finance & HR and Charlie Hoskins, Director of Projects.

Also attending Councillor Alan Moir.

1. Apologies

Apologies were submitted from Councillors Archie Graham, Bill Grant, and John Reid and appointed member John Boyle.

2. Declarations of interest

The committee noted that there were no declarations of interest.

3. Minute of previous meeting

The minute of the meeting of 18 November 2011 (issued) was submitted and approved as a correct record.

4. Revenue monitoring report as at 10 December 2011

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There was submitted a report (issued) of 20 January 2012 by the Assistant Chief Executive (Business Support)

(1) reminding members that the Partnership had approved a revenue budget for 2011/2012 of £38.532m;

(2) appending the revenue monitoring report for the period to 10 December 2011 (period 9);

(3) explaining that a number of variances had occurred as SPT drove through the savings programme together with strong cost control on all budget heads;

(4) providing detail on the most significant variances;

(5) recommending that, as it was necessary to consider the level of contribution to the Subway modernisation fund in light of other service pressures, particularly the pressure on non Subway capital expenditure across SPT's area, savings of £1,150,000 be utilised as a contribution to the capital programme, which would provide support to projects across various modes and locations; and

(6) informing members that this would result in a net forecast underspend of £346,000.

After consideration, the committee

(1) approved the recommendation at (5) above; and

(2) noted the projected outturn position on the information available at the end of period 9.

5. Capital programme monitoring and proposed amendments as at 10 December 2011
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P* There was submitted a report (issued) of 18 January 2012 by the Assistant Chief Executive (Business Support)

(1) reminding members that the 2011/2012 capital programme of £26.740m had been approved by the Partnership on 15 April 2011 against known capital funding of £20.511m from the Scottish Government, which included a ring fenced sum of £6m in support of Subway modernisation;

(2) advising members that actual expenditure as at 10 December 2011 (period 9) totalled £7.138m compared to a planned spend position of £8.895m;

(3) providing a detailed financial analysis of individual projects contained within the programme, split by department;

(4) explaining

(a) that an analysis of the capital programme at period 9 had indicated a risk potential of up to minus £2.343m; and

(b) that in order to mitigate risks within the programme, officers were developing category 2 and 3 proposals to a state of readiness for implementation should funding become available;

(5) appending proposed amendments to the capital programme, together with reasons for the adjustments listed against each project, which gave a revised outturn figure of £29.687m;

(6) informing members

(a) that, in addition to the proposed amendments, SPT had been allocated additional general capital grant of £5m to be spent during 2011/2012;

(b) that the award was part of a package of funding totalling £40m which would be phased over the next 4 financial years to fund the Fastlink project; and

(c) that as significant work on Fastlink was not programmed to start until 2012/2013, the Scottish Government had agreed that the 2011/2012 allocation could be treated as general capital grant on condition that an additional £5m was spent on Fastlink in future years from SPT's general grant allocation; and

(7) recommending that the committee

(a) note

(i) the financial performance of the 2011/2012 capital programme as at 10 December 2011 (period 9);

(ii) the award of an additional £5m in general capital grant to SPT;

(iii) the results of the risk assessment exercise; and

(iv) that further work to manage risks, advance savings and re-phase existing projects would be undertaken to balance spend against budget;

(b) approve

(i) the proposed amendments to the 2011/2012 capital programme as detailed in appendix 2 to the report; and

(ii) the award of grant funding up to the value of £140,000 to the local authorities as detailed in the report;

*****(c) agree to recommend to the Partnership the award of grant funding over the value, or cumulative award value of £140,000 to the constituent local authorities/First ScotRail/Transport Scotland as detailed in the report; and

(d) authorise the Assistant Chief Executive (Business Support) to sign the grant funding letters to expedite all of the projects.

After consideration and having heard Messrs Wylie and Hoskins in answer to members' questions, the committee approved the recommendations at (7) above.

6. Proposed revenue budget 2012/2013 and 2013/2014

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P There was submitted a report (issued) of 12 January 2012 by the Assistant Chief Executive (Business Support)

(1) outlining the background to the production of SPT's draft revenue plan and budget for financial years 2012/2013 and 2013/2014 which took account of the current reductions in public service funding, current economic circumstances, industry specific inflation factors and income levels and the likely outcome of the local government financial settlement following the Spending Review Outcome;

(2) reminding members of the various steps that SPT had taken to deliver savings across the organisation in order to meet reduced cash levels whilst maintaining services;

(3) informing members

(a) that it was proposed at this stage that the level of requisition from SPT's 12 funding authorities should be maintained in cash terms over the next two financial years, an approach which would give both SPT and these councils a degree of stability and preserve SPT's level of general reserves within the approved tolerances of between £3m -£4m;

(b) that during this time, SPT would continue to manage the risks associated with the Subway modernisation project together with the increased costs arising from the pressures on the bus market; and

(c) that this approach would also ensure that resources were allocated to front line services with a contribution to non Subway capital funding;

(4) highlighting the expenditure to be met from the various income streams for the next two financial years as undernoted:-

	Approved 2011/12 budget for comparison	**Proposed 2012/13**	**Proposed 2013/14**
Proposed Expenditure Plan-Services	£47.815m	£47.238m	£47.873m
Proposed Subway Modernisation	£9.430m	£7.902m	£7.011m
Revenue Contribution to Capital	£0	£2.000m	£2.500m
Total	£57.245m	£57.140m	£55.384m
Funded by			
SPT Income (fares etc)	£18.716m	£18.722m	£18.966m
Scottish Govt Direct Grant	£0.933m	£1.037m	£1.037m
Funding required to be met from Requisition / Reserves	£38.314m (Requisition £37.381m, Reserves £0.216m)	£37.381m	£37.381m; and

(5) recommending that the committee

(a) consider and approve the proposed revenue budget for the financial year 2012/13,

(b) consider and approve in principle the proposed revenue budget for financial year 2013/14, noting that this would be kept under review and formally presented during 2012/13;

(c) consider and approve the level of requisition being proposed from the funding partners, and

(d) recommend the financial plan and proposed budget to the Partnership.

7. Progress on the development of the capital programme and budget 2012/13 to 2014/15

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P There was submitted a report (issued) of 19 January 2012 by the Assistant Chief Executive (Business Support)

(1) reminding members

(a) that SPT's capital programme was a three year rolling programme devised to ensure that capital investment underpinned the approved Regional Transport Strategy (RTS) and Delivery Plan, and delivered the key transport outcomes of the RTS;

(b) that, although the Partnership had approved previously a three year rolling plan covering the current and next financial years, a review of both years of this approved plan had been undertaken as well as the addition of 2014/15; and

(c) that as the RTS Delivery Plan 2008 to 2013 had identified 6 key priorities and, the allocation of approximately 70% of resources to the delivery of these priorities had been approved previously by the Partnership; the capital programme had been developed in line with these priorities.

(2) detailing the Local Government Finance Settlement 2012-2015 proposed capital grant allocation to SPT as undernoted:-

2012/13	£16.692m	(19% less than 2011/12)
2013/14	£15.337m	(8% less than 2012/13)
2014/15	£22.524m	(47% more than 2013/14)

(3) explaining

(a) that these allocations represented a significant reduction on the previous settlement which provided for an average capital grant of £25m; and

(b) that within these allocations, it was anticipated that £6m per annum would be ring-fenced to support subway modernisation (in line with the outline business case) and £5m to support Fastlink in 2012/13 to reflect the arrangement agreed in the current year to use Fastlink funding for the general capital plan;

(4) appending a proposed 3 year programme based on information received to date and which took account of estimated delivery status and the agreed priorities of the Transport Outcome Reports for each constituent council area;

(5) summarising the draft capital programme at this stage over each year and category as currently assessed, which would be reviewed continually to take account of changes in delivery status as well as funding:-

	2012/13 £'000	2013/14 £'000	2014/15 £'000
Category 1	35,980	86,384	57,199
Category 2	14,575	16,475	11,830
Category 3	-	2,000	-
Total	50,555	104,859	69,029

(6) informing members

(a) that In 2010/11 and 2011/12 significant progress had been made in building a subway modernisation fund, an integral part of the business case in support of subway modernisation;

(b) that In recognition of this progress and the significant reduction in available general capital in 2012/13 and 2013/14 it was proposed to re-allocate £2m and £2.5m of the planned contribution to subway modernisation, to support the general capital programme in these years; and

(c) that this approach to funding the capital programme would go some way to offset the reduction in capital grant and partly maintain capital investment in all of SPT's priorities; and

(7) recommending that the committee

(a) agree that a final budget be presented to a future Partnership meeting, to take cognisance of the available funding and any movements between the current year and 2012/13; and

(b) otherwise note the terms of the report.

After consideration and having heard Mr Wylie in further explanation, the committee approved the recommendations at (7) above.

8. Hamilton Bus Station and Interchange development – Progress report
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With reference to the minute of the Partnership of 19 August 2011 (page 7, paragraph 12) when the Partnership had approved

(1) a grant award of up to £3,821,700 to South Lanarkshire Council for phase 2 of the redevelopment of Hamilton Bus Station which covered the main contractor costs, ancillary works, contingency and project management;

(2) the award on a single source basis of up to £300,000 to Vix Acis for Customer Information System works; and

(3) the completion of the land transfer and development agreements in terms agreed by the Director of Projects and Head of Property in consultation with the Senior Legal Advisor,

there was submitted and noted a report (issued) of 19 January 2012 by the Assistant Chief Executive (Operations)

(a) intimating that phase 2 of the project had commenced on 28 November 2011 when the contractor, Bowmer & Kirkland, had commenced the works for the temporary bus station that would operate for the duration of the construction period;

(b) informing members that these works were now complete and both the temporary bus station and coach park were in operation and working well;

(c) highlighting the key milestones for the new facility; and

(d) advising members that the project remained on programme for completion within financial year 2012/2013 and that a date for the opening of the new facility would be provided closer to the time and once the main construction programme had progressed to a suitable stage.

9. Road Equivalent Tariff – Pilot extension

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There was submitted and noted a report (issued) of 9 January 2012 by the Assistant Chief Executive (Operations)

(1) informing members

(a) that the Road Equivalent Tariff (RET) was a theoretical means of setting ferry fares based on the cost of travelling an equivalent distance by road;

(b) that the intention behind RET was that it reduced the economic disadvantage suffered by remote island communities, and therefore enabled island communities to make a bigger contribution to the economy of Scotland;

(c) that, to date, SPT had been involved in both Working and Steering Groups as the pilot RET scheme had developed. This work dovetailed with the work that SPT had contributed to the Scottish Government's Ferries Review process;

(2) intimating

(a) that from Spring 2012, the Scottish Government proposed to make permanent the existing pilot scheme (with minor alterations to HGV costs) on services to the Western Isles. A new RET pilot scheme would start in October 2012 for services to/from Colonsay, Islay, Jura and Gigha – which, although not within the SPT area, were within the Strathclyde Concessionary Travel Scheme area;

(b) that in October 2014, a further pilot scheme would be introduced for Arran services and, within the lifetime of the Parliament, the pilot scheme would be extended to cover Cumbrae and Bute on the Clyde as well as Iona, Lismore, and Mull; and

(c) that, thereafter, the Scottish Government would consider the roll out of RET to local authority, commercial and mainland to mainland routes following the outcome of the Ferries Review;

(3) explaining

(a) that, although the current cost of the pilot scheme was in the order of £6.5m per annum, it was estimated that the further roll out of RET would cost between £15m and £21m per annum in additional ferry subsidy; and

(b) that it would be important to monitor and evaluate these further pilots as the costs and benefits were likely to vary from the initial Western Isles pilot, particularly on Clyde routes; and

(4) concluding

(a) that the current RET pilot scheme had been deemed a success in terms of economic activity on the islands included as the cost of ferry travel for residents, visitors and businesses had been reduced significantly;

(b) that there could be additional costs for the ferry operators with regard to the Strathclyde Concessionary Travel Scheme as any reduction in ferry fare costs was reflected in lower re-imbursement from SPT to the operators and the shortfall would have to be met by the RET scheme compensation and funded by Scottish Government; and

(c) that given the potential for a significant variation in passenger numbers making use of the Ferry service to Arran when the pilot was introduced and the unique interdependencies of the ferry to the bus service on the island, this announcement would also now need to form part of the review of the island's subsidised bus service network due for renewal in October 2012.

10. High Speed Rail – Fast Track Scotland
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With reference to the minute of 16 September 2011 (page 7, paragraph 10) when the committee had noted

(1) the formation of the Scottish Partnership Group set up to promote the case for Scotland's inclusion in a UK High Speed Rail (HSR) network; and

(2) the invitation to SPT to participate in providing technical input to three of the pan-Scotland working sub-groups (Development of the business case, Promotion of the business case, and Routes and Stations),

there was submitted and noted a report (issued) of 6 January 2012 by the Assistant Chief Executive (Operations)

(a) intimating

(i) that the results of the work undertaken had been published as the Fast Track Scotland report on 14 December 2011 and had set out an updated business case for the inclusion of Scotland in the wider UK HSR network and the UK wide benefits this would bring; and

(ii) that the outputs had provided evidence also for the Scottish Government's submission to the Westminster Transport Select Committee inquiry into the benefits of HSR;

(b) appending an executive summary of the Fast Track Scotland report;

(c) advising members that the UK Government had approved HS2 to Birmingham by 2026, with onward connection to Manchester and Leeds by 2033. Under these proposals, connections to Glasgow and Edinburgh were planned currently to be by existing "classic" rail lines and the UK Government expected to discuss with the Scottish Government the latter's ambitions for High Speed Rail to Scotland;

(d) informing members that the key points of the Fast Track Scotland report were

- that inclusion of Scotland in the HSR network strengthened the business case and benefit cost ratio of the project, and increased the economic and environmental benefits of the HSR network;
- that significant additional capacity was required to alleviate the large forecast demand growth on long distance rail services;
- that the new HSR network would free capacity on existing routes for freight and regional rail services;
- that inclusion in the HSR network would allow Scotland greater economic equity with other areas of the UK;
- that inclusion of Scotland in the HSR network would support economic growth through agglomeration and wider regeneration in Scotland and northern England;
- that, to gain the full benefits, any new HSR route required to offer a faster journey time than aviation between the central belt of Scotland and London therefore requiring a new full HSR route to Glasgow and Edinburgh; and
- that the remit of the UK government company tasked with developing the HSR network in England (HS2) should be expanded to include HSR links with Scotland; and

(e) concluding that SPT had a key role to play in ensuring that HSR was integrated fully into the wider transport network and that the potential benefits of the scheme were realised.