



Strathclyde Partnership for Transport

Minute of Strategy & Programmes Committee

2 February 2018

held in 131 St Vincent Street, Glasgow

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Minute of the meeting of Strathclyde Partnership for Transport's Strategy & Programmes Committee held in 131 St Vincent Street, Glasgow, on 2 February 2018

Present Councillors Alan Moir (Chair), Dr Martin Bartos, Ian Cochrane, Alan Lafferty, Anna Richardson, Collette Stevenson (substitute) and David Wilson and appointed members Ann Faulds, Alex Macaulay and Jim McNally.

Attending Valerie Davidson, Secretary/Assistant Chief Executive (Business Support); Gordon Maclennan, Chief Executive; Eric Stewart, Assistant Chief Executive (Operations); Neil Wylie, Director of Finance and HR and Bruce Kiloh, Head of Policy & Planning.

1. Apologies

Apologies were submitted from Councillors Gordon Jenkins (substitute), Jim Roberts, David Shearer and Allan Stubbs and appointed members Brian Davidson, Anne Follin and Jo MacLennan.

2. Declarations of interest in terms of the Ethical Standards in Public Life etc (Scotland) Act 2000

Councillor Wilson declared an interest in agenda item no 10 in his position as Vice-Convenor of Clyde Plan.

3. Additional Item

In terms of Standing Order No 3.2, the Partnership agreed to consider an additional item at the end of the meeting.

4. Minute of previous meeting

The minute of the meeting of 24 November 2017 was submitted and approved as a correct record.

5. Revenue monitoring report as at 6 January 2018 (period 10)

There was submitted a report (issued) of 16 January 2018 by the Assistant Chief Executive (Business Support)

- (1) reminding members that the Partnership had approved a core revenue budget for 2017/2018 of £37.670m;
- (2) appending the revenue monitoring report for the period to 6 January 2018 (period 10) which detailed the main variances, together with a detailed budgetary control report;
- (3) explaining that there were other minor variances to the budget resulting in a proposed addition to the Subway Fund of £1.749m to facilitate future capital and revenue spend on Subway Modernisation and the Subway, including operational readiness as a whole; and,
- (4) informing members that, having taken account of all SPT service priorities across the revenue and capital programmes and the proposed contribution to the Subway Fund, a break-even position was forecast.

2 February 2018

After discussion and having heard Mr Wylie advise that all expenditure heads would continue to be monitored to ensure that the break-even position would be achieved at year end, the committee

- (a) noted the terms of the report; and
- (b) agreed to the proposed contribution to the Subway Fund of £1.749m.

6. Proposed Revenue Budget for 2018/2019

P There was submitted a report (issued) of 26 January 2018 by the Assistant Chief Executive (Business Support)

- (1) reminding members that, although it was normal practice within SPT to present a two year revenue budget for approval, due to the one year nature of the Scottish Government budget there remained insufficient information on the level of funding available beyond the next financial year to consider fully and agree a two year budget at this stage;
- (2) appending
 - (a) a draft revenue budget for 2018/2019 of £36,937,714, together with an outline of the 2019/2020 budget (for noting at this stage), the preparation of which had been undertaken having consideration to the current position in terms of staff numbers and contracted costs, previously approved budget priorities and the affordability of the service plans to all stakeholders (Appendix 1); and
 - (b) proposed constituent council requisition levels (Appendix 2), which represented a 2% reduction in support from constituent councils;
- (3) informing members
 - (a) that it was proposed to fund the net revenue budget by local authority requisitions of £35,900,714, plus a contribution from Scottish Government of £1,037,000, in line with previous years;
 - (b) that, as an essential element of any budget setting was the review of fees and charges across SPT services, SPT proposed
 - (i) to amend subway fares as outlined below:-

Smart Ticketing (STR)	Current Fare	Proposed Fare	Change
Adult Single	£1.45	£1.50	£0.05
Adult Daily Cap	£2.80	£2.90	£0.10
Child Single	£0.70	£0.75	£0.05
Child Daily Cap	£1.35	£1.45	£0.10
Disposable			
Adult Single	£1.65	£1.70	£0.05
Adult Return	£3.10	£3.20	£0.10
Adult Daily	£4.00	£4.10	£0.10
Child Single	£0.70	£0.75	£0.05
Child Return	£1.35	£1.45	£0.10
Child Daily – new product	N/A	£2.00	New product

Strathclyde Partnership for Transport
Strategy & Programmes Committee

2 February 2018

Concession Single	£1.00	£1.00	No change
Concession Return	£1.40	£1.40	No change
Season Tickets – Online STR			
Adult 7 day	£13.00	£13.00	No change
Adult 28 day	£50.00	£50.00	No change
Adult 10 week – new product	N/A	£120.00	New product
Adult 6 month	£250.00	£250.00	No change
Season Tickets – Online STR			
Adult Annual	£450.00	£450.00	No change
Child 7 day	£6.50	£6.50	No change
Child 28 day	£25.00	£25.00	No change
Child 10 week – new product	N/A	£60.00	New product
Child 6 month	£125.00	£125.00	No change
Child Annual	£225.00	£225.00	No change
Season Tickets (in stations)			
Adult 7 day	£13.00	£14.00	£1.00
Adult 28 day	£50.00	£54.00	£4.00
Adult 6 month	£250.00	£270.00	£20.00
Adult Annual	£450.00	£485.00	£35.00
Child 7 day	£6.50	£7.00	£0.50
Child 28 day	£25.00	£27.00	£2.00
Child 6 month	£125.00	£135.00	£10.00
Child Annual	£225.00	£245.00	£20.00
Park and Ride			
Park and Ride (all day disposable)	£5.20	£5.40	£0.20
Park and Ride (all day STR)	£5.20	£5.40	£0.20
STR parking only - 30 minutes	£0.50	£0.50	No change
STR parking only - 1 hour	£1.00	£1.00	No change
STR parking only - 2 hours	£2.50	£2.50	No change
STR parking only - all day	£5.20	£5.40	£0.20
Parking only - 28 days	£50.00	£52.00	£2.00
Park and Ride - 7 day season ticket	£25.00	£26.00	£1.00
Park and Ride - 28 day season ticket	£95.00	£100.00	£5.00
Park and Ride - 6 month season ticket	£500.00	£525.00	£25.00
Park and Ride - annual season ticket	£900.00	£940.00	£40.00
Lost ticket fee	£3.00	£3.20	£0.20
Overstay day rate	£5.20	£5.40	£0.20
Season add on	£2.40	£2.50	£0.10

- (ii) to increase the maximum fare table on subsidised bus services and MyBus services by 3%, the current rate of inflation for the next financial year, whilst a review of the fares model was undertaken in more detail;
- (iii) to increase the applicable fare on the Gourock – Kilcreggan ferry service from £2.60 to £3.60 to reflect the significant increased tender costs and required subsidy; and
- (iv) not to increase other fees (bus station departure charges, left luggage, toilets etc.) in the current year, but to seek agreement to increase these by 5% in the following financial year to reflect the market conditions and service costs;

2 February 2018

- (4) intimating that, as there remained an expectation that service levels would be maintained, that SPT would make increased contributions to the subway modernisation project as agreed as part of the business case and continue to support local authorities through the Capital Plan, it was necessary for SPT to continue with the ongoing review of service activities and organisational structures to ensure that resources were re-directed wherever possible to the priorities outlined in the report;
- (5) advising members that, given the ongoing financial pressures and expectations as to how the Government's austerity measures would continue to affect funding partners, together with the ongoing review of the Regional Transport Strategy, it was proposed that a more detailed review of the long term financial strategy and supported priorities be undertaken and presented to a future meeting of the Partnership for consideration; and
- (6) recommending that the committee request the Partnership to approve
 - (a) a net revenue budget for 2018/19 of £36,937,714;
 - (b) requisitions totalling £35,900,714, a 2% reduction on the 2017/18 levels;
 - (c) an increase to Fares, Fees and Charges as outlined above; and
 - (d) that a more detailed review of priorities and the long term financial plan be considered by the Partnership at a future meeting taking account of the Regional Transport Strategy review.

Following discussion and having heard various officers in answer to members' questions, the Committee approved the recommendation at (6) above.

7. Capital programme monitoring and proposed amendments report as at 6 January 2018 (period 10)

P There was submitted and approved a report (issued) of 24 January 2018 by the Assistant Chief Executive (Business Support)

- (1) reminding members that the 2017/2018 capital programme had been approved by the Partnership on 10 February 2017 against known capital grant and other sources of funding;
- (2) intimating that actual expenditure as at 6 January 2018 (period 10) totalled £27.352m compared to a planned spend position of £29.730m;
- (3) providing a detailed financial analysis of individual projects contained within the programme, split by department;
- (4) appending proposed amendments to the capital programme, together with reasons for the adjustments listed against each project, which represented a net expenditure reduction of £0.858m;
- (5) informing members
 - (a) that, although analysis of the capital programme as at period 10 had indicated a

2 February 2018

potential risk to General Capital spend, this could be accommodated within the available capital funding;

- (b) that, in addition, a number of Subway Modernisation Rolling Stock milestones which were programmed for February and March 2018 and any slippage in these milestones might result in movement into the next financial year; and
 - (c) that the spend risk, currently estimated to be £14m - £18m, was scheduled for payment towards the end of March 2018 although any movement could push this into Quarter 1 of 2018/2019; and
- (6) requesting that the committee
- (a) note
 - (i) the forecast 2017/2018 capital outturn position;
 - (ii) the financial performance of the 2017/2018 capital programme as at period 10; and
 - (iii) that further work to quantify and manage risks, advance savings and re-phase existing projects was being undertaken to balance spend against budget;
 - (b) approve the proposed amendments to the 2017/2018 capital programme as detailed in appendix 2 to the report; and
 - (c) agree
 - (i) to Grant Fund or to vary existing Grant Fund letters to the Local Authorities or other bodies for those awards up to the value of £200,000 and authorise the Assistant Chief Executive (Business Support) to complete the award letters; and
 - (ii) to recommend to the Partnership meeting of 23 February 2018, approval to grant fund or vary existing grant fund letters to the local authorities or other bodies for those awards over a cumulative value of £200,000.

8. Progress on the development of the Capital Plan 2018/2019 to 2020/2021 including the Capital Budget 2018/2019

P There was submitted a report (issued) of 18 January 2018 by the Assistant Chief Executive (Business Support)

- (1) informing members
- (a) that The Scottish Government's draft budget for 2018/2019 had included a capital grant to SPT of £19m, a reduction of £1.032m on the current year;
 - (b) that it was worth noting that this level remained £6m less than in the period prior to 2015;
 - (c) that other funding streams identified in the preparation of the capital plan and budget plans included the utilisation of the Subway fund and release of grant previously received to support the modernisation project;

2 February 2018

- (d) that the Subway modernisation project continued with the agreed funding profile as undernoted:-

2018/2019	£53,845,000;
2019/2020	£55,610,701;
2020/2021	£55,147,705; and

- (e) that as local authorities sought and secured funding from SPT other funding streams from other agencies would often be unlocked and SPT was actively promoting this benefit to local authority partners as a means of increasing the value of the total SPT investment;

(2) intimating

- (a) that the preparation of the Capital Plan for 2018/2019 to 2020/2021 and the Capital Budget for 2018/2019 had sought to balance transport project delivery aspirations and available funding;
- (b) that project proposals had been assessed against the strategic priorities, deliverability considerations and affordability, together with the utilisation of shared resources with partners; and
- (c) that the package of interventions in the Capital Plan would support the delivery of the Regional Transport Strategy's (RTS) strategic outcomes of attractive, seamless, reliable travel; improved connectivity; access for all and reduced emissions, examples of which were outlined in the report;

(3) appending

- (a) summaries of the planned capital programme for 2018/2019 to 2020/2021 and proposed funding plan for 2018/2019 only (Appendix 1);
- (b) details of the proposed capital programme, including the budget, for 2018/2019 (Appendix 2); and
- (c) details of the indicative capital programme for 2019/2020 and 2020/2021 (Appendix 3); and

(4) advising members

- (a) that, as there was now more certainty as to the level of funding available to SPT, it was proposed to fund the 2018/2019 plan as shown below:-

Ref	Category	Subway Modernisation £000	General Capital £000	Total £000
1	Capital expenditure	52,935	21,590	74,525
2	Scottish Government general capital grant	-	19,000	19,000
3	Scottish Government specific capital grant	53,845	-	53,845
4	Revenue contribution to the capital programme	-	1,000	1,000

2 February 2018

Ref	Category	Subway Modernisation £000	General Capital £000	Total £000
5	Subway fund utilisation	-	-	-
6	Transfers to Capital Grants Unapplied Account	-910	-	-910
7	Capital funding	52,935	20,000	72,935
8	Projected variance	-	1,590	1,590
9	Projected variance of general capital as a percentage of funding		8%	

- (5) recommending that the committee note the progress made to ensure that the Capital Plan 2018/2019 to 2020/2021 was robust and deliverable within the timescales available and that it would be submitted to a future meeting of the Partnership for approval.

After consideration and having heard Mrs Davidson in answer to members' questions, the committee approved the recommendation at (5) above.

9. Freight Strategy for Strathclyde

There was submitted a report (issued) of 21 November 2017 by the Senior Director

- (1) intimating
- (a) that Strathclyde was at the centre of Scotland's freight, logistics and distribution industry, was the country's largest consumer market and manufacturing cluster and played a crucial role in the distribution of goods to both domestic (Scotland, UK) and international markets;
 - (b) that the significant volume of intra-Strathclyde freight movements required efficient and reliable regional and local transport networks to support the economy and, in addition, a significant increase in recent years of deliveries via bicycle was predicted to increase significantly in coming years; and
 - (c) that the performance of the strategic road network, rail freight network, and maritime network had significant impacts on the economy, with congestion, connectivity, access and network capacity all being key issues for the efficient distribution of goods;
- (2) informing members
- (a) that SPT's strategic direction with regard to supporting freight and logistics had been guided by the Regional Transport Strategy (RTS) and the associated Freight Action Plan, both published in 2008;
 - (b) that the Strathclyde Freight Quality Partnership had been established in 2007 during the development of the first RTS in support of the freight element of the transport remit transferred to the newly established Regional Transport Partnerships through the Transport (Scotland) Act 2005, the main objectives of which included the development of the regional Freight Action Plan, raising awareness of specific

2 February 2018

freight issues across both the public and private sectors, sharing best practice in freight transport, and monitoring the impact of new policy or legislation; and

- (c) that as the freight sector operated within a changing environment, which in turn drove a need to ensure priorities for freight were effective and up to date, in anticipation of preparing a new RTS, the need to develop a new freight strategy had been identified, which would complement the wider RTS as that was developed;
- (3) providing information on
- (a) a range of activities that had been undertaken, together with the key issues which had emerged from the consultations and study work; and
 - (b) the development of six objectives and areas for intervention for the Strategy which had resulted from analysis of the findings from research and consultations; and
- (4) advising members
- (a) that the objectives and intervention areas would form the basis of a strategy action plan which would be incorporated into the next RTS Delivery Plan against the appropriate strategic priorities and monitored through that process;
 - (b) that this new Freight Strategy for Strathclyde provided clarity for SPT and partners on the key issues to be addressed, and the objectives and action areas to target in delivering improvements in the transport network to support this key industry;
 - (c) that through SPT's continuous engagement with partners, these priorities for freight would be considered fully in the development of wider initiatives or schemes and would also identify and progress those actions that can be led by SPT; and
 - (d) that SPT would examine how other Freight Quality Partnerships were managed and resourced and review how this might assist in effective delivery of the strategy.

After consideration and having heard Mr Kiloh in amplification of the report and in answer to members' questions, the committee

- (i) agreed that the Freight Strategy be distributed to all members; and
- (ii) otherwise noted the terms of the report.

10. Strategic Issues Update for the SPT area

There was submitted and noted a report (issued) of 12 January 2018 by the Senior Director

- (1) reminding members
- (a) that there was a significant amount of activity within transport and related sectors at present across national, regional and local levels, which covered a wide range of initiatives from policy to delivery;
 - (b) that, to varying degrees, each of these had the potential to impact on SPT and its work and, as the Regional Transport Partnership for the west of Scotland, it was essential that SPT closely monitored this wide range of activity and sought to influence outcomes in a co-ordinated and integrated manner;

2 February 2018

- (2) providing information on the current status of each activity and SPT actions;
- (3) appending a National Transport Strategy update provided by Transport Scotland; and
- (4) informing members
 - (a) that there was significant potential for change in transport and related fields at present within Scotland at a strategic level, as a result of many of the initiatives outlined in the report; and
 - (b) that SPT was involved in each of these and officers would continue to seek to ensure that SPT's views were taken into account as matters progressed.

11. Scottish Parliament Local Government and Communities Call for evidence on Planning (Scotland) Bill – Proposed SPT response

There was submitted a report (issued) of 8 January 2018 by the Senior Director

- (1) informing members
 - (a) that The Scottish Government had introduced the Planning (Scotland) Bill into the Scottish Parliament on 4 December 2017; and
 - (b) that The Scottish Parliament's Local Government and Communities Committee was leading on scrutiny of the Bill and, to that end, was undertaking a Call for Evidence to garner views on the Bill;
- (2) reminding members
 - (a) that SPT had sought to be involved fully in the Scottish Government's Independent Review of Planning and the development of the Planning Bill, including providing responses at various stages in both processes, including:
 - The Independent Review of the Scottish Planning System – Call for Evidence;
 - "Places, People and Planning – A Consultation on the Future of the Scottish Planning System"; and
 - "Places, People and Planning" - Position Statement; and
 - (b) that officers had given evidence also in person to the Independent Review of Planning Panel and had participated in Scottish Government workshops on planning and infrastructure.
- (3) outlining the draft key principles contained within SPT's proposed response;
- (4) concluding
 - (a) that The Planning (Scotland) Bill would alter fundamentally the planning system in Scotland and it was therefore essential that SPT continued to make representations that endeavoured to best serve the people and communities of the west of Scotland and their transport network; and

2 February 2018

- (b) that officers would seek the opportunity to appear before the Scottish Parliament's Committee, and continue to liaise with the Scottish Government and other stakeholders regarding the Bill; and
- (5) recommending that the Committee approve the draft key principles of SPT's proposed draft response as outlined in the report.

Following discussion and having heard Mr Kiloh in answer to members' questions, the Committee approved the recommendation at (5) above.

12. Storage Area Network (SAN) Upgrade – Proposed award of contract

After consideration of a report (issued) of 12 January 2018 by the Assistant Chief Executive (Business Support) on tenders received for the provision, installation and system support of a Storage Area Network (digital storage solution), the Committee agreed

- (1) that a contract be awarded to the most economically advantageous tenderer, Capito Ltd, at an initial contract value of £210,710, which comprised of installation of the equipment and maintenance of same for an initial 5 year period; and
- (2) that, upon review of performance, an option for maintenance covering the remaining 15 year period of the asset life to be awarded at £15,624 per annum.

13. UK Bus Summit, London: Chair attendance – Additional item

There was submitted and approved a report (tabled) of 31 January 2018 by the Assistant Chief Executive (Business Support)

- (1) informing members that The UK Bus Summit, to be held in London on 8 February 2018, would address many of the issues relating to the bus industry in delivering sustainable transport solutions and contributing to local economies;
- (2) recommending that the SPT Chair represent SPT at the Summit (together with the Bus Development Manager) at a cost of approximately £600 including travel and attendance; and
- (3) advising members that a full report of the key findings would be presented to a future committee meeting for information and discussion.



Proposed Revenue Budget for 2018/2019

Date of meeting 2 February 2018

Date of report 15 February 2018

Report by Assistant Chief Executive (Business Support)

1. Object of Report

To present to the Committee a proposed revenue budget for the financial year 2018/2019, outlining the assumptions made in the preparation of the budget, proposals for fees and charges and the proposed local authority requisition. In addition, an outline of the 2019/2020 budget is also presented for noting at this stage.

2. Background

It is normal practice within SPT to present a rolling two-year revenue budget for approval, which is consistent with the principles of SPT's approved long term financial strategy. In line with this approach, the 2018/2019 draft budget was presented and considered by the Partnership as part of the normal scrutiny process in February 2017, with expenditure principles and proposals agreed. However, due to the timing and the continued one-year nature of the 2018/2019 Scottish Government budget in December 2017, there remains insufficient information on the level of funding available beyond the next financial year to consider fully and agree a two-year budget at this stage. The Partnership therefore are again being presented with a 2-year budget but only approval for year 2018/2019 only can be sought until such time as more information on the level of funding for 2019/2020 is known.

The agreement of priorities by the Partnership flows from the setting of the RTS and subsequent RTS Delivery Plan. The outcomes are monitored annually and reported in SPT's Annual Report at a regional level, and cascaded into individual local authority Transport Outcome Reports. The RTS, and therefore future priorities, is currently subject to review and will be considered by the Partnership at various stages throughout the review process.

The Partnership is aware that the long term financial strategy was developed to support and align with the agreed RTS priorities to the level of funding available. At a more detailed level, the specific priorities directly requiring revenue support include the continued funding to socially necessary bus services, support and redirection of funding specifically to the Subway modernisation project and other Subway infrastructure works, and, in light of the reduced general capital funding available, to continue to support transport infrastructure investment across the region, including financial contributions to local authority projects. Critically, and taking account of the funding pressures on all stakeholders, a key theme has been to support region wide capital investment and modernise the Subway without seeking additional requisitions from local authority partners.

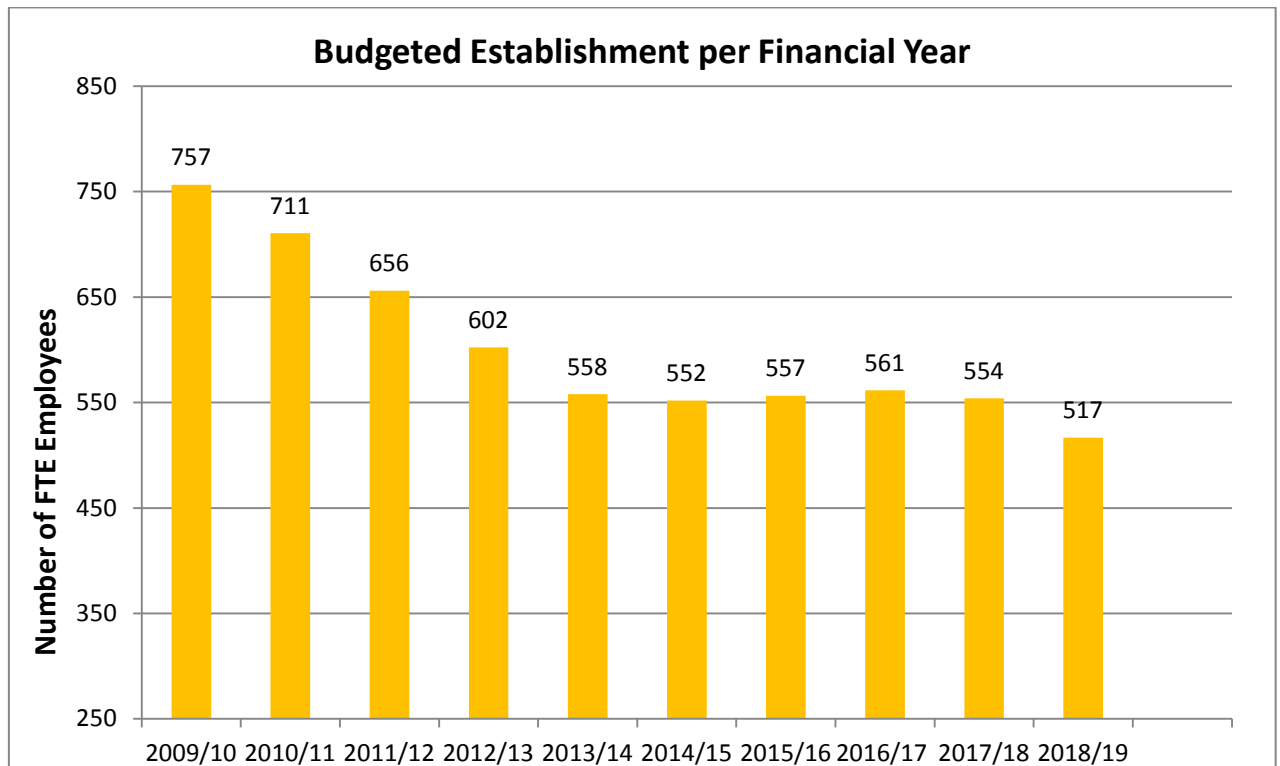
To date, this has been achieved by the ongoing critical review of all SPT activities and how services are delivered. The Partnership Personnel Committee has received and approved a number of organisational structure reviews, which have subsequently resulted in improved and streamlined processes, thus freeing up resources to redirect to areas of

priority outlined above. While seeking to streamline the organisation, a key theme has also been to maintain and where possible improve levels of service with reduced resources.

Given the continued pressures on funding for 2018/2019 and projected into following years, it is essential that this approach continues. To this end the Partnership is recommended to continue their support for this, with the Personnel Committee considering any staff-related implications as they arise. Changes approved at the December 2017 Personnel Committee have been taken account of in preparing the 2018/2019 budget.

The approach outlined above has resulted in the cost characteristics of the organisation changing considerably over the last few years, with a proportionate reduction in employee related costs to other front line delivery costs, e.g. in 2009/2010, 24.38% of the net revenue budget was used to fund support to bus services, while in 2017/2018 this had increased to 32.26%. This level of support will be increased to 34.2% of available resources in 2018/2019 if the budget is approved. Similarly, the level of support to the modernisation and infrastructure project has increased from 22.58% to 29.2% of net revenue budget over the same period.

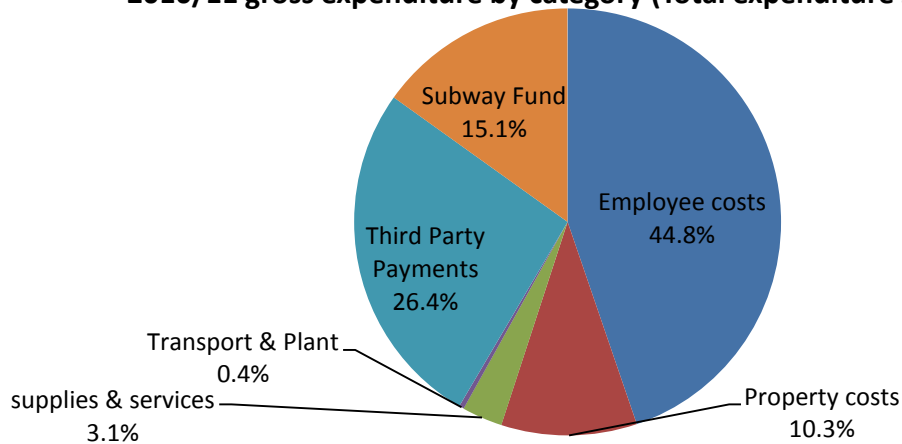
This redirection of resources has only been possible by reducing other expenditure lines and absorbing other cost pressures internally– the table below shows the change in head count over the same period, which has been the main component of the savings generated.



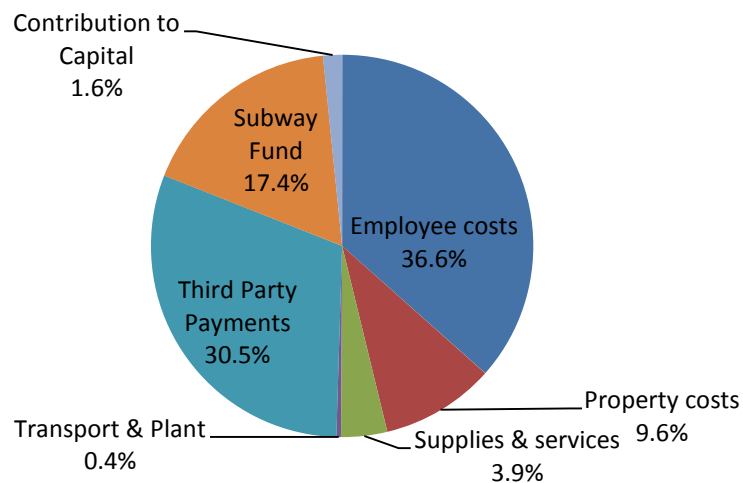
The reduced headcount and the savings generated has only been possible by actively reviewing and modernising internally how we deliver services and what services we deliver. Processes are continually reviewed to ensure consistency with the principles of public administration, but with a focus on the value of process.

The charts below demonstrate pictorially how the distribution of SPT expenditure at gross level has changed over the period. While the budget and requisition levels are shown in cash terms, this masks the level of inflation absorbed over the period – this is estimated to be £6.8m over the same period.

2010/11 gross expenditure by category (Total expenditure £58.828m)



2018/19 gross expenditure by category (Total expenditure £62.046m)



3. Current Position

- 3.1 The Scottish Government has again announced a one-year budget and local government settlement, and while SPT engages with all stakeholders in the preparation of budgets, it does mean that the level of uncertainty over funding in the long term remains. However, given the need to ensure that SPT continues to be managed on a robust but sustainable fashion, considerable work has been undertaken in both scenario planning and in discussion with funders.
- 3.2 These discussions have identified a very high likelihood of funding reductions over the next two financial years, and the expectation that these funding pressures are reflected in all bodies seeking funding support from local authorities.
- 3.3 In light of this and seeking to ensure that the priorities are maintained, a service line review has been undertaken – the results of which are shown in the form of the proposed budget as attached at Appendix 1. The outcome is consistent with the previous budget for 2018/2019 considered by the Partnership, with changes reflecting the current position in terms of staff numbers and contracted costs, and any other organisational change which has been approved during the year.

- 3.4 The level of financial support to bus and my bus services has increased in cash terms despite funding reductions. The other main significant change to highlight is the proposal for revenue support to capital expenditure – this is planned as the level of capital support from government for non-subway related capital expenditure has reduced by £1.032m in 2018/2019, and it is important to continue to support regional wide infrastructure projects delivered by SPT and by local authority partners. The Partnership is asked to approve this contribution to capital recognising the financial support that this will give to local authority partners as part of the capital budget.

In addition, the level of contribution to the subway fund has marginally decreased in 2018/2019. This reduction can be managed within the overall subway modernisation plan. There has been significant increased activity on the project and the subway infrastructure works in the last two financial years, and SPT will bear increased costs during the transition period from the old system to the new system. The marginal decrease in contribution to the fund has been factored into this plan.

- 3.5 Taking all of the above, it is proposed to set a net revenue budget at £36,937,714 (2017/2018 - £37,670,381) a reduction of 2% in net revenue terms. This will be funded via requisition on local authorities, fares, fees and charges and a contribution from Scottish Government.

Proposals for Fares, Fees and Charges

- 3.6 An essential element of any budget setting is the review of fees and charges across SPT services, and as discussed previously with Partnership members any changes take account of market conditions but also the practicality of annual increases on small base fares. This assessment considers all fares and charges applicable to Subway and the standard bus fare schedule.
- 3.7 With regards to Subway, fares are assessed annually to ensure all products remain relevant. It is proposed to amend these as outlined below:

Smart Ticketing (STR)	Current Fare	Proposed Fare	Change
Adult Single	£1.45	£1.50	£0.05
Adult Daily Cap	£2.80	£2.90	£0.10
Child Single	£0.70	£0.75	£0.05
Child Daily Cap	£1.35	£1.45	£0.10
Disposable			
Adult Single	£1.65	£1.70	£0.05
Adult Return	£3.10	£3.20	£0.10
Adult Daily	£4.00	£4.10	£0.10
Child Single	£0.70	£0.75	£0.05
Child Return	£1.35	£1.45	£0.10
Child Daily – new product	N/A	£2.00	New product
Concession Single	£1.00	£1.00	No change
Concession Return	£1.40	£1.40	No change
Season Tickets – Online STR			
Adult 7 day	£13.00	£13.00	No change
Adult 28 day	£50.00	£50.00	No change
Adult 10 week – new product	N/A	£120.00	New product
Adult 6 month	£250.00	£250.00	No change
Adult Annual	£450.00	£450.00	No change
Child 7 day	£6.50	£6.50	No change
Child 28 day	£25.00	£25.00	No change
Child 10 week – new product	N/A	£60.00	New product
Child 6 month	£125.00	£125.00	No change

Child Annual	£225.00	£225.00	No change
Season Tickets (in stations)			
Adult 7 day	£13.00	£14.00	£1.00
Adult 28 day	£50.00	£54.00	£4.00
Adult 6 month	£250.00	£270.00	£20.00
Adult Annual	£450.00	£485.00	£35.00
Child 7 day	£6.50	£7.00	£0.50
Child 28 day	£25.00	£27.00	£2.00
Child 6 month	£125.00	£135.00	£10.00
Child Annual	£225.00	£245.00	£20.00
Park and Ride			
Park and Ride (all day disposable)	£5.20	£5.40	£0.20
Park and Ride (all day STR)	£5.20	£5.40	£0.20
STR parking only - 30 minutes	£0.50	£0.50	No change
STR parking only - 1 hour	£1.00	£1.00	No change
STR parking only - 2 hours	£2.50	£2.50	No change
STR parking only - all day	£5.20	£5.40	£0.20
Parking only - 28 days	£50.00	£52.00	£2.00
Park and Ride - 7 day season ticket	£25.00	£26.00	£1.00
Park and Ride - 28 day season ticket	£95.00	£100.00	£5.00
Park and Ride - 6 month season ticket	£500.00	£525.00	£25.00
Park and Ride - annual season ticket	£900.00	£940.00	£40.00
Lost ticket fee	£3.00	£3.20	£0.20
Overstay day rate	£5.20	£5.40	£0.20
Season add on	£2.40	£2.50	£0.10

3.8 SPT also has a small number of other fares and charges in operation – mainly for services at bus stations, and for applicable fares (known as the standard bus and ferry maximum fare table) on subsidised bus services and MyBus services. This is the maximum increase that operators fulfilling SPT contracts can apply.

3.9 Many operators who operate SPT contracts have made representation that the maximum fare table is currently out of step with the cost of operating services and have requested that SPT consider a review of this. This is also reflected in the increased costs of tendered services for bus and ferry. It is therefore proposed the maximum fare table is increased by 3%, the current rate of inflation for the next financial year, while a review of the fares model is undertaken in more detail.

3.10 Taking account of the above and in light of the significant increased costs relating to the Gourock–Kilcreggan ferry service (Operations Committee 26 January 2018), and the increased subsidy required to continue this service it is proposed to increase the applicable fare from £2.60 to £3.60. Whilst on percentage terms this is greater than would normally be applied, this does take account of the increased tender cost and required subsidy and reduces the subsidy level to a level comparable with other ferry fares across the region and bus subsidy levels in operation.

3.11 With regards to other fees (bus station departure charges, left luggage, toilets etc.) these were increased by 5% in 2017/2018. Given the small value denomination of some of these charges it is difficult to apply an even percentage, and therefore it is proposed not to increase these in the current year but to seek agreement to increase these by 5% in the following financial year to reflect the current market conditions and service costs.

4. Requisition and Government Grant

- 4.1 In addition to the above, it is proposed the net revenue budget is funded by local authority requisitions of £35,900,714, reflecting a 2% reduction in support from constituent councils plus a contribution from Scottish government of £1,037,000, in line with previous years. A similar assumption into 2018/19 has also been reflected at this stage as a planning assumption, although more work and further discussion with all funding bodies is required to agree future year planning assumptions. The 2% reduction has been discussed with all funding partners to ensure that all have a common and shared financial planning assumption and takes account of the affordability to the partners.
- 4.2 The draft budget shown at Appendix 1 and proposed requisition levels at Appendix 2 take account of these proposed fees and charges.

5. Conclusions

- 5.1 The preparation of the 2018/2019 draft budget has been undertaken having consideration to the previously approved budget priorities as well as the affordability of the service plans to all stakeholders. Clearly the level of funding available for revenue support is under pressure with an expectation that there will be a reduced requisition on all funders. However, there remains an expectation that service levels will be maintained, and that SPT will make contributions to the subway modernisation project as agreed as part of the business case, and continue to support local authorities through the capital plan.
- 5.2 As a result, it is necessary for SPT to continue with the ongoing review of service activities and organisational structures to ensure that resources are re-directed wherever possible to the priorities outlined in Para 2. It is also necessary to critically review the level of fares, fees and charges applied.
- 5.3 Taking all of the above including pressures and affordability to partners into consideration, which will result in a cash reduction of 2% applied to each local authority requisition, it is necessary to set a net revenue budget at a level of 2% less than in financial year 2017/2018. This funding reduction will present difficulties in delivering SPT's agreed priorities and will require continued effective management. All councils have been consulted at a Director of Finance level as part of this process, and this level of reduction is believed to be consistent with their own plans.
- 5.4 Given the ongoing financial pressures and expectations as to how the Government's austerity measures will continue to affect funding partners, together with the ongoing review of the Regional Transport Strategy, it is proposed that a more detailed review of the long term financial strategy and supported priorities be undertaken and presented to a future Partnership for consideration.

6. Committee Action

The Committee is recommended to consider the attached draft revenue budget and recommend to the Partnership:

- A net revenue budget for 2018/19 of £36,937,714;
- Requisitions totalling £35,900,714, a 2% reduction on the 2017/18 levels;
- An increase to Fares, Fees and Charges as outlined at paragraphs 3.7 to 3.11; and

- A more detailed review of priorities and the long term financial plan be considered by the Partnership at a future meeting taking account of the Regional Transport Strategy review.

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	Name	Gordon MacLennan
Title	Assistant Chief Executive (Business Support)	Title	Chief Executive

For further information, please contact *Valerie Davidson*, on 0141 333 3298



Progress on the development of the Capital Plan 2018/19 to 2020/21 including the Capital Budget 2018/19

Committee Strategy & Programmes

Date of meeting 2 February 2018

Date of report 18 January 2018

Report by Assistant Chief Executive (Business Support)

1. Object of report

To advise the Committee of progress made to date in the preparation of the three-year Capital Plan for financial years 2018/19 to 2020/21, including the Capital Budget for 2018/19.

2. Background

- 2.1 The Capital Plan 2018/19 to 2020/21 is developed in line with the objectives and strategic priorities of the Regional Transport Strategy, as summarised in Diagram 1 below. This strategic framework directs capital investment to the key intervention areas to ensure progress towards achieving the RTS Strategic Outcomes of: Attractive, Seamless, Reliable Travel; Improved Connectivity; Access for All; and Reduced Emissions. The projects in the proposed Capital Plan are assessed against the strategic priorities as well as deliverability and affordability considerations.
- 2.2 The Capital Plan 2018/19 to 2020/21 sets out the proposed SPT funding for projects to be delivered by SPT and partners in the financial year 2018/19 and indicative capital investment plans for 2019/20 and 2020/21.

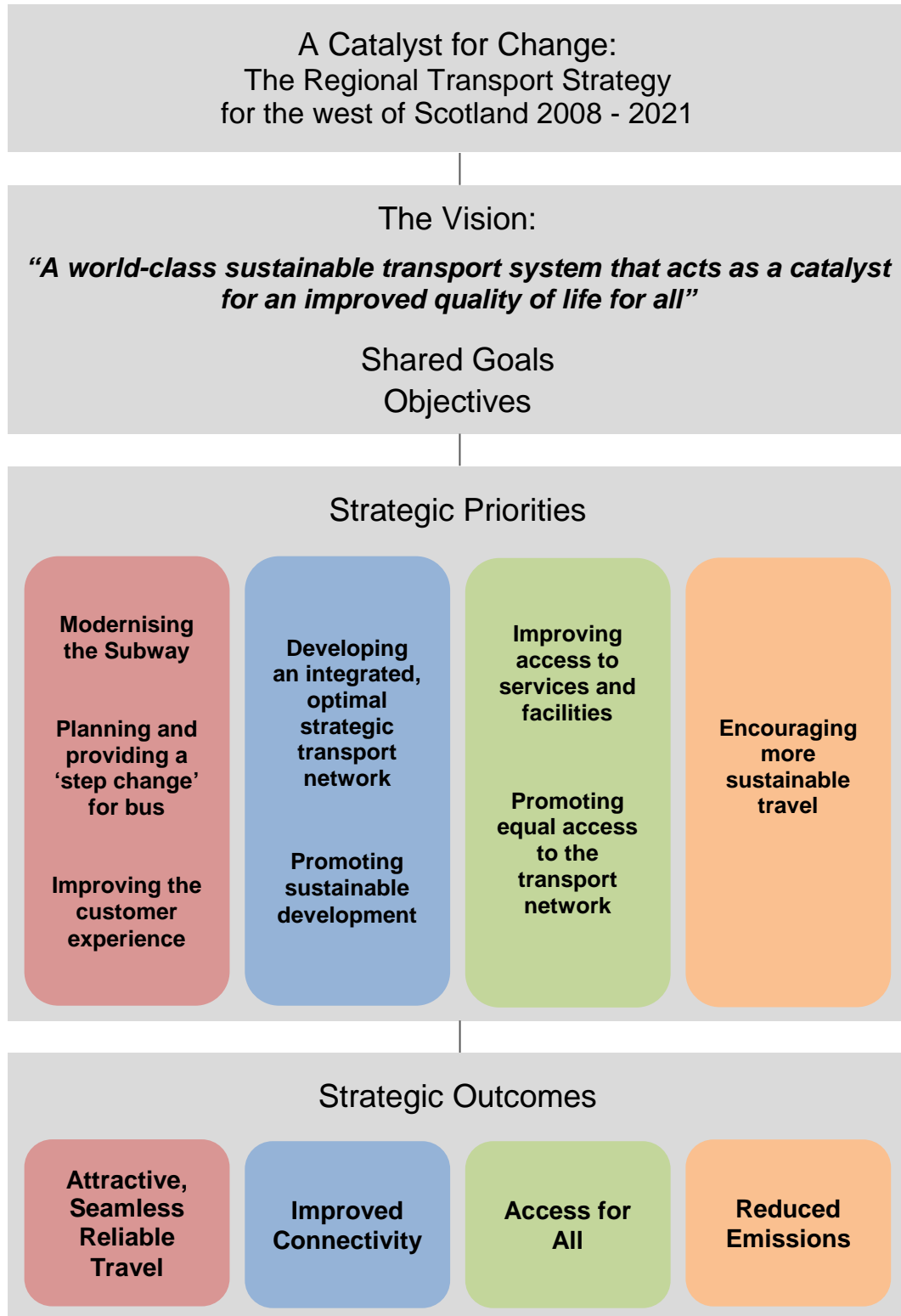
Attached to this report are a number of appendices, namely:

- Appendix 1 – Summaries of the planned capital programme for 2018/19 to 2020/21 and proposed funding plan for 2018/19 only.
- Appendix 2 – Details of the proposed capital programme, including budget, for 2018/19 only.
- Appendix 3 – Details of the indicative capital programme for 2019/20 and 2020/21.

3. Outline of proposals

3.1 The following (Diagram 1) is an extract from the Partnership approved RTS Delivery Plan.

Diagram 1: Regional Transport Strategy framework



- 3.2 The proposed Capital Plan 2018/19 to 2020/21 seeks to progress interventions with a focus on achieving the Strategy Outcomes, specifically:

RTS Outcome: Attractive Seamless Reliable Travel

Interventions to support the delivery of a modern, integrated and attractive transport network include continuation of Subway Modernisation programme, bus passenger infrastructure improvements, improvements at key transport nodes and interchanges, travel information improvements including Real Time Passenger Information and development of smart, integrated ticketing.

RTS Outcome: Improved Connectivity

Interventions to support the delivery of a more efficient and safe transport network including improvements to urban traffic control systems, junction improvements and safety improvements on rural roads.

RTS Outcome: Access for All

Interventions to support the delivery of a more accessible and safe transport network include more accessible public transport and active travel infrastructure and bus fleet improvements on socially necessary services.

RTS Outcome: Reduced Emissions

Interventions to support the delivery of a more sustainable transport network and travel behaviour include park and ride development, delivery or development of new cycling infrastructure and schemes in support of town centre regeneration plans to encourage more sustainable travel to work, shops and services.

- 3.3 The draft RTS Delivery Plan 2018/19 - 2020/21 has been developed and consultation is underway. There have been no changes to the RTS Strategic Framework in the development of the new Delivery Plan as the process to create the new RTS currently underway includes the development of a new Strategic Framework. Therefore, projects in the proposed Capital Plan 2018/19 to 2020/21 have been assessed against the existing strategic interventions.

The outcomes are monitored annually and reported in SPT's Annual Report at a regional level, and cascaded into individual local authority Transport Outcome Reports. The RTS, and therefore future priorities, is currently subject to review and will be considered by the Partnership at various stages throughout the review process.

4. Sources of Capital Funding

- 4.1 SPT capital funding is received via a number of streams including specific direct capital awards for projects, the local government settlement, contributions from the revenue budget where resources allow and where SPT can self-generate savings, and other external sources.
- 4.2 As the Committee will be aware, balancing a capital budget and delivery of a plan in the context of a one-year settlement is very difficult in terms of approving (and then delivering) projects. However, if capital investment across the region is to continue, then it is necessary to take a balanced approach to the assumptions made.
- 4.3 The Scottish Government draft budget for 2018/19 includes a capital grant to SPT of £19.0m – a reduction of £1.032m on the current year. It is also worth noting that this level remains some £6m less than in the period prior to 2015.
- 4.4 Scottish Government funding of the Subway Modernisation project continues with the agreed profile (see below) reported to Partnership in February 2017:

2018/19	£53,845,000
2019/20	£55,610,701
2020/21	£55,147,705

- 4.5 Other funding streams to be utilised in the preparation of the capital plan and budget plans include the utilisation of the Subway fund, and release of grant previously received to support the modernisation project.
- 4.6 Members are also asked to note that local authorities seeking and securing funding from SPT will often unlock alternative sources to other funding streams from other agencies. SPT is actively promoting this benefit to local authority partners as a means of increasing the value of the total SPT investment.

5. Proposed capital programme, budget and funding plan for 2017/18

As outlined in section 3 above, there is now more certainty as to the level of funding available to SPT, and it is therefore proposed to fund the 2018/19 plan as shown in Table 1 below.

Table 1: 2018/19 Proposed Capital Programme position

Ref	Category	Subway Modernisation £000	General Capital £000	Total £000
1	Capital expenditure	52,935	21,590	74,525
2	Scottish Government general capital grant	-	19,000	19,000
3	Scottish Government specific capital grant	53,845	-	53,845
4	Revenue contribution to the capital programme	-	1,000	1,000
5	Subway fund utilisation	-	-	-
6	Transfers to Capital Grants Unapplied Account	-910	-	-910
7	Capital funding	52,935	20,000	72,935
8	Projected variance	-	1,590	1,590
9	Projected variance of general capital as a percentage of funding		8%	

6. Conclusions

The preparation of the Capital Plan 2018/19 to 2020/21 and the Capital Budget 2018/19 has sought to balance the transport project delivery aspirations and the available funding. Project proposals have been assessed against the strategic priorities, deliverability considerations and affordability. The utilisation of shared resources with partners has been taken into account. The package of interventions in the Capital Plan will support the delivery of the RTS Strategic Outcomes of: Attractive, Seamless, Reliable Travel; Improved Connectivity; Access for All; and Reduced Emissions.

7. Committee action

The Committee is recommended to consider the draft programme and to note the progress made to ensure the plan is robust and deliverable within the timescales and funding available. The Capital Plan 2018/19 to 2020/21 will be submitted to a future Partnership meeting for approval.

8. Consequences

Policy consequences	<i>Supports delivery of RTS.</i>
Legal consequences	<i>None at present.</i>
Financial consequences	<i>As outlined in the report.</i>
Personnel consequences	<i>None directly.</i>
Equalities consequences	<i>EQIA to be undertaken for individual projects as per SPT Equalities Policy and/or as per capital grant conditions.</i>
Risk consequences	<i>None at present.</i>

Name Valerie Davidson

Title **Assistant Chief Executive
(Business Support)**

Name Gordon Maclennan

Title **Chief Executive**

For further information on the physical delivery aspects of this report please contact Charles Hoskins, Senior Director, on 0141 333 3285.

For further information on the financial aspects of this report please contact Neil Wylie, Director of Finance & HR on 0141 333 3380.