

TRANSPORT FOR GREATER MANCHESTER COMMITTEE REPORT FOR INFORMATION

Sub Committee: Bus Networks and TfGM Services
Date: 17 November 2017
Subject: Review of Subsidised Bus Services Budget
Report of: Director of Finance and Corporate Services; Interim
Head of Bus Services

PURPOSE OF REPORT

To update Members with regard to the current position on the 2017/18 subsidised bus services budget.

RECOMMENDATIONS

Members are recommended to note the contents of this report.

BACKGROUND DOCUMENTS

Report to BNTS: 'Review of Subsidised Bus Services Budget': 6 October 2017.

Report to Greater Manchester Combined Authority: 'Transport Levy Budget 2017/18': 17 March 2017.

CONTACT OFFICERS

Nick Roberts

0161 244 1173

nick.roberts@tfgm.com

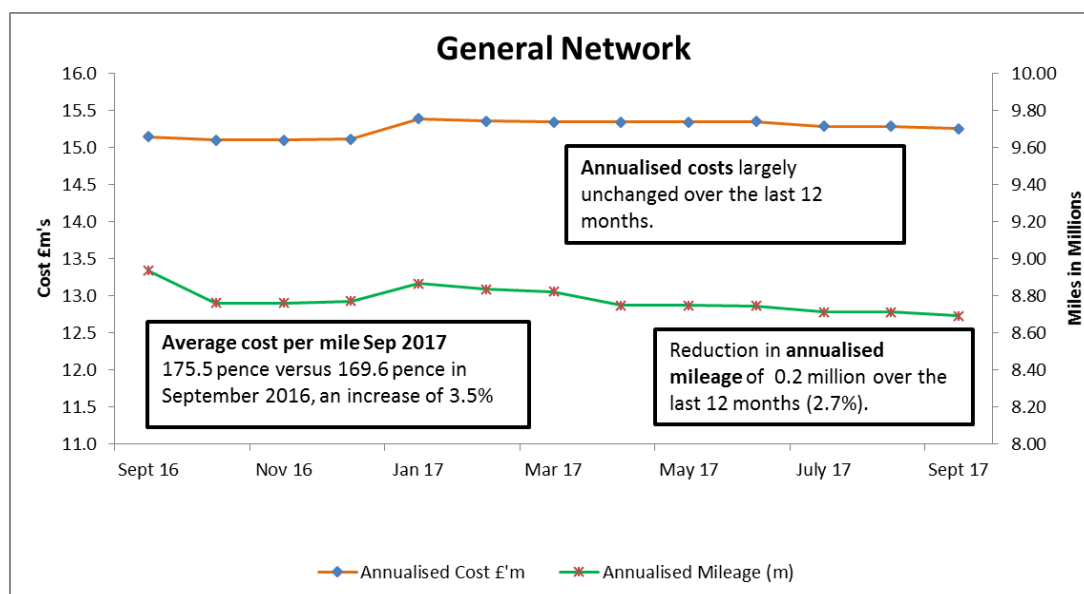
1. Introduction

- 1.1 The report updates Members on the annualised cost of the General Subsidised Services Network at 30 September 2017; the month of September and 12 month period to September 2017; and the current position against the 2017/18 subsidised services budget.

2. General Subsidised Services Network 2017/18

- 2.1 The following graph shows the total annualised cost and mileage relating to the general subsidised services network for the period between September 2016 and September 2017.

- 2.2 Annualised costs and mileage as at 30 September 2017 are £15.25 million and 8.69 million miles respectively. The resulting cost per mile subsidy is 175.4 pence, an increase of 5.9 pence per mile compared to the same period last year.



- 2.3 The following summarises the annualised cost and mileage changes to the general network for the month of September and during the 12 month period to 30 September 2017.

Summary of annualised changes	For the month of Sept 2017		For the 12 months to 30 September 2017	
	£'000	Miles'000	£'000	Miles'000
Services withdrawn without replacement	-	-	(138)	(67)
Subsidised Services which have become commercial services	-	-	(27)	(26)
New subsidised services	-	-	125	43
Commercial de-registrations taken up as subsidised services	-	-	207	81
Ongoing service (reductions)	(37)	(21)	(14)	(275)
Net changes other than price	(37)	(21)	153	(244)
Net price increases/(reductions)	4	-	(49)	-
Net increase/(reduction)	(33)	(21)	104	(244)

2.4 During September, there was an overall net reduction in cost and associated mileage. This included route revisions to serve Bolton Interchange.

3. Position against Budget 2017/18

	September £000	Year to date		%	Budget 2017/18 £000
		Budget £000	Variance £000		
General Network Costs					
General Bus Services	9,227	9,524	297	3.1%	18,973
DRT and Local Link	1,120	1,113	(6)	-	2,208
Shuttles	1,212	1,279	67	5.3%	2,250
Sub-Total General Network	11,559	11,917	358	3.0%	23,432
Schools Services Costs	6,387	6,659	272	4.1%	14,325
Total – Subsidised Services costs	17,947	18,577	630	3.4%	37,757
Income					
Total Subsidised Services Income	4,998	5,029	(31)	(0.6%)	10,646
Net Cost - Subsidised Services	12,948	13,548	599	4.4%	27,111

3.1 Timing differences on various planned costs mean that they have not yet been incurred during the financial year. The variances are primarily as a result of:-

- Timing differences on support costs primarily relating to TfGM owned hybrid buses expenditure, the majority of which will reverse later in the year; and
 - Savings achieved on contract renewals.
- 3.2 This means that overall expenditure on Subsidised Services (net of income) was £599,000 lower than budget in the six months to September 2017.

4. De minimis Contracts

- 4.1 The 1985 Transport Act (as amended by the 2000 Transport Act) introduced the provisions which govern the duties of local and Integrated Transport Authorities to secure local bus services where these would otherwise not be met. Authorities with forecast expenditure on bus service subsidies in any one year of £600,000 or more are able to spend up to 25% of total subsidised contract expenditure on “De Minimis contracts” without undertaking a competitive tender process. There is no limit on individual contract values or on spend with any single operator.
- 4.2 The annualised value of contracts let under the “De Minimis” regulations is £1,393,000. This represents 5.3% of the total annualised value of contracts of the subsidised bus network. The table below summarises the level of de minimis contracts over the past three years.

12 month period to	De Minimis Contract Costs £000	De Minimis Contracts as % of Total Contract Costs
30-Sep-14	2,398	6.8%
31-Mar-15	1,776	5.4%
30-Sep-15	1,610	4.9%
31-Mar-16	1,535	4.9%
30-Sep-16	1,461	4.5%
31-Mar-17	1,698	5.3%
30-Sep-17	1,393	4.5%

5. Recommendations

- 5.1 Members are recommended to note the contents of this report.

Steve Warrener
Finance and Corporate Services Director

Alison Chew
Interim Head of Bus Services