



REPORT TO: MORAY COUNCIL ON 28 SEPTEMBER 2022

SUBJECT: MORAY GROWTH DEAL – BUS REVOLUTION, REVENUE BUDGET REQUEST

BY: DEPUTE CHIEF EXECUTIVE (ECONOMY, ENVIRONMENT AND FINANCE)

1. REASON FOR REPORT

- 1.1 To inform the Council of the revenue budget requirements for implementation of the Moray Growth Deal 'Bus Revolution' project
- 1.2 This report is submitted to Council in terms of Section (II) (23) of the Council's Scheme of Administration relating to approval of revenue budgets

2. RECOMMENDATION

2.1 It is recommended that the Council:

- (i) approve the establishment of a revenue budget for Bus Revolution as set out in para 3.8; and**
- (ii) note that any variations arising from the finalisation of the business case will be dealt with as part of the Council's financial planning process**

3. BACKGROUND

- 3.1 The Bus Revolution project is part of the Moray Growth Deal and aims to improve public transport connectivity across Moray by providing additional demand responsive transport, improving the ease of use of public transport by the introduction of app based technology, and reducing carbon emissions by introducing fully electric bus vehicles.
- 3.2 The project builds on the existing Dial M demand responsive service, to extend hours of operation, and particularly aims to tackle transport barriers to employment. There will be three key capital funding phases throughout the 10 year span of the Growth Deal, each giving the opportunity to incrementally expand service provision, with a long term aim of providing services seven days per week from early morning to late evening.

- 3.3 The Outline Business Case for Bus Revolution was approved in November 2021, with the full Growth Deal being signed in December 2021. The Full Business Case has been developed and is being reviewed by Scottish Government with a view to approval during Q3 2022/23.
- 3.4 Operational planning has been taking place, and at Economic Development and Infrastructure Services Committee on 22 March 2022 the Committee endorsed the first phase of operational plans.
- 3.5 Since that time one of the vehicle suppliers contracted to deliver vehicles for the project withdrew from their contractual commitment to provide two of three vehicles in August of this year. This means that the operational plans need to be revised, with the consequential impact on both capital and revenue expenditure and income. These revised plans are being developed.
- 3.6 Notwithstanding the challenge this has presented, Officers are working to enable to project to go into operation at the earliest practical opportunity. In order to do so, additional drivers need to be recruited and supporting contracts – particularly marketing – need to be procured.
- 3.7 It is not permitted to commence the recruitment or procurement processes prior to budget being committed, therefore, this report requests an enabling revenue budget to be established for Q4 2022/23, with the full revenue budget impacts to be considered and incorporated as part of the financial planning process.
- 3.8 A revenue budget to incorporate £20k of marketing expenditure and the recruitment of 7 FTE drivers at a total of £44k is therefore requested – noting that these figures are pro-rated for Q4 2022/23.
- 3.9 The full business case indicates that over the life of the project the fares income will offset revenue costs. The financial sensitivities of the wider revenue case will be monitored and escalated as appropriate.

4. SUMMARY OF IMPLICATIONS

(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))

This Growth Deal project contributes to accessibility, economic development and the climate emergency as set out in the Our Place and Our Future priorities of the Corporate Plan.

(b) Policy and Legal

This report relates to the Moray Growth Deal, and the duties under the Transport Act 1985 to secure the appropriate provision of public transport services that would not otherwise be met.

(c) Financial implications

Net revenue budget request of £66k for 2022/23

When the Council approved the budget for 2022/23 on 22 February 2022 (paragraph 3 of the Minute refers) it balanced only by using

reserves and one-off financial flexibilities. The indicative 3 year budget showed a likely requirement to continue to make savings in the order of £20 million in the next two years. All financial decisions must be made in this context and only essential additional expenditure should be agreed in the course of the year. In making this determination the committee should consider whether the financial risk to the Council of incurring additional expenditure outweighs the risk to the Council of not incurring that expenditure, as set out in the risk section below and whether a decision on funding could reasonably be deferred until the budget for future years is approved.

(d) Risk Implications

Expenditure of the budget is dependent on conclusion of the Full Business Case as well as successful recruitment of drivers. The wider cost and income implications will be set out in the full business case.

(e) Staffing Implications

Operating the additional services requires the employment of additional drivers, the costs of which are included in the revenue budget proposals. The increase in headcount and authority to recruit these posts are covered under the Scheme of Delegation.

(f) Property

There are no property implications arising from this report.

(g) Equalities/Socio Economic Impact

The provision of public transport has equalities and social benefits in providing access to services, education and employment. An Equalities Impact Assessment was prepared as part of the Outline Business Case for the project and can be provided on request.

(h) Climate Change and Biodiversity Impacts

This Growth Deal project contributes directly to Net Zero targets through the provision of public transport as an alternative to private car use, and the introduction of zero emission vehicles in the provision of that public transport.

(i) Consultations

The Depute Chief Executive (Economy, Environment and Finance), Head of Governance, Strategy and Performance, Chief Financial Officer, Tracey Sutherland, Committee Services Officer and Equalities Officer have been consulted and their comments incorporated into this report.

5. CONCLUSION

5.1 The Bus Revolution project of the Moray Growth Deal is working towards implementation, and establishment of an enabling revenue budget is a key stage in bringing the project to fruition.

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Background Papers:

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