

South Yorkshire Transport Revenue Budget

The South Yorkshire Transport revenue budget as originally approved when the 2019/20 transport levy was agreed was £62.828m made up of £59.736m of SYPTE operational expenditure and SCR/MCA transport revenue expenditure of £3.092m.

At present, there is a forecast £138k overspend on the SCR/MCA transport revenue budget due to a change in the methodology for apportioning Broad Street West premises costs between the MCA / LEP and amount chargeable against the transport levy. The change in methodology means that SCR will bear a higher proportion of these shared costs this year as a result of occupying more floor space with a corresponding reduction in the amount borne by SYPTE. The SCR share in turn is apportioned between its LEP and transport functions. The overspend on the SCR/MCA transport revenue budget has arisen because the change in methodology was agreed after the 2019/20 transport levy was set and was not, as a consequence, factored into the SCR's transport revenue budget.

The following table shows the forecast position of SYPTE operational expenditure budget as at Q1, a forecast overspend of £477k.

SYPTE Operational Budget	Budget approved by MCA	Current budget	Outturn	Variance
	2019/20 £'000	2019/20 £'000	2019/20 £'000	2019/20 £'000
<u>SYPTE: Mandatory Expenditure</u>				
ENCTS / Mobility Concessionary Travel	£25,438	£24,869	£24,779	-£90
		£24,869	£24,779	-£90
<u>SYPTE: Financial Obligations</u>				
Capital Financing	£10,797	£10,797	£10,797	£0
Tram Access Agreement	£1,500	£1,500	£1,500	£0
Depreciation	£2,389	£2,389	£2,389	£0
Pensions	£2,256	£2,256	£2,256	£0
		£16,942	£16,942	£0
<u>SYPTE: Discretionary Expenditure</u>				
Discretionary Concessions	£1,689	£1,689	£2,327	£638
Departure Charges	-£1,183	-£1,183	-£946	£237
Tendered Bus Services	£5,649	£5,649	£5,621	-£28
Community Transport	£1,657	£1,657	£1,657	£0
		£7,812	£8,659	£847
<u>SYPTE: Operational Departments</u>				
Customer Services	£1,874	£1,788	£1,798	£10
Public Transport		£5,568	£5,448	-£120
Support Departments		£2,759	£2,589	-£170
Interchanges & Sites	£2,310			
Infrastructure (on street)	£978			
Planning & Support Depts	£4,384			
		£10,115	£9,835	-£280
TOTAL SYPTE EXPENDITURE	£59,738	£59,738	£60,215	£477

The overall operational budget remains unchanged but there have been a few presentational changes within budget heads since the transport levy was agreed by the MCA on 28 January 2019.

The main one of these is moving the staffing budget for the Concessions and Ticketing team from ENCTS concessionary travel in the budget approved by the MCA to operational departmental budgets in the current budget.

The main reasons for the forecast overspend are:

- Concessionary fares (mandatory) – Concessions remains the area most sensitive to fluctuations in activity and therefore budget variances. The Q1 forecast makes allowance for updated 2019/20 patronage and reimbursement rates for all operators. It should be noted that negotiations with one of the major bus operators are ongoing over future reimbursement rates but as the existing arrangement continues until the end of the 2019/20 financial year it has been assumed that the current negotiations will not impact on the current year. This is the basis on which the forecast underspend of £90k has been determined.
- Discretionary concessions – Expenditure on child concessions is under significant cost pressure, in particular, due to the fact that fares have increased with inflation, but the child concessionary fare has remained fixed at its 2016 level and further to a review of the model used for calculating the child reimbursement. The total impact of these forecast changes is a projected full year overspend of £638k on child concessions across all operators. It may be possible to mitigate the forecast overspend with the release of at least some of the provision made for known risks made at 2018/19 year end which are currently being reviewed.
- Departure charges - As part of the negotiations noted within Concessionary fares, the Operator has requested a review of Departure charges. It is prudent to include this in the full year forecast as a risk, but the final agreement has yet to be reached.
- Bus tendered services – A full review of the current and planned contracts has been completed by the Bus Services team, with the resulting full year forecast position being an underspend of £28k.
- Public Transport – saving of £120k due to planned vacancy management.
- Support Departments – the main reason for the favourable variance of £170k is that, at the time of setting the 2019/20 budget, DfT indicated that the amount of Rail Admin Grant likely to be awarded would reduce by approximately £360k for the full year. In the event there was no such reduction, resulting in an additional benefit of £360k. This benefit is offset by increased payroll costs to give a net projected underspend of £170k.