

WEST YORKSHIRE PASSENGER TRANSPORT AUTHORITY

AUDIT AND GOVERNANCE COMMITTEE

DATE: 14 MARCH 2008

AGENDA ITEM NO: **6**

SUBJECT: ANNUAL BUDGET 2008/09

Report of the Clerk and Chief Financial Officer

1. MATTER FOR CONSIDERATION

- 1.1. To note the approval of the annual capital and revenue budgets for 2008/09, the incorporated risks and the proposed monitoring arrangements.

2. INFORMATION

- 2.1. Members of the Authority at their meeting on 8 February 2008 approved the revised capital and revenue budgets for 2007/08 and those proposed for 2008/09. A summarised copy of each is attached for Members information.

Monitoring arrangements

- 2.2. The terms of reference of the Audit and Governance Committee state that part of their responsibilities include: "To deal with the Authority's arrangements relating to accounts including: - receive monitoring reports on capital and revenue expenditure".
- 2.3. As previously agreed a monitoring report will be brought to each committee during the year in relation to capital expenditure and the latest one, for 2007/08, is attached to the SIC report on this meeting's agenda.
- 2.4. A monitoring report on revenue expenditure for 2007/08 is also attached to the SIC report. Reports will be brought to each meeting during 2008/09 with the exception of the June meeting which will instead receive a report on the final position for 2007/08 with the annual accounts.

Risk matters

- 2.5. Whilst Members will be aware from the budget discussion that the general budget is in line with previous budgets, albeit with changes for developments to Subsidised Services and a number of other matters, the key risks identified relate to the expenditure on Concessionary Fares reimbursements.

- 2.6. The budget contains an abnormally high level of reserves of £6m to reflect both the Authority's and the Districts concerns about the reimbursement formula and the possible actions of the bus operators. In brief there are 5 matters of concern:
- 2.6.1. the operators have still not accepted the settlement for 2006/07
 - 2.6.2. there is still a possibility they could appeal against the 2007/08 scheme
 - 2.6.3. there is a suggestion they are contemplating an appeal against the 2008/09 scheme
 - 2.6.4. the draft reimbursement formula issued by the DfT contained some significant problems and the final document may create some financial difficulties for the future.
 - 2.6.5. the cost of the rollout of the current scheme, from one based on reimbursements for local journeys to one containing much wider reimbursements, is an unknown quantity and could be either significantly lower or higher than that estimated.
- 2.7. As stated above it is anticipated that the reserves approved by the Authority in February are sufficient to meet these costs during 2008/09. However, there is likely to be a significant impact on 2009/10, either positive or negative and prompt management action may be required. The results of what happens with the above risks will be incorporated into the monitoring reports and be submitted to members at their quarterly meetings.

3. FINANCIAL AND LEGAL IMPLICATIONS

- 3.1. None directly arising out of this report.

4. STAFFING IMPLICATIONS

- 4.1. None directly arising out of this report.

5. EQUAL OPPORTUNITY IMPLICATIONS

- 5.1. None directly arising out of this report.

6. RECOMMENDATIONS

- 6.1. That members note the report.

**Clerk and Chief Financial Officer
West Yorkshire Passenger Transport Authority**