Abstract: This report recommends a contract price increase of 3.25% to be effective from 1 July 2004.

1 RECOMMENDATION

It is recommended that the Committee:-

• approve the award of a 3.25% contract price increase, for eligible local bus service contracts/agreements, effective from 1 July 2004.

2 INTRODUCTION

2.1 Local bus service contract prices are reviewed on an annual basis. The review is undertaken on 1 July each year and is based on the indexed price movements detailed in Tables 18.4 and 18.15 of the Monthly Digest of Statistics published by the National Office of Statistics. The weightings used are as follows:-

<table>
<thead>
<tr>
<th>Table</th>
<th>Factor</th>
<th>Weighting</th>
</tr>
</thead>
<tbody>
<tr>
<td>18.2</td>
<td>General Index of Retail Prices – Motoring Expenditure</td>
<td>40%</td>
</tr>
<tr>
<td>18.11</td>
<td>Average Earnings Index – Transport and Communications</td>
<td>60%</td>
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2.2 The actual calculation of the annual percentage increase due is based on yearly comparisons of monthly figures, with the individual monthly comparisons averaged to produce the annual percentage increase. The annual change applies to all current contracts, of more than 17 months duration, entered into prior to 1 January preceding the review. The calculation used allows operators to be advised of the new contract rates within two months.

3 CONTRACT PRICE INCREASE

3.1 Using the above formula, the annual increase in contract prices effective from 1 July 2004 is 3.25%. This will apply to all contracts/agreements (of more than 17 months’ duration) entered into prior to 1 January 2004 which continued to operate after 1 July 2004.
4 FINANCIAL IMPLICATIONS

4.1 The application of these increases will produce an additional expenditure for all local bus service contracts/agreements for 2004 - 2005 of £10,200. The revised projected total net expenditure on tendered services for 2004 – 2005, including services funded from the Rural Transport Grant allocation to Angus Council is estimated as £830,134.

4.2 This increase in costs can be contained within the Planning & Transport Department’s Revenue Budget and Rural Transport Grant allocation to Angus Council for 2004 - 2005.

5 CONSULTATION

5.1 The Chief Executive, Director of Law & Administration and the Director of Finance have been consulted in the preparation of this report.

6 HUMAN RIGHTS

6.1 There are no human rights implications arising from this report.

7 CONCLUSION

7.1 The report details the basis for calculating the annual review of contract price changes for all local bus service contracts and recommends a 3.25% increase for 2004 - 2005.

NOTE

No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973, (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above Report.

AA/LEM/KW
23 August 2004

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