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**Report to:** Transport Committee

**Date:** 12 January 2018

**Subject:** 2018/19 Revenue Budget Implications for Service Delivery

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Is this a key decision?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for call-in?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12a, Local Government Act 1972, Part 1	

## 1 Purpose

- 1.1 On 14 December, WYCA considered its three year Budget Strategy and Business Plan in advance of its approval by the Authority on 1 February 2018. This report updates the Committee on progress to date and the process under which the Committee will have oversight of the activities required to adjust spending on Transport Services.
- 1.2 This report also provides members with the opportunity to review and comment on the draft 2018/19 Business Plans for each Directorate in the Authority

## 2. Information

- 2.1 The budget for 2018/19 is being prepared in the context of a medium term financial strategy for the next three years which will enable effective planning for both WYCA and its funding partners. The difficult funding environment for local government is recognised and WYCA is considering a range of options to reduce expenditure, both to balance the budget in the first instance and also to enable a cut in the transport levy.
- 2.2 At £95m the transport levy is the largest source of revenue income for WYCA and is provided on a per capita basis by each of the five West Yorkshire local authorities. 45% of the levy is used to fund the statutory English National Concessionary Travel Scheme (ENCTS), providing free bus travel to senior and disabled passengers. This increases the challenge to find significant cost reductions on the other budget heads.
- 2.3 As well as reviewing expenditure, WYCA is considering if there are ways to increase its other funding streams. One of its other more significant income streams is the business rates income from the enterprise zones in the region, which comes to WYCA as accountable body for the LEP.

- 2.4 The inherent inflation in both concessionary reimbursement and bus tendered services, along with pay and other contract inflation sees expenditure increasing even at a standstill in service provision. Other cost pressures are present including those emerging from the need for buses to demonstrate higher air quality performance detailed elsewhere on this agenda. Reflecting the need to reduce expenditure in line with the challenges faced by District Councils, the three year proposal is based on an assumption that the levy will reduce by £1m in each of the next three years (£1m was cut from the levy in 2017/18).
- 2.5 Whilst all areas of the Authority's spend are being scrutinised there is a particular focus on how spending reductions can be achieved through the transformation of transport services. Options of how this could be achieved are being developed and will be considered by this Committee following dialogue with Portfolio Holders and senior officers to understand the specific transport needs in each District.
- 2.6 WYCA currently spends £19m procuring socially necessary bus services. A value for money approach has enabled year on year savings in this provision however more fundamental changes are needed to ensure a reduced spend is targeted towards the Authority's and thereby district authority's priorities. A plan has therefore been developed to reduce this cost to £15m by 2020/21 as follows:
- Currently 45% of this expenditure provides services to communities which would not otherwise have any public transport link including £2m spent on AccessBus. It is proposed to focus this expenditure on supporting inclusive growth. It will seek to support those deprived communities which would be isolated from the public transport network by adopting customer focussed, innovative and lower cost ways of supporting their mobility. The AccessBus service will become more integrated with other forms of accessible transport provided by the social care, health and third sectors. By 2020/21 65% of the reduced budget will be spent on supporting mobility.
  - 30% of the expenditure currently provides early morning, evening and weekend journeys on bus services to communities which currently enjoy a commercially funded bus service at peak times and during weekdays. Negotiations will be held with bus operators seeking alternative ways of supporting evening and Sunday services and taxi based solutions will be deployed where appropriate. By 2020/21 25% will be spent on this form of provision.
  - The remaining 25% is the net cost to WYCA of support school services. Further economies will be made to reduce spend on providing school buses in line with the reduced budget working closely with District Council Children's Services teams.
- 2.7 A new policy for support for mobility will be developed which will set out the rationale for where WYCA procures transport services. A draft policy will be presented for approval by the Committee in May 2018.

- 2.8 To implement this new policy, a plan will be developed for the approval of the Committee which will review provision on a district by district basis with the close involvement from elected members and District officers. The Transport Committee Bus Working Group will review the implementation of this plan. Any changes to policy and/ or services will be subject to consultation and equality impact assessments. The current contract renewal programme will require the process to start in the Bradford and Wakefield Districts in 2018/19.
- 2.9 Whilst it is not proposed to reduce the current expenditure on young people's concessionary fares (£9.9m pa), it is proposed to obtain added value for this considerable cost to the taxpayer. In November the Committee endorsed actions under the Bus 18 initiative to increase bus travel by young people. This would include the introduction of a "go anywhere" day ticket, simplification of the range of ticketing products for under 25s and relaxations around proof of eligibility which would make bus travel more accessible for under 19s. This will require the Committee to consider and approve amendments to the formal Concessionary Fare Scheme. These amendments will seek to promote additional travel at concessionary rates with no increase in costs to WYCA.
- 2.10 Targets to generate further income from WYCA buildings and infrastructure assets are being developed by exploiting the current commercial property market and by implementing invest to save schemes. A commercial asset strategy is under development which will seek to maximise the value of operational properties including bus stations.
- 2.11 At present 50% of the cost of WYCA's activity in providing travel information and supporting the sale of transport tickets and passes is funded by operators and MCard sales revenue. By the adoption of lower cost self-service, digital channels it is possible to reduce the net cost to local taxpayers by 2020/21 whilst modernising the service. This potentially will increase the proportion of these costs borne by transport operators. It is proposed to use the established joint venture company which manages the MCard scheme (WYTCL) as a means of jointly managing the delivery of information and ticketing services with the operators. It is therefore proposed to update the Bus Information Strategy that the Authority is required by the Transport Act to reflect the revised service provision and funding arrangements. A revised strategy will be proposed to the Committee later in 2018.
- 2.12 To assist in making the savings in the current year, there has been an emphasis on reducing costs and improving efficiency which has reduced headcount in the Transport Services directorate in 2017/18. Further efficiencies are planned in the teams engaged on monitoring and surveying. Efficiencies have also been made in cleaning, maintenance and security contracts.
- 2.13 **Appendix 1** sets out a summary of the draft Business Plans for each of the directorates in WYCA. These show the key objectives and resources for each team and it is proposed that these will form the core of the 2018/19 Corporate Plan. Key performance indicators (KPIs) will again be used to assist in monitoring progress on delivering these objectives.

### **3 Financial Implications**

3.1 As set out in the report.

### **4 Legal Implications**

4.1 None arising directly from the report. Consultation and Equality Impact Assessments will be required as policy change proposals are progressed.

### **5 Staffing Implications**

5.1 None arising directly from the report.

### **6 Consultees**

6.1 None.

### **7 Recommendations**

7.1 That the Transport Committee notes and endorses the work underway on the medium term financial strategy and budget for 2018/19 which will be presented for approval to the West Yorkshire Combined Authority on 1 February 2018.

7.2 That the Committee endorse the contents of the draft WYCA Business Plans included with this report which will be presented for approval to the West Yorkshire Combined Authority on 1 February 2018.

7.3 That a report is presented to the Committee in May 2018 setting out a policy and programme for the provision of transport services to support mobility.

7.4 That changes to the Authority's Concessionary Travel Scheme to encourage travel by young people at no greater cost to the Authority be presented for review by this Committee in 2018/19.

7.5 That the West Yorkshire Bus Information Strategy is reviewed to meet changing customer expectations at a lower cost to the Authority and a revised draft is presented to the Committee for adoption in 2018.

### **8 Background Documents**

8.1 None.