

Report to: Transport Committee

Date: 5 July 2018

Subject: **Transport Services Budget Update**

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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 by Scrutiny?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information or appendices?	<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 of this report

- 1.1 To update members of the Transport Committee on the performance of Transport Services in relation to the Combined Authority's budget strategy.

2. Information

- 2.1 The Combined Authority set the 2019/20 revenue budget and business plan at its meeting on 14 February 2019 on the basis of a £1 million pa reduction in the Transport Levy. To achieve this requires actions to be taken in respect of the delivery of revenue funded services provided by the Combined Authority using its powers as the statutory transport authority for the region.
- 2.2 A transformation programme is under way to ensure the transport services provided by the Combined Authority are both affordable within the reduced levy and are fully meeting changing customer expectations and the Combined Authority's inclusive growth agenda. The following sets out the position in each of the key activity areas.

Support for Mobility/ Tendered Bus Services – 2019/20 budget £16.7m

- 2.3 The medium term financial strategy adopted in January 2018 seeks to reduce this cost to £15.8m by 2020/21. This represents a 20% reduction in funding for mobility/ bus service support from 2017/18 levels. The Transport Committee adopted new policy guidelines in June 2018 which have been applied to a programme of review and re procurement of contracts for bus services together with a revision of the arrangements under which the Combined Authority provides home to school transport. This process is realising efficiencies and economies through a more rigorous approach to value for money, efficiency savings and smarter procurement which will enable the service to meet its budget for 2019/20. However, it is an appropriate time to consider what actions are needed in the coming year to meet the 2020/21 target.
- 2.4 It is therefore proposed that the Local Bus Working Group of Transport Committee members be convened to review progress to date against the savings target, to review the current guidelines and to consider options for further actions which will be presented to the Transport Committee later in the year.

Concessionary Fares – current budget £56.4 million

- 2.5 This funding enables the free travel scheme for older and disabled people (ENCTS) and reduced fares for younger people. The £45million pa spend on the ENCTS scheme is determined by legislation and calculated using a methodology set by Department for Transport. Whilst the Combined Authority has limited discretion in this area, agreements are made with the larger bus operators on the application of the metrics used in the methodology. The current three year agreements expire in 2020 and the process of re negotiating these agreement is under way. Changes to age eligibility thresholds are causing a small reduction in the volume of free journeys made which have allowed scope for minor reductions of spend in this area.
- 2.6 The £10 million currently spent on cheaper bus fares for under 19s is discretionary and closely supports the Authority's inclusive growth objectives. Negotiations are ongoing with bus operators to reduce the cost of travel for young people, increasing the number of journeys made at no additional cost to the local taxpayer. This will seek to obtain a higher return for the budget currently allocated.
- 2.7 The Combined Authority also funds the provision of half fare rail travel for ENCTS pass holders at a cost of £0.6 million, as these customers also have access to discounts through the national Railcard schemes, a review of the benefits of this concession is under way.

Provision of Travel Information – net cost £1.2million (£2 million offset by £0.8 million contribution from transport operators)

- 2.8 The Transport Committee have approved a draft Bus Information Strategy for wider public engagement over summer 2019. The final version will be considered by the Transport Committee in November 2019 and will set out a

process to improve the outcomes to customers at a lower cost to the local taxpayer.

Support To Multi Modal Ticketing – to be self-financing from 2019/20

- 2.9 The Combined Authority manages the sales and administration of the MCard scheme for which it receives a commission on value of sales. Arrangements are in place with West Yorkshire Ticketing Company Ltd to ensure the Combined Authority fully recovers its costs in supporting the MCard from 2019/20 onwards. The Combined Authority provides Travel Centres a number of its bus stations and plans to increase the self – service offer at these sites to reduce costs and improve efficiency. Projects are being developed to re model the Travel Centres to enable more customer self-service reducing the costs of operation.

Bus stations, stops, shelters and associated facilities –net cost £3.5 million-

- 2.10 53% of the cost of providing these facilities is offset by income from leasing retail units, advertising income and charges to bus operators. A programme of efficiencies and revenue generation has increased this proportion since 2016/17 including the introduction of charges for refurbished toilets and the provision of LED lighting. An Asset Management Plan is being developed to increase commercial income and realise further efficiencies to achieve 55% cost recovery from 2020/21.

3. Financial Implications

- 3.1 The objectives set out in the report are aimed at ensuring the cost of the transport services provided by the Combined Authority are in line with the revised Transport Levy.

4. Legal Implications

- 4.1 There are no legal implications directly arising from this report.

5. Staffing Implications

- 5.1 Whilst there are no staffing implications directly arising from this report, staff costs of the activities are within scope of the actions proposed.

6. External Consultees

- 6.1 No external consultations have been undertaken.

7. Recommendations

- 7.1 That Transport Committee notes the current progress towards meeting the 2019/20 revenue budget and medium term financial strategy as set out in this report.

7.2 That Transport Committee's Local Bus Working Group be convened to review options to amend the Committee's policy guidelines in respect of supported bus services prior to the Committee's consideration of such revisions later in 2019.

8. Background Documents

8.1 No background documents are provided to this report.

9. Appendices

9.1 None.