

Report to: Transport Committee

Date: 9 November 2018

Subject: **Budget Planning**

Director: Dave Pearson, Director, Transport Services
Angela Taylor Director. Resources

Author(s): Dave Pearson

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 advise members of the Transport Committee on issues to be considered in the business planning process and revenue budget planning for 2019/20.

2. Information

- 2.1 On 11 October the Combined Authority was updated on the process to set the medium term financial strategy, business plan and the detailed budget for 2019/20. This work will develop the integrated budget and business plan proposals for 2019/20 and to set this within a longer term three year planning horizon. The Combined Authority will set the 2019/20 budget at its meeting in January 2019.
- 2.2 The initial budget proposal for 2019/20 is being put together assuming the continuation of the £1 million pa reduction in the Transport Levy. In preparing for the 2019/20 budget, the Budget Working Group is exploring where further savings can be made additional to the levy reduction plan.

- 2.3 This will require a reduction in spend on the services which are overseen by Transport Committee. This report sets out the approach to be taken in each of the major activity levels funded by the revenue budget.
- 2.4 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 financial imperatives in each of the key activity areas for the coming year.
- 2.5 **Support for Mobility/ Tendered Bus Services - current budget £18.7m** - the medium term financial strategy adopted in January 2018 plans to reduce this cost to £15.9m 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 2019 which are now being applied to bring expenditure in line with the budget.
- 2.6 **Concessionary Fares – current budget £56.2 million** – 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; the Combined Authority has limited discretion in this regard. 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 extend the reach and value of this scheme without increasing spending above 2017/18 levels. 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.
- 2.7 **Provision of Travel Information – currently budget £2million offset by £0.8 million contribution from transport operators** - this funds the provision of the Metroline contact centre, on line and real time information services (and associated data preparation), bus stop displays, printed maps and timetables. It is aimed to reduce the net cost to the Combined Authority of this activity by approximately 10% in 2018/19 and to review service provision establishing a new Travel Information Strategy which reflects the changing customer expectations in this regard. This review will also look at the balance of funding between the Combined Authority and operators with a view that enhanced service levels are funded by the industry. The strategy will support Authority's Business Plan which aims for 98% of travel information interactions/enquiries to be made on line to ensure a return on the Combined Authority's technology investment in this regard.
- 2.8 **Support To Multi Modal Ticketing – current cost £1.2 million offset by income of £0.8 million** the Combined Authority manages the sales and administration of the MCard scheme for which it receives 2.5% of the value of sales. An analysis of the costs of this activity would indicate that the CA is not recovering its full costs in this regard and a negotiation will be held with the West Yorkshire Ticketing Company to ensure the Combined Authority fully

recovers its costs. 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. This may require “spend to save” projects.

- 2.9 **Bus stations, stops, shelters and associated facilities – total cost £7.5 million offset by £4million income – net cost £3.5 million-** 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. A target will be set to achieve 55% cost recovery in 2019/20.

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 endorse the approach to setting the 2019/20 revenue budget and medium term financial strategy as set out in this report.

8. Background Documents

- 8.1 No background documents are provided to this report.

9. Appendices

- 9.1 None.