

**REPORT TO: WEST OF ENGLAND COMBINED AUTHORITY
COMMITTEE**

DATE: 8 April 2022

REPORT TITLE: TRANSPORT LEVY

**HEAD OF SERVICE: PETER MANN, HEAD OF INTEGRATED
TRANSPORT OPERATIONS**

**DIRECTOR: KATHRYN VOWLES, INTERIM DIRECTOR OF
INFRASTRUCTURE**

Purpose of Report

To seek approval to increase the Transport Levy by up to 10% to cover the increased cost of supported bus services, including Home to School transport for non-entitled children.

Impact of Covid-19 pandemic

The Combined Authority has actively reviewed its key activities and work programme to reflect changing priorities as a result of the Covid-19 pandemic. Specific issues relating to the Covid-19 situation that impact on or are addressed through this report are as follows:

- Maintenance and enhancement of a comprehensive network of local bus services and modification of it in line with the adopted Bus Strategy will contribute positively to economic recovery and growth, assist residents in seeking employment and support the principles of clean and inclusive growth

Recommendations

1. That the Transport Levy is increased by up to 10% from the 2023/24 financial year to cover additional contract costs for supported bus services, including Home to School transport for non-entitled children.
2. That delegated authority is given to the CEOs to agree the final increase by the end of April 2022 for bus service contracts to be awarded, for subsequent confirmation during the budget making process for 2023/24.

Background / Issues for Consideration

1. As a region, we have set ambitious plans to enhance the region's transport network. The current Joint Local Transport Plan (JLTP4), adopted in March 2020, provides the overarching framework within which our Bus Service Improvement Plan (BSIP) sits. By 2036 we will deliver a well-connected sustainable transport network that works for residents, businesses, and visitors across the region; a network that offers greater, realistic travel choices and makes walking, cycling and public transport the natural ways to travel.
2. The framework of JLTP4, the BSIP, and the preceding West of England Bus Strategy, sets out how we will improve bus services, with supported bus services a complementary but necessary aspect of achieving the wider West of England transport vision of 'Connecting people and places for a vibrant, inclusive and carbon neutral West of England'.
3. The Transport Act 1985 de-regulated bus services in England (outside London), removing control from Local Transport Authorities. On this basis, most bus services (around 90%) in the West of England region are provided on a commercial basis by private bus companies.
4. As a Local Transport Authority, the Combined Authority provides financial support to non-commercial bus services that it considers to be socially necessary (around 10%). These services are generally orbital/rural in nature or provide links between communities that are not connected by arterial routes.
5. The cost of these services is approximately £4m per annum which is covered by the Transport Levy from the three authorities, government Bus Service Operator Grant and developer contributions. The services provided are a combination of fully supported where the full operation of the service is paid for, or partially supported services where only certain journeys or extensions to the route are funded.
6. The Combined Authority currently supports 80 bus service contracts including park and ride services that were not viable as commercial operations prior to the onset of the pandemic. In addition, it supports some limited Home to School transport services in SGC and B&NES for children not entitled to free school transport.
7. The pandemic has had a dramatic effect on bus services due to the sudden and sustained loss of passengers. Even now, bus passenger numbers remain only at around 75% of pre-Covid levels in the region. It is anticipated that unless passenger figures recover significantly and swiftly a number of previously commercial services may not be viable in the longer term.
8. The current supported bus service contracts end on 27th August 2022, with no opportunity for extension – some have already been extended to align with other expiry dates. Tenders were invited for new five-year contracts for these services, along with some previously commercially operated services which are no longer commercially viable, during February and March (tender returns were due back by 21st March).

9. High fuel prices, labour costs and continued suppressed passenger numbers suggest that tender prices will be higher than for the previous set of contracts, putting pressure on budgets. Experience from other city regions suggests this could be as much as 50% in some cases.
10. In order for new contracts to be awarded in early May for services to commence in late August 2022 sufficient funding would need to be secured for the duration of these contracts. The contract duration specified in the tenders is 5 years which has historically always been the optimum contract duration to achieve best value for money. It would be possible to terminate a contract with 6 months' notice should that be necessary. Changing the contract period at this stage however, would require a full retender exercise and is therefore not viable if we are to award contracts to align with the current August expiry date.
11. It is anticipated that due to continuing low use of concessionary passes releasing savings through 2022/23, additional funding from the Levy would be required from the 2023/24 financial year. Without an increase in the Transport Levy it is likely that some of the services previously supported by the Combined Authority will not be able to continue. The evaluation of tenders will identify which services offer the best value for money and this information is to be shared with the Mayor and other Transport Board members.
12. The reason for the recommendation to delegate this decision to CEOs is to provide more information to understand the financial implications of the contracts to be awarded. This information is not available at the time of finalising this report.

Consultation

13. As part of the review of supported services in the autumn of 2021 the Combined Authority carried out a passenger survey on all existing supported bus services. This was designed to invite comments on the performance of these services and provide complementary information on journey purpose, time of travel, what alternatives people had to using the bus, suggested improvements etc. However, the survey was specifically not to provide a 'count' of users and therefore will not be used to justify any decision as to whether to continue to support a particular service based on usage alone – although we do have usage data for supported services provided separately by operators. The survey generated over 1500 responses of which over 80% were from users of these supported services.
14. The matter of increasing the Transport Levy was raised with the authorities' Finance Directors in early March and separately with the Transport lead members and officers from the authorities who have been understanding of the challenges faced in keeping essential bus services running. We have worked with officers across the authorities to ensure that services at risk were supported for the period 24th April until 27th August. Officers utilised the underspend from the 2021/22 financial year as agreed at the January Committee to ensure that these services or alternatives continue to operate whilst longer term options are assessed as part of the Supported Bus Service tender. The justification for the request for an increase in the Transport Levy

was discussed. The Finance Directors sought further information on the potential for extensions to current contracts and the type of contract being offered. This information was provided to them.

Risk Management/Assessment

15. Should the current set of bus service contracts be allowed to expire without the required funding in place for their replacement, there is a real risk that some communities will see a reduction in access to public transport or even lose it completely. Making best use of the available funding to support socially necessary services reduces this risk.

Public Sector Equality Duties

16. The public sector equality duty created under the Equality Act 2010 means that public authorities must have due regard to the need to:
 - Eliminate unlawful discrimination, harassment and victimization and other conduct prohibited by the Act.
 - Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - Foster good relations between people who share a protected characteristic and those who do not.
17. The Act explains that having due regard for advancing equality involves:
 - Removing or minimising disadvantages suffered by people due to their protected characteristics.
 - Taking steps to meet the needs of people from protected groups where these are different from the needs of other people.
 - Encouraging people from protected groups to participate in public life or in other activities where their participation is disproportionately low.
18. The general equality duty therefore requires organisations to consider how they could positively contribute to the advancement of equality and good relations. It requires equality considerations to be reflected in the design of policies and the delivery of services, including policies, and for these issues to be kept under review.
19. A comprehensive, accessible and affordable bus network is vital to enabling people to access jobs, health, food, leisure and other services and opportunities. The measures proposed in this report aim to maintain and improve bus services across the region which will help meet the Combined Authorities obligations under the Equality Act.

Finance Implications, including economic impact assessment where appropriate:

20. Supported bus services are funded primarily through the Transport Levy from the three constituent councils. This includes developer contributions that have

been secured by the councils as Local Planning Authorities where these funds are suitable for use to support public transport.

21. It is envisaged that this procurement process will result in a higher demand on the Transport Levy, which is why an increase is sought over and above the previously planned uplift to cover these costs.
22. Although exact funding requirements are not known (due to the tender process currently being underway) a 10% increase in the Transport Levy would equate to £530k for B&NES, £1.044m for BCC and £409k for SGC. This is set out in the following comparison table:

Table 1 - Transport Levy comparison 2021-24

	2021/22 Final	2022/23 MTF Confirmed	2023/24 MTFF	Proposed 2023/24 max	Diff
Unitary Authority Transport Levy	£000s	£000s	£000s	£000s	£000s
B&NES	5,194	5,194	5,298	5,828	530
BCC	10,236	10,235	10,440	11,484	1,044
SGC	4,014	4,014	4,094	4,503	409
Total	19,444	19,443	19,832	21,815	1,983

Advice given by: Richard Ennis

Legal Implications:

23. The Local Transport Authority has a responsibility to seek to secure any bus services which are deemed to be socially necessary where they are not provided commercially.

Advice given by: Stephen Gerrard

Climate Change Implications

24. On 19 July 2019, the West of England Combined Authority declared a climate emergency, recognising the huge significance of climate change and its impact on the health, safety and wellbeing of the region's residents. The Combined Authority is committed to taking climate change considerations fully into account as an integral part of its governance and decision-making process.

Each report/proposal submitted for Combined Authority / Joint Committee approval is assessed in terms of the following:

Will the proposal impact positively or negatively on:

- * The emission of climate changing gases?
- * The region's resilience to the effects of climate change?
- * Consumption of non-renewable resources?

* Pollution to land, water or air?

Particular projects will also be subject to more detailed environmental assessment/consideration as necessary as part of their detailed project-specific management arrangements

25. Provision of a good public transport network is essential to help mitigate the impact of climate change by reducing the number of vehicles on the road to meet the demand for travel. Exhaust emission standards for buses have been raised progressively over recent years and bus operators have invested heavily in new vehicles.

Land/property Implications

26. None

Human Resources Implications:

27. None

Appendices: None

Background papers: None

West of England Combined Authority Contact:

Any person seeking background information relating to this item should seek the assistance of the contact officer for the meeting who is Ian Hird on 07436 600313; or by writing to West of England Combined Authority, 3 Rivergate, Temple Quay, Bristol BS1 6EW; email: democratic.services@westofengland-ca.gov.uk