



## Overview & Scrutiny Committee

**Date:** Tuesday 30 January 2018  
**Time:** 11.00 am                      **Public meeting**                      Yes  
**Venue:** Room 116, 16 Summer Lane, Birmingham, B19 3SD

If you have any queries about this meeting, please contact:

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## SUPPLEMENTARY AGENDA

No.	Item	Presenting	Pages
<b>Meeting Business Items</b>			
4.	Budget Report - Recommendations and Outcomes (including Transport Budget Commentary - Transport Delivery Committee - Councillor Richard Worrall)	Sarah Sprung	1 - 28

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**WEST MIDLANDS**  
COMBINED AUTHORITY

## Overview & Scrutiny Committee

<b>Date</b>	9 February 2018
<b>Report title</b>	Findings of the Overview & Scrutiny Committee in relation to the WMCA Draft Budget and Mayoral Council Tax Precept for 2018/19
<b>Portfolio Lead</b>	Andy Street - Mayor Councillor Izzi Seccombe - Finance & Investments
<b>Accountable Chief Executive</b>	Deborah Cadman, West Midlands Combined Authority email: <a href="mailto:deborah.cadman@wmca.org.uk">deborah.cadman@wmca.org.uk</a> tel: (0121) 214 7200
<b>Accountable Employee</b>	Sarah Sprung email: <a href="mailto:sarah_sprung@sandwell.gov.uk">sarah_sprung@sandwell.gov.uk</a> tel: 07824 694220
<b>Report to be/has been considered by</b>	Overview & Scrutiny Committee - 30 January 2018

### Recommendation(s) for action or decision:

#### The WMCA Board is recommended to:

- (1) Commence budget discussions with Constituent Authorities much earlier in future financial years to allow sufficient time for open discussion and the development of proposals, it is suggested that these discussions commence in September of each year.
- (2) Further recommendations to be developed by the Overview & Scrutiny Committee at its meeting on 30 January 2018.

## **1.0 Purpose**

- 1.1 Following meetings of the Budget Task & Finish Group (15 January), Mayor's Question Time (24 January) and the Overview & Scrutiny Committee (30 January), robust consideration has been given to the draft budget proposals as presented to the WMCA Board on 12 January 2018.
- 1.2 This report details the findings of the scrutiny process, together with recommendations for the WMCA Board to consider both in terms of this year's budget and suggestions for ways in which the process as a whole could be improved for next financial year.

## **2.0 Background**

- 2.1 The WMCA Board considered the draft budget on 12 January 2018. At this meeting, the Board was minded not to support the Mayor's proposed precept which created a level of uncertainty around how the budget would proceed. Other elements of the budget were approved for consultation.
- 2.2 The Overview & Scrutiny Committee held the first Question Time with the Mayor on 24 January 2018 and were able to probe further as to how the Mayor planned to take forward discussion on the Mayoral Precept, as well as scrutinise other elements of the budget.
- 2.3 The Overview & Scrutiny Committee met on 30 January 2018 to further consider its findings and recommendations to put forward to the WMCA Board.

## **3.0 Wider WMCA Implications**

- 3.1 The Combined Authority's budget is paramount to delivery of its strategic objectives. Effective scrutiny of the budget enables accountability and transparency of this process.

## **4.0 Progress, options, discussion, etc.**

- 4.1 The headings below follow the main questioning themes at the Question Time with the Mayor, held on 24 January 2018.

### **Mayoral Budget and Precept**

- 4.2 The current situation where the WMCA Board refused to agree the proposed Mayoral Budget does not resonate with the level of partnership and collaboration required for the Combined Authority to achieve its strategic objectives.
- 4.3 During Question Time with the Mayor, the Overview & Scrutiny Committee attempted to understand the process, dialog and discussions that had taken place between the Mayor and the Constituent Authorities in developing the budget proposals, this was in order to determine whether the process had sufficiently allowed all parties to influence outcomes.
- 4.4 The Mayor advised that discussions with Finance Directors and Chief Executives had taken place in December together with a meeting with all Leaders, although not all had attended. Up until publication of the budget report, prior to the 12 January 2018 WMCA Board meeting, no issues with proposals had been put forward to the Mayor.

4.5 The Overview & Scrutiny Committee considered that commencing dialog in December for a budget to be published in draft form in January did not present sufficient time to ensure that all relevant parties could actively participate and influence proposals. It is the view of the Overview & Scrutiny Committee that future financial years' budget discussions should commence in September, allowing for a longer period to develop proposals in the spirit of collaboration and partnership.

4.6 The Overview & Scrutiny Committee also considered that the budget process would have been aided by the findings of the Funding for Growth Programme. When the Programme was established by the WMCA Board on 12 July 2017 it was intended that:

“The programme is to be convened during July 2017, with initial recommendations targeted to be delivered by the end of 2017, to inform 2018 budgeting.”

4.7 The Committee requested further details from the Mayor's Office on progress that the Funding for Growth Programme had made since its establishment in July 2017 including its full membership, dates and times of meetings together with briefings considered and records of decisions made. To date this information has not been provided.

#### **Risks Arising**

4.8 The Committee considered that risks to the region from Brexit and from the collapse of Wolverhampton-based business Carillion could impact significantly on the WMCA's ability to meet its strategic objectives. Members were pleased to note that steps had been taken to mitigate risks arising as a result of Carillion's collapse but that these measures were being led by the City of Wolverhampton Council.

4.9 In relation to Brexit, members noted that the WMCA was not in receipt of any direct European funding streams but that European money did underpin some WMCA schemes. Furthermore, that there was a commitment in place from the British Prosperity Fund to take over this underpinning role.

#### **Equitable Distribution**

4.10 The Overview & Scrutiny Committee were anxious to ensure that in planning its projects the WMCA ensures a distribution of schemes across the WMCA area. During the Mayor's Question Time, the Mayor outlined a number of projects across the footprint of the WMCA area, agreeing that it was paramount that there was a fair distribution of schemes.

4.11 The Overview & Scrutiny Committee felt it was important to ensure that the newly appointed management team of the Chief Executive and Directors at the WMCA retained focus across the whole of the WMCA area, especially given that there were two significant events that would draw focus to specific areas, the Commonwealth Games in Birmingham and Coventry's success in being awarded City of Culture.

#### **Land & Housing**

4.12 The Overview & Scrutiny Committee noted the huge challenge the WMCA has ahead in delivering the number of new homes needed across the area. In particular, the need for social housing to be a priority. Members took the opportunity to question the Mayor on housing, he advised that a special strategy did need to be developed covering the whole of the WMCA area and that the Housing & Land Delivery Board would be putting proposals forward to the WMCA Board. Members noted that this proposal would contain a breakdown of all forms and types of housing.

### **Mental Health**

- 4.13 The Overview & Scrutiny Committee were pleased to note that £8.4 million funding for mental health had been allocated from the Work and Health Unit (DWP and NHS England) for the delivery of an Individual Placement Support national pilot programme.
- 4.14 The programme is a randomised control trial seeking to work with up to 5,500 people currently out of work across the Wolverhampton, Dudley, Sandwell and West Birmingham & South Birmingham areas. Each area has an allocated provider to deliver the intervention through a formal procurement process.
- 4.15 The programme is a 'place then train' approach and formally goes live in early March 2018 with referrals coming from Primary care ie. GP's, Health Visitors, Physiotherapists. It is seeking to work with people who have low level mental health and/or poor physical health. The inclusion criteria also included the fact the individual must have been out of work for at least 28 days.
- 4.16 The pilot runs for three years, it is being academically reviewed and linked to sites in Islington and Sheffield. It has oversight and governance from the Work and Health Unit and also has an internal WMCA Mental Health Commission strategic and operational level board process. Funding for the pilot has been allocated through Wolverhampton CCG.
- 4.17 This is ring fenced for the three year programme with the monies being managed through the NHS and allocated to this region alongside the WMCA's own resources.

### **Environment**

- 4.18 The Overview & Scrutiny Committee did have concerns that environment did not have a direct focus within the WMCA Board portfolio areas, and that given the SEP and the Renewal Plan together the environmental priorities (carbon reduction, air quality, natural environment, brownfield regeneration, green business growth, energy and waste) required direct focus and resource.
- 4.19 During Question Time, the Mayor highlighted that Councillor Patrick Harley did have responsibility for environment and that this work was being supported by Sustainability West Midlands. Process was being made with alternative transport schemes, but no visible progress had been made with air quality or with waste.

### **Transport**

- 4.20 Whilst the Committee acknowledged that there were some excellent transport developments across the region, given the WMCA's budgetary pressures Members felt that the funds allocated to re-branding were maybe better allocated to other areas, particularly given the problems in agreeing the Mayoral Precept.
- 4.21 The Overview & Scrutiny Committee also considered that, given that transport was an integrated part of WMCA governance, there was disparity in that no special responsibility allowances were paid for any other committee or function other than the Transport Delivery Committee.
- 4.22 The Mayor was asked if there were plans to review the allowances paid to the Chair and Members of the Transport Delivery Committee, he advised that the Transport Delivery Committee played an important role in ensuring that the delivery and operational outcomes for transport were right.

### **Overview and Scrutiny**

- 4.23 To achieve accountability and transparency in decision making across the WMCA, it is paramount that Overview and Scrutiny is well resourced. This has been recognised by the Communities and Local Government Parliamentary Select Committee in their inquiry into the effectiveness of Scrutiny, in their report it was stated that they:

“are concerned that effective scrutiny of Metro Mayors will be hindered by under-resourcing and...the Government must make clear that scrutiny is a fundamental part of any deal and that it must be adequately resourced and supported.”

- 4.24 The Mayor acknowledged his support and commitment to scrutiny and agreed to look at the issue of adequate resourcing for the function with the wider WMCA Board.

### **5.0 Financial implications**

- 5.1 There are no direct financial implications arising from the content of this report.

### **6.0 Legal implications**

- 6.1 There are no legal implication arising from the content of this report.

### **8.0 Schedule of background papers**

- 8.1 WMCA Board Budget Report – 12 January 2018.

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## TDC Finance & Performance Lead Member Response for Overview & Scrutiny Committee, 30 January 2018

This is the response to the transport queries that were raised at the formal Overview & Scrutiny Budget Task Group meeting on 15 January and the Mayoral Questions session on 24 January. This response was delegated by the West Midlands Transport Delivery Committee (TDC) to its Finance and Performance Lead Member Group (LMG) subject to approval of its two Vice-Chairs, Cllrs Davis and Huxtable.

The information has been prepared by finance officers and Cllr. Worrall, Finance & Performance Lead Member and in consultation with LMG members Cllrs. Pervez Akhtar and Robert Alden.

### 1. Mayor's Precept and the Transport Levy

In terms of the Mayor's Precept, the TDC will need to understand more fully whether there is any potentially adverse impact on the delivery of the Investment Programme, or on TfWM revenue resources more generally, should the WMCA Board position remain that it is 'not minded' to agree the Mayor's precept.

The prospect of no precept does beg the question: could or would any of the shortfall be expected to be found from within the current Transport Levy? OSC members will note from the appended budget presentation that the Levy has been cut by 19% over the past six years (and is planned within the draft Combined Authority budget to be stabilised at the reduced level of £114.1 million over the coming three years).

While core TfWM services have been maintained notwithstanding the 19% cuts, TfWM's budget is now at the point where any future significant cuts in, or substantial additional calls on, the existing levy, would lead to pressure on discretionary services, ie, those not required by statute, for example, Ring & Ride and concessionary travel 'extras' such as travel on trams and trains.

### 2. TfWM Branding and Capital Investment £1.8m set-aside: TDC Finance & Performance LMG to address review/outputs and Value for Money

In October 2017, the Combined Authority Board approved the proposed West Midlands Brand Framework, which is based on a family of brands with common features as part of delivering as unified brand for the region.

The Board also approved the approach required of each corporate entity, including TfWM, to develop and finalise individual organisational brands against the principles of the Framework.

The new rail franchise for the West Midlands includes an obligation to use the (first-ever) brand specified at regional level, and an adaptation of this brand will now be used for the tram when the operation is brought in-house under Midland Metro Limited later this year.

The brand roll-out for the West Midlands will commence this year as part of defining a regional transport network. The allocation to reserves supports the October 2017 paper and sets funding aside. It is expected that the allocation to reserves will support this work, and a separate report will be brought to the Combined Authority Board once a plan is in place.

The remainder of the allocation to reserves will support future capital investment around some of the transport priorities currently included within the ten-year Transport Delivery Plan. A clear focus here will relate to resilience work and preparations for Commonwealth Games delivery across the region. There is also a welcome separate allocation in respect of the successful Coventry City of Culture bid.

It is suggested that, should OSC have an issue with the Brand Framework policy and/or the amount set aside for it, any scrutiny should be directed to the Mayoral Combined Authority Board which sets policy, and which, in this instance, has approved the policy in question and the funding that goes with it; OSC members are reminded that the TDC's remit is limited to overseeing the effective detailed delivery of whichever transport policies the WMCA Board approve (and that will include over-sight of the implementation of the Branding Framework).

### 3. Ring & Ride and other TfWM Accessible Transport Contracts

#### (a) Ring & Ride

The Ring & Ride budget has been cut over recent years from just over £12m to just above £7m, in consequence of which fares were introduced after 25 years as a service free at the point of use, and there have been further fare rises and some cuts in the level of service since then. The impact of the substantial cuts has been mitigated to some degree by an increased focus on contract work (eg, education and tendered bus services), income from which is applied to the support of Ring & Ride services. In consequence of the introduction of fares, patronage has fallen significantly and for a period, there appeared to be a threat to the very existence of the service, and a 58,000-signature petition was presented to the then ITA (Integrated Transport Authority comprising the seven District Council Leaders).

The ITA agreed that the then Leader of Sandwell MBC, the late Cllr. Darren Cooper, would conduct a review, and the outcome was agreement to a three-year budget with the expectation that this financial stability would enable Ring & Ride to halt the ongoing drop in patronage, stabilise numbers and then gradually build them up.

It is important to point out that any further substantial cuts in the Ring & Ride budget in the future would lead to major reductions in service levels, increased fares and the likelihood of the organisation ceasing to be a viable entity: for this reason, and assuming this is not an outcome that WMCA would wish to see, then

it would be important for the survival of the service, when the current three-year budget comes to an end, to set a further three-year budget at around or above, and certainly not substantially below, the current level.

An independent review of the Ring & Ride service was commissioned in 2016, as the existing three-year funding arrangements will come to an end in March 2019. Officers are currently considering the outcome of the review and will be working up proposals for TDC members to consider in summer this year. At this stage, TDC members are not informed of the findings and recommendations of the review, but whatever proposals are brought before, and approved by the TDC, will be recommended to WMCA Board in good time, so that any funding implications are known this year before the WMCA Board starts considering budget proposals for 2019-20.

The review will identify improved ways of working, potentially using other complementary solutions or services, and ways of serving new groups of West Midlands residents and destinations which could benefit from demand-responsive services such as Ring & Ride.

A long-standing wish of elected members of TDC and its predecessor bodies is to see maximal co-operation between Ring & Ride and all other providers of accessible transport resources, e.g., District Council, NHS and the voluntary/community sector, and members of both the TDC and no doubt OCS will want to understand both progress to date and also what will be done to maximise co-operation going forward to make optimal use of partners' (dwindling) resources. This might be something for a scrutiny exercise once the review becomes available to OSC.

#### (b) Other TfWM Accessible Transport Contracts

In addition, there is a current TfWM review of minor Accessible Transport contracts (ie, Prison Visitors' Service, Community Transport Shoppers' Services) with proposal to be brought to a future meeting of TDC (to be included in the forward plan).

Albeit the sums involved, measured against the overall TfWM budget (and indeed against its accessible transport element), are relatively small, the LMG are concerned at value for money in terms of cost per passenger of some of the contracts, the issues being (i) whether each service concerned is actually necessary; and (ii) where services are deemed to be necessary, whether they can be delivered differently and effectively and at less cost per passenger carried.

#### 4. Network Resilience: breakdown of the Budget ask + what it will deliver

This is set out in tabular form below. We have two observations by way of introduction:

First, as with the comments on the Branding Framework and the budget that goes with it (see 2. above), this is a policy matter and indeed an area of delivery that is only just getting off the ground in a cohesive way with the appointment of Anne Shaw to WMCA, and the TDC's role will be to oversee delivery of the policies out there on the ground once implementation begins.

Second, it is acknowledged, and OSC colleagues will no doubt agree, that the growing extremes of congestion, among other adverse effects, have a huge economic impact and also impact directly upon public transport and the costs of providing it: for example, bus operators on key corridors now have to find additional resources, as more buses are needed than previously just to maintain existing levels of service, while lengthier journey times make bus travel less attractive in retaining passengers and in attracting new ones out of their cars.

As far as TfWM is concerned, it - with approval of the TDC - is piloting a trial removal of closely-spaced bus stops on routes from the southern suburbs into Birmingham City Centre to see whether and how far that might improve reliability while maintaining acceptable levels of access - a difficult decision, but one that will provide an evidence base for future policy.

This is manifestly difficult territory, but a key area that, as a region, we have to address effectively, which is the rationale for the Network Resilience policy and the budget that goes with it.

<b>Network Resilience</b>	<b>2018/19 £'000</b>	<b>Explanation/Outcomes</b>
Demand Management Head/Manager	82	To develop suitable programmes which will proactively manage behaviour change to re-route, re-time, re-mode or remove journeys in order to mitigate the impacts of HS2 and other transport infrastructure projects.
Business Engagement Behaviour Change Officers	76	Two FTE's to deliver the demand management plan and support businesses impacted by major infrastructure works to ensure employees and supply chain impacts are minimised.
Communications	105	Two FTE's to develop and deliver a comprehensive communications plan with residents and businesses of the West Midlands to inform and advise on major construction programmes and to support the take up of demand management proposals. This will include a coordination with other delivery partners on their programmes and communications plans.
Key Route Network Manager	82	To work with partners to develop corridor strategies to improve the performance and safety of the key route network in order to ensure efficiencies and capacity needs are realised alongside economic growth as well as understanding of the impacts of construction programmes and implementation of suitable mitigations alongside demand management programmes.
Key Route Network Permit Scheme Coordinator	73	To coordinate the collection of a single view of programmes of work on the key route network and work with the KRN Network Manager to ensure that the performance of the KRN is not severely impacted and suitable mitigations to manage resulting congestion are proactively managed.
Graduate and Project Manager (from 1 Oct	54	To support the work of the wider team with data manipulation and development of suitable business cases to bring forward a programme of mitigations and demand management

<b>Network Resilience</b>	<b>2018/19 £'000</b>	<b>Explanation/Outcomes</b>
2019 following RICC business case work)		techniques and enabling a single view of the operation of the transport network across all modes to enable operational and tactical responses to incidents as well as planned events in order to manage proactively congestion.
Congestion Mitigation Campaign work	100	Campaign costs to ensure that the impact of the mitigation congestion campaign is achieved.
<b>Total</b>	<b>572</b>	

#### 5. £1m Investment Programme Governance

This consists of two elements supporting the delivery of the £8 billion Investment Programme:

- **£0.5 million - WMCA Programme Governance, namely resource costs covering Programme Assurance, Finance, and Legal support; and**
- **£0.5 million - HS2 Growth Strategy Programme Delivery Team, currently employed by Birmingham City Council who oversee the delivery of the Midlands HS2 Growth Strategy and associated benefits.**

## 6. TDC Member Allowances and Governance Arrangements

A review of allowances was undertaken by Declan Hall in early 2015 with recommended changes which took effect in 2015-16: this includes a basic £4,000 for each of the 19 TDC members, plus five Special Responsibility Allowances, a total annual cost of just over £125,000.

Subsequent to this, earlier in the present Municipal Year, 2017-18, the TDC recommended, and the Mayor and the WMCA Board subsequently approved, a revision to that part of the scheme relating to Special Responsibility Allowances (SRAs); this saw a move from the previous 'controlling group takes all' approach to one of party-political proportionality: it was achieved by cutting the amount of some SRAs to enable an additional SRA to create a second TDC Vice-Chair allocated to the Leader of the Opposition within the existing allowances budget.

The six Lead Member responsibilities have been allocated proportionately in the ratio 2:1 to reflect this year's political balance, so that Labour have four SRAs and the Conservatives have two. Proportionality is also the basic principle underlying the membership of the TDC's six Lead Member Groups, albeit no-one is going to be turned away if genuinely interested in taking part.

Notwithstanding the Mayor's response to the question about TDC members' allowances, which was that no changes envisaged, what is evident from observation of the evolution of WMCA and its range of developing functions is that we have a hybrid of old and new.

The 'old' are the descendants of the former Joint Boards (Fire, Police and Transport) which all had member allowance schemes and still have them, albeit now in changed or changing form (e.g. there's no Police Committee, but a PCC with an allowance until his responsibilities become part of the Mayoral duties from 2020).

The 'new' is that the CA has a widened range of functions, albeit transport remains by far the biggest budget head, but - apart from the elected Mayor and the PCC - the remaining voting CA Board members - the District Leaders - have no allowance, and nor do the numerous elected members who populate the various commissions and the OSC (which, as members pointed out to the Mayor at Question Time, is under-resourced in terms of staffing support, with the result that OSC's effectiveness is constrained).

Given this situation, it seems likely that there *will* be a need for a general review once WMCA had bedded in further, across all its functions, and this would need to include consideration of elected member workloads and remuneration where it exists (or currently doesn't).

## 7. 2018-19 Transport Levy Budget

Appended to this report for OSC members' information is the 2018-19 Transport Levy budget presentation that was considered at the 8 January meeting of WMTC.

## 8. Any Questions, Anything Missed Out?

**OSC members are welcome to ask questions, point out things that have been missed or raise new transport-related items and answers will be given either on the spot or promptly thereafter.**

### Acknowledgements

**I'd like to thank WMCA finance officers Linda Horne, Wayne Farrington and Louise Cowen for their helpful, informative, support and good-humoured involvement in the Lead Member Group for Finance & Performance, and in the preparation of this report to the OSC.**

**Likewise, many thanks are due to TDC Lead Member Group colleagues Pervez Akhtar and Robert Alden who have contributed both in a formal setting to the LMG meetings and informally in terms of providing their comments outside of meetings.**

**Richard Worrall  
Lead Member,  
TDC Finance & Performance LMG  
29 January 2018**

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2018-19 Budget

Transport Delivery Committee

8 January 2018

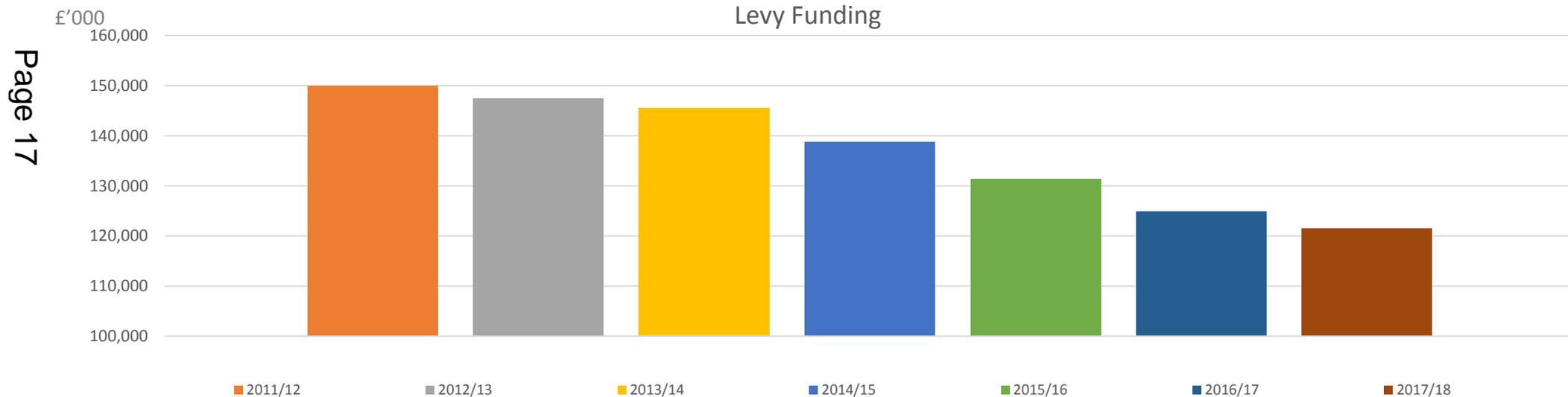
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# Items to cover

1. Transport Revenue budget (levy)
2. TfWM Capital Programme
3. Overall Budget Timetable
4. Comments to feed in for Overview & Scrutiny on 29 January

# Transport Revenue Budget (Levy)

- Transport Levy funded solely by 7 metropolitan councils with funding splits based on population
- Levy set 20 January 2017 - £121.542m
- Levy cut by 19% over last 6 years



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# Transport Revenue Budget (Proposed 18-19 Budget and 3 Year Forecast)

Expenditure Category	2017/18 Revenue Budget		2018/19 Revenue Budget		2019/20 Revenue Forecast		2020/21 Revenue Forecast	
	£'000	%	£'000	%	£'000	%	£'000	%
<b>National Policy</b>								
English National Concessions Travel Scheme	52,519	43.2%	51,368	44.6%	51,776	45.0%	51,425	44.7%
<b>Finance Related</b>								
Capital Financing	17,499	14.4%	11,381	9.9%	9,745	8.5%	9,531	8.3%
Deregulation Pension Deficit	1,356		1,307		1,307		1,307	
<b>TFWM Policies</b>								
Child Concessions	9,609	7.9%	9,538	8.3%	9,634	8.4%	9,652	8.4%
Subsidised Services	8,588	7.1%	9,086	7.9%	9,100	7.9%	9,100	7.9%
Accessible Transport	7,369	6.1%	7,169	6.2%	7,171	6.2%	7,172	6.2%
Passenger Information	5,531	4.6%	5,790	5.0%	5,891	5.1%	5,986	5.2%
Rail and Metro Concession	4,409	3.6%	4,456	3.9%	4,769	4.1%	4,962	4.3%
Bus Services	4,213	3.5%	4,542	3.9%	4,633	4.0%	4,726	4.1%
Rail Services	3,025	2.5%	3,460	3.0%	3,522	3.1%	3,586	3.1%
Strategic Development	1,771	1.5%	2,040	1.8%	2,075	1.8%	2,105	1.8%
Safety and Security	924	0.8%	845	0.7%	1,161	1.0%	1,169	1.0%
Sustainable Travel	60	0.0%	253	0.2%	259	0.2%	265	0.2%
		37.4%		41.0%		41.6%		42.1%
<b>Other</b>								
Business Services	4,049	3.3%	3,031	2.6%	3,199	2.8%	3,253	2.8%
Elected Members	304	0.2%	304	0.3%	305	0.3%	309	0.3%
West Midlands Rail	316	0.3%	578	0.5%	600	0.5%	600	0.5%
		3.8%		3.4%		3.6%		3.6%
<b>Total</b>	<b>121,542</b>	<b>98.8%</b>	<b>115,148</b>	<b>98.9%</b>	<b>115,148</b>	<b>98.6%</b>	<b>115,148</b>	<b>98.6%</b>
Use of Reserves	0		(1,000)		(1,000)		(1,000)	
<b>Proposed Levy</b>	<b>121,542</b>	<b>100.0%</b>	<b>114,148</b>		<b>114,148</b>	<b>100.0%</b>	<b>114,148</b>	<b>100.0%</b>

# Transport 18-19 Budget Overview (1)

- **ENCTS £51.4M**

- Free Travel for all entitled to national pass
- Reimbursement regulated By secretary of state with guidance provided by DfT
- Current scheme extension 11pm to last bus

- **Finance Charges £12.7m**

- Loan interest in existing loan book
- MRP charge to repay debt principle
- Pension cost arising from De-regulation in 1986
- Transport development costs

- **Child Concessions £9.5m**

- Half fare travel children 5-15 Years
- Young adults in education 16-18 Years
- Apprentices and Trainees 16-18 Year (introduced as pilot from end of Sep 2017 to end of academic year in 2018), with funding earmarked to potentially extend this to end of 18-19 (subject to further review)
- Weekdays before 9.30 and between 15.00 and 18.00 Hrs

- **Subsidised services £9.1m**

- Policy criteria - Minimum 8 passengers per journey
- Maximum £1.60 cost per passenger
- Access criteria 400m (7am -7pm) 700m (all other times)

# Transport 18-19 Budget Overview (2)

- **Accessible Transport £7.2m**

- 1800 registered users / 870,000 Trips per annum
- Walsall & Birmingham shoppers Service and Prison visitors service £0.07m
- 2015 review - Continuation of current service levels
- Reinstatement of some Sunday services- 3 year Funding
  - 2016/17 £7.5m
  - 2017/18 £7.3m
  - 2018/19 £7.1m

- **Passenger information £5.8m**

- Real time information across the network
- Customer information at Bus Stops/Shelters/Bus stations/Online
- Travel Information Centres
- Customer service teams and telephone support
- Promotional Campaigns & Marketing

- **Rail and Metro Concessions £4.5m**

- Extensions of national bus schemes to rail and metro
- After 9.30 to midnight weekdays, all day weekends and bank holidays
- Rail £2.2m around £4.5m trips pa.
- Metro £2.2m approx. £1.1m trips pa, however patronage up 40% year on year since Grand Central Extension

# Transport 18-19 Budget Overview (3)

- **Bus Services £4.5m**

- Management and Maintenance of 12 Bus stations, 12,200 stops and shelters
- Infrastructure Costs – cleaning, repairs, rates, CCTV, Electricity, routine maintenance

- **Rail Services £3.5m**

Provision, Management, Maintenance of 41 Park and Ride sites >9000 spaces

Includes £0.35m development funding for new Rail Franchise stations

- **Safety and security £0.9m**

- Safer Travel police team, CCTV at Bus & Rail Stations including interchanges , CCTV control Centre

- **Business services £3.0m**

- 16 Summer Lane, ICT, Legal, Procurement, Health & Safety, Equalities, Programme Management, Finance, Human Resources, Business Management, General Business Infrastructure & Support

- **Strategic Development £2m**

- Transport Team delivering plans for devolution, strategic economic plan proposals, developing business cases.

# Transport Budget Overview (4)

- **Sustainable Travel £0.3m**

- This represents the costs of Sustainable travel work within TfWM including the West Midlands Cycle charter, oversight of cycling strategy and investment across the West Midlands and delivery of the West Midlands Bike Hire project.

- **West Midlands Rail £0.6m**

- This relates to firstly the undertaking of TfWM Rail responsibilities including Rail Partnerships, Rail scheme development and industry engagement and secondly the WMCA contribution to WMR Limited (a consortium of 16 local authorities) which has specific co-responsibilities with the DfT for managing the West Midlands Rail franchise.

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- **Elected Members £0.3m**

This represents the costs of Elected Members

# Difference between current year 2017-18 and Proposed 2018-19 Transport Levy (1)

The proposed levy has reduced by £7.4m from 2017/18 to 2018/19 levy and after use of £1m of reserves the expenditure has reduced by £6.4m due to the following main movements:

## **Reductions:**

- £6.1m reduction in Capital Financing which includes the agreed reduction in MRP, along with debt rescheduling, interest/borrowing savings and a reduction in transport development funding
- £1.2m reduction in ENCTS costs due to continued reducing trend on patronage
- £1.0m reduction in transport Business Services due to transition of corporate services as the team now provides all support across the whole and wider Combined Authority functions.
- £0.3m reduction in Child Concessionary costs due to the release of a provision for fare and patronage increases that is no longer required

# Difference between current year 2017-18 and Proposed 2018-19 Transport Levy (2)

The reductions in expenditure are partly offset by the following increases/investments

## **Increases/investments:**

- £0.5m increase in Subsidised Bus Services costs due to a number of funding pressures from network changes and contract price increases.
- £0.35m development funding for new Rail Franchise stations
- £0.25m investment in the extension of the Apprentice Concession
- £0.3m in strategic development costs to support the delivery of the Transport ambition
- £0.35m due to infrastructure maintenance & cleaning cost increases
- £0.2m investment in and expansion of the contact centre
- £0.2m sustainability previously funded by government grant

# TfWM Capital Programme

The programme predominantly consists of:

- TfWM's direct delivery of schemes to support the Devolution Deal One Investment Programme in the form of Metro extensions, Sprint network delivery and Rail investment.
- TfWM Minor Works programme which is funded from Integrated Transport Block and is focused on Asset Renewal and Replacement programmes in addition to the initial development of larger schemes.
- Other programmes such as Managing Short Trips and Longbridge Connectivity which are funded by Local Growth Funding are included in the programme.

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## Summary Transport Capital Programme

PROGRAMME	FORECAST PROJECT SPEND			Grand Total £000
	2018 / 19 £000	2019 / 20 £000	2020 / 21 £000	
HS2 Connectivity Programme (METRO)	30,263	51,483	29,087	110,833
HS2 Connectivity Programme (SPRINT)	19,987	34,855	59,830	114,672
HS2 Connectivity Programme (RAIL)	8,279	24,900	43,053	76,232
Metro Birmingham Eastside Extension	21,046	41,000	31,917	93,963
Metro East Birmingham to Solihull Extension	3,586	6,015	17,000	26,601
Metro Wednesbury to Brierley Hill Extension	13,680	12,598	38,885	65,163
<b>TFWM INVESTMENT PROGRAMME SCHEMES</b>	<b>96,841</b>	<b>170,851</b>	<b>219,772</b>	<b>487,464</b>
Asset Renewal and Replacement	1,280	1,200	1,200	3,680
Metro Minor Works	-	-	2,271	2,271
Project Development	1,897	900	-	2,797
Rail Minor Works	816	1,500	-	2,316
Bus Minor Works	500	-	-	500
Key Route Network	750	1,000	1,000	2,750
Sustainable Travel	4,180	-	-	4,180
Ticketing	24	-	-	24
<b>OTHER CAPITAL PROGRAMMES</b>	<b>9,447</b>	<b>4,600</b>	<b>4,471</b>	<b>18,518</b>
<b>GRAND TOTAL</b>	<b>106,288</b>	<b>175,451</b>	<b>224,243</b>	<b>505,982</b>

# Overall Budget Timetable

Consideration of WMCA Draft Budget		12-Jan
Budget Task & Finish Group		15-Jan
Mayor's Question Time		24-Jan
Overview & Scrutiny Committee		29-Jan
Mayor's budget statutory deadline		01-Feb
Deadline for CA response to Mayor's budget		08-Feb
CA Board – Approval of final budget and transport levy		09-Feb



# Next Steps

- TDC comments to feed into Overview & Scrutiny meeting



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