

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 oversight 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.

Network Resilience	2018/19 £'000	Explanation/Outcomes
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

Network Resilience	2018/19 £'000	Explanation/Outcomes
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.
Total	572	

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.

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29 January 2018**