



Transport Delivery Committee

Date	20 May 2019
Report title	2019/20 Bus Station Departure Charges
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Report has been considered by	Lead Member Cllr Kath Hartley

Recommendation(s) for action or decision:

The Transport Delivery Committee is recommended to note the level of Bus Station Departure Charge rates for 2019/20 approved by Transport for West Midlands (TfWM) Board in December 2018.

1.0 Purpose

1.1 To advise the Committee of the increases to Bus Station Departure Charge (BSDC) rates which will be applied in 2019/20, effective from the 1st May 2019.

2.0 Background

- 2.1 TfWM operates 12 Bus Stations in the West Midlands. Bus Operators contribute to the operational costs of providing these facilities through the payment of BSDC which are payable in respect of each bus departure
- 2.2 As part of the Bus Alliance Commitments there is a commitment from operators not to raise fares above inflationary levels and another for TfWM to apply the same rule to BSDC. Charges are reviewed annually and a range of options in respect of 2019/20 were considered taking into account known increases in costs (4.6% pressure on operational costs).

3.0 Options that were considered for BSDC for 2019/20

3.1 The options that were considered in respect of BSDC for 2018/19 were:

- a) Apply nil increase to BSDC
- b) Increase by RPI% and negotiate downwards to support operator fare increases through Bus Alliance
- c) Increase BSDC by 4.6% - This would cover all budget pressures on TfWM

3.2 Option (b) was recommended to the TfWM Board and approved. A 1% increase resulted following a review of the average fare increases, a projected overall cost recovery rate of **57.7%**. The table below shows how the 1% increase would be applied across TfWM bus stations.

Bus Station	18/19 Departure Charge Rates	Departure Charge Rates from 1 May 2019	% Increase	Forecast Annual Departure Volumes 2019- 20	Forecasted Level of Cost Recovery 2019- 20 6 mths at 18/19/ rates; 6 mths at 19/20 rates
Bearwood	£0.5491	£0.5546	1.00%	43,399	£23,950
Bilston	£0.6362	£0.6426	1.01%	213,500	£136,512
Coventry Pool Meadow	£0.7578	£0.7654	1.00%	346,000	£263,514
Cradley Heath	£0.5139	£0.5190	0.99%	101,712	£52,529
Dudley	£0.6137	£0.6198	0.99%	467,376	£288,254
Halesowen	£0.5947	£0.6006	0.99%	266,650	£159,363
Stourbridge	£0.6654	£0.6721	1.01%	191,204	£127,868
Walsall	£0.6523	£0.6588	1.00%	487,956	£319,880
Wednesbury	£0.6728	£0.6795	1.00%	213,315	£144,233
West Bromwich	£0.6440	£0.6504	0.99%	578,190	£374,205
Wolverhampton	£0.6747	£0.6814	0.99%	520,000	£352,586
				3,429,302	2,242,893

The table below illustrates how the bus stations costs will be funded:

	2019-20 Budget		2019-20 Budget + Option b (1% increase)		Impact
	£m	%	£m	%	£m
Operational Cost of Bus Stations	3.890		3.890		0.000
Funded by:					
Bus Station Departure Charges Forecast Recovery	2.228	57.3%	2.243	57.7%	0.015
Commercial Income (includes rent receivable from bus station tenants, income from coach departures, toilet facilities, Amazon lockers & phone charging units)	0.388	10.0%	0.388	10.0%	0.000
Levy	1.274	32.7%	1.259	32.4%	-0.015
Total	3.890	100.0%	3.890	100.0%	0.000

3.3 Merry Hill Bus Station is operated by TfWM on behalf of Intu. BSDC for this site are determined in conjunction with Intu and are considered separately and therefore not included in the table in paragraph 3.2. To ensure consistency of any increases across bus stations in the West Midlands, TfWM & Intu agreed that departure charges are increased by 1%, which will see each departure increase from 52.68p to 53.21p.

3.4 Separate departure charge rates apply to coach services which depart from Coventry, Wolverhampton and Dudley Bus Stations (with a very small number from West Bromwich). The current rate levied is £3.73 per coach departure and charges have only been increased three times since 2007. The TfWM Board agreed to a 5% increase in charges for coaches which will increase the cost per departure to £3.91 from May 2019.

4.0 Operator Recharge Holiday

4.1 TfWM are providing a 12-month holiday period to bus operators within the region for bus station departure charges and roadside information recharging, in return for investment that supports the objectives of the West Midlands Bus Alliance and the WMCA. The primary purpose of the overall investment that the proposal brings to the West Midlands Bus Alliance, is to accelerate investment in air quality improvements, in particular to bus emission standards. The improvements in air quality associated with the payment holiday, will enable the region and its Bus Alliance to deliver vehicle improvements above the current target levels by April 2021, which would not otherwise have been achievable.

4.2 The 12-month period commenced from 1st October 2018, with operators that had committed to additional measures in return for the holiday period for bus station departure charges and roadside information recharging. The payment holiday is not a change in policy and will assist the West Midlands Bus Alliance to exceed its deliverables and set new targets. To date, 11 operators have signed up to the recharging holiday, in return for delivering better emission standards for 365 buses.

4.3 The revised charges for those operators who have signed up to this initiative will be applied from the 1st October 2019.

5.0 Financial implications

The financial impact associated with the recommended increases in Departure Charge rates are discussed in note 3. In summary the recommended proposal to increase the Bus Station Departures Charge rates by 1% would equate to an additional £15,000 income based on the 19/20 budgeted bus station departure volumes and taking into account the operator recharge holiday period up to the 1st October 2019. The budgeted departure charge recovery of 57.3% would increase by 0.4% to 57.7%. The budgeted levy contribution of 32.7% would decrease to 32.4%.

6.0 Legal implications

Section 10 (1) (xiii) of the Transport Act 1968 empowers WMCA to make charges for the use of services or facilities provided by them and to make the use of those services or facilities subject to such terms and conditions as they think fit. Section 81 of the Transport Act 1985 further requires that any charges for the use of accommodation for public service vehicles at any bus station provided by WMCA shall be reasonable. The current Agreement with operators relating to the use of WMCA's bus stations enables WMCA to vary or increase the bus station departure/facility charge rates on giving three months' notice to the operators. Any alterations to charges must be pursuant to s15(2) Transport Act 1968 have the approval of the WMCA Board.

7.0 Equalities implications

Not applicable as a financial recommendation

8.0 Schedule of background papers

All relevant information related to the recommendation is contained within this report.