

# WIRRAL COUNCIL

## REGENERATION AND ENVIRONMENT POLICY AND PERFORMANCE COMMITTEE

15<sup>TH</sup> SEPTEMBER 2015

<b>SUBJECT:</b>	<b>THE TRANSPORT LEVY</b>
<b>WARD/S AFFECTED:</b>	<b>ALL</b>
<b>REPORT OF:</b>	<b>KEVIN ADDERLEY, STRATEGIC DIRECTOR REGENERATION &amp; ENVIRONMENT</b>
<b>RESPONSIBLE PORTFOLIO HOLDER:</b>	<b>COUNCILLOR STUART WHITTINGHAM, HIGHWAYS AND TRANSPORT</b>
<b>KEY DECISION?</b>	<b>NO</b>

### 1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to provide background information in relation to the Transport Levy as requested at the last meeting of the Committee.
- 1.2 Merseytravel in 2014/15 levied the Merseyside Authorities for £127.3M which has been raised by council tax, of which Wirral provided £29.4M.
- 1.3 The transport levy has been lowered to £113.7M for 2015/16 and this has been approved by the Liverpool City Region Combined Authority (LCRCA). Further reductions have been identified by Merseytravel but would need approval from the LCRCA.
- 1.4 It should be recognised that transport funding plays an important part in the economic recovery by enabling growth and reducing the transport budget may have an adverse effect on the recovery.
- 1.5 Both the Local Transport Plan (LTP) and the payment of the levy by the District Councils, including Wirral Council, are statutory requirements.

### 2.0 BACKGROUND

- 2.1 The Merseyside Passenger Transport Executive (PTE) / Passenger Transport Authority (PTA) were established on 1 December 1969 under the Transport Act 1968. The Transport Act 2008 enabled the creation of the Integrated Transport Authority (ITA) and in April 2014 the LCRCA was created. Section 74 of the Local Government Finance Act 1988 allows for a combined authority to be given power to issue a levy in respect of its expenses relating to its transport functions.

### 3.0 MERSEYTRAVEL'S EXPENDITURE AND THE TRANSPORT LEVY

- 3.1 In meeting the needs of people who live, travel and work in the region, Merseytravel obtains funds for transport provision in a number of ways including government grants, raising income / generating fees and a transport levy on the District Councils.
- 3.2 The latest accounts published by Merseytravel are for year ending 31<sup>st</sup> March 2014, during which period the total expenditure for Merseytravel in 2013/14 was £363.5M.

The accounts show that in 2014 Merseytravel received income of £236.2M which included a Rail Grant of £98.6M.

- 3.3 Merseytravel uses the transport levy to meet the gap between their expenditure and income. The transport levy in Merseyside in 2013/14 was £127.3m and this amount was sought from the five constituent authorities in Merseyside; pro-rata based on population; with Wirral's contribution to the transport levy equating to £29.4M. In 2014/15 the levy in Merseyside remained frozen at the 2010/11 levy level.
- 3.4 The Merseytravel total annual budget, which was reported to the Merseytravel Committee on the 20<sup>th</sup> February 2015, was just over £370M for 2014/15, and Merseytravel are forecasting an expenditure of £357.4M in 2015/16.
- 3.5 Services funded by Merseytravel include the cost for supported bus services, the lease for Merseyrail services, concessionary tickets, public transport infrastructure, ferry services and the tunnels. There is no specific breakdown of services that are funded directly in Wirral from the Merseytravel budget, as the budget is for transport services that benefit all of Merseyside Authorities / the City Region.
- 3.6 Within the 2013/14 accounts the concessionary ticket scheme supplied by Merseytravel cost £82.5M which was paid for by £26.7M from ticket sales and £55.8M from the levy. The concessionary ticket scheme supplies travel tickets to over 60s, the disabled and to Merseytravel staff.

#### **4.0 THE 2015/16 TRANSPORT LEVY**

- 4.1 For the financial year 2015/16 Merseytravel are projecting a reduction in their overall expenditure to £357M. The £13.7M worth of savings are projected as a consequence of a package of cost saving initiatives as Merseytravel continue to drive down costs and raise income from its services where possible.
- 4.2 The measures comprise net savings of £13.7M which can be utilised to bring projected net spending into line with the LCRCA proposed Levy of £113.7M. This represents an 11% reduction in the Transport Levy from £127.4M in 2014/15.
- 4.3 The Transport Levy was established by the LCRCA, which had a statutory duty to agree a levy for 2015/16 prior to 15 February 2015, and was agreed following a financial report by Merseytravel. The LCRCA resolved that a transport levy be established for the Districts of Knowsley, Liverpool, St Helens, Sefton and Wirral of £113.7M. **Table 5.1** sets out the cost split between the Merseyside District Councils.

**Table 5.1**

	Transport Levy 2014/15 £(M)	Transport Levy 2015/16 £(M)
Knowsley	13.41	11.97
Liverpool	43.17	38.6
St Helens	16.18	14.45
Sefton	25.15	22.4
Wirral	29.433	26.26
Total	127.36	113.7

- 4.4 With the move to the Liverpool City Region under the Combined Authority, the number of local authorities within the City Region has increased and now includes Halton

Council. However, transport provision in Halton is funded directly from its main Council Tax requirement and is not subject to a transport levy from the LCRCA for 2015/16.

- 4.5 The levy reduction has been achieved by incorporating the strategic highways infrastructure grant which accounts for £6.6M and a further £7.1M has been achieved through efficiency savings across a number of service areas including: concessionary travel; supported bus network; rail services and a review of the back office support services costs.
- 4.6 Merseytravel has forecast future reductions in the levy which is detailed within **Table 5.2**. Merseytravel forecast a total reduction to the levy of £24.1M for the Liverpool City Region.

**Table 5.2 Proposed Transport Levy reductions from Merseytravel**

Year	Levy £(M)	Reduction £(M)	Wirral levy amount £(M)	Percentage reduction against previous year (and cumulative against 2014/15)
2014/15	127.4		29.42	
2015/16	113.7	13.7	26.26	10.8% (10.8%)
2016/17	111.5	2.2	25.75	2.0% (12.5%)
2017/18	107	4.5	24.71	4.0% (16.0%)
2018/19	103.3	3.7	23.86	3.5% (18.9%)

## **5.0 CONSULTATION**

- 5.1 Officers from Merseytravel have been consulted on this report.

## **6.0 OUTSTANDING PREVIOUSLY APPROVED ACTIONS**

- 6.1 None.

## **7.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS**

- 7.1 The Liverpool City Region Transport Plan for Growth enables joint working on shared priorities and the levy enables Merseytravel to deliver elements of that Transport Plan as part of the Merseyside Transport Partnership. Working in partnership can achieve greater impact and aggregate benefits from overall investment. The Transport Plan will build on a track record of shared delivery to become more efficient and effective by working with partners and stakeholders. Pooling of resources and expertise across a number of policy areas and embracing as many partners and stakeholders as possible will make the best use of resources for the maximum benefit for the people of Merseyside.

## **8.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS**

- 8.1 Wirral Council's current levy commitment is £26.264M for 2015/16, paid in 10 monthly instalments, which is contained within the approved Revenue Budget for 2015/16. This enables Merseytravel to deliver public transport elements of the Liverpool City Region Transport Plan for Growth.

## **9.0 LEGAL IMPLICATIONS**

- 9.1 Merseytravel, on behalf of the LCRCA, has the legal power to draw down a levy as the ITA through the Local Transport Act 2008.

## **10.0 EQUALITIES IMPLICATIONS**

- 10.1 As part of the development of LTP3, a comprehensive Integrated Assessment (IA) was carried out in accordance with Government LTP Guidance. The IA included a number of assessments, including an Equality Impact Assessment (link attached below) that can demonstrate that there are no negative implications associated with the implementation of these activities on the 'protected characteristics'.

[http://www.letstravelwise.org/files/741779878\\_2010%2012%20-%20Motts%20-%20Equality%20Impact%20Assessment%20Final%20Report.pdf](http://www.letstravelwise.org/files/741779878_2010%2012%20-%20Motts%20-%20Equality%20Impact%20Assessment%20Final%20Report.pdf)

- 10.2 The proposed programme of works that supports the Transport Plan For Growth strategy includes measures to assist the transport needs of all sections of the community.

## **11.0 CARBON REDUCTION IMPLICATIONS**

- 11.1 The majority of schemes in the programme will help to support active travel modes, or will improve the efficiency of travel on the road network therefore will contribute towards a reduction in CO<sub>2</sub> emissions which is a key priority within the Transport Plan for Growth.

## **12.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

- 12.1 There are no specific planning implications arising from this report.

## **13.0 RECOMMENDATION**

- 13.1 The Committee is requested to note the content of this report.

## **14.0 REASON/S FOR RECOMMENDATION/S**

- 14.1 To examine the Council's contribution through the levy.

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## BACKGROUND PAPERS / REFERENCE MATERIAL

### REFERENCE MATERIAL

Liverpool City Region Combined Authority - 'A Transport Plan for Growth'

<http://www.merseytravel.gov.uk/about-us/local-transport-delivery/Documents/8375%20Plan%20for%20growth%20WEB%20FINAL.pdf>

Liverpool City Region Combined Authority – meeting 13<sup>th</sup> Feb 2015 Agenda Item 8, Minute 80

<http://councillors.knowsley.gov.uk/ieListDocuments.aspx?CId=890&MId=6352&Ver=4&StyleType=standard&StyleSize=none>

Equality Impact Assessment: [http://www.letstravelwise.org/files/741779878\\_2010%2012%20-%20Motts%20-%20Equality%20Impact%20Assessment%20Final%20Report.pdf](http://www.letstravelwise.org/files/741779878_2010%2012%20-%20Motts%20-%20Equality%20Impact%20Assessment%20Final%20Report.pdf)

### BRIEFING NOTES HISTORY

Briefing Note	Date
None	

### SUBJECT HISTORY (last 3 years)

Council Meeting	Date
None	