



**CAMBRIDGESHIRE
& PETERBOROUGH**
COMBINED AUTHORITY

Agenda Item No: 3.2

Transport Levy 2022/23

To: Cambridgeshire and Peterborough Combined Authority Board

Meeting Date: 26 January 2022

Public report: Yes

Lead Member: Mayor Dr Nik Johnson

From: Rowland Potter Head of Transport

Key decision: Yes

Forward Plan ref: KD2021/082

Recommendations: The Combined Authority Board is recommended to:

- a) Approve the amount and apportionment of the Transport Levy for the 2022-23 financial year as set out below

Total Levy: £13,229,793

- I. Peterborough City Council: £3,544,817
- II. Cambridgeshire County Council: £9,684,976

Voting arrangements:

A vote in favour by at least two thirds of all Members (or their Substitute Members) appointed by the Constituent Councils present and voting, to include the Members appointed by Cambridgeshire County Council and Peterborough City Council, or their Substitute Members

To be carried, the vote must include the vote of the Mayor, or the Deputy Mayor when acting in place of the Mayor.

1. Purpose

- 1.1 To consider and approve the 2022-23 Transport Levy and apportionment between Cambridgeshire County Council and Peterborough City Council, included are the forecasts for levy related expenditure for 2022-23 resulting in an overall increase of 1.5%, or £190k.

2. Setting the Levy

- 2.1 The Cambridgeshire and Peterborough Combined Authority is the area's statutory Transport Authority. Transport Authority functions primarily relate to transport planning, bus services and transport operations. These powers and duties include powers and duties contained within Parts 3 and 4 of the Transport Act 1985 that can be summarised as:
- I. Duty to produce a Local Transport Plan.
 - II. Production of a Bus Strategy.
 - III. Rights to franchise local bus services within its area, subject to the completion of the process set out in the Bus Services Act 2017;
 - IV. Powers to enter into quality bus partnerships and enhanced partnerships.
 - V. Responsibility for the provision of bus information and the production of a bus information strategy.
 - VI. Role of Travel Concession Authority.
 - VII. Financial powers to enable the funding of community transport; and
 - VIII. Powers to support bus services.
- 2.2 From 2017 to 2021 the Combined Authority delegated elements (e) to (h). (Per above) to Cambridgeshire County Council (CCC) and Peterborough City Council (PCC). It was agreed at the January 2020 Transport and Infrastructure Committee that, from April 1st, 2021, these powers be exercised directly by the Combined Authority.
- 2.3 Where there are other sources of funding for services, in particular the Bus Service Operator Grant and developer contributions via S106 agreements, these will be excluded from the final Levy calculation as the expectation is that these funding sources will be directly payable to the Combined Authority on request.
- 2.4 The Transport Levying Bodies Regulations 1992 (as amended) sets out the power of the Combined Authority to set a Transport Levy, and that the amount of the Levy should be set to meet expenditure "attributable to the exercise of its transport functions for which provision is not otherwise made". The forecast costs attributable to the Combined Authority's transport functions for 2022-23 are shown in the table below:

| Cost element | Total |
|------------------------------------|--------------|
| CA Staff Support | £848,739 |
| CA Overhead Support Total | £195,210 |
| Direct Staff | £429,847 |
| Direct Staff Overhead Support | £26,066 |
| Supported Bus Services | £3,237,104 |
| RTPI, Infrastructure & Information | £220,630 |
| Concessionary Fares | £8,845,395 |
| Bus Service Operator Payments | £411,492 |
| Community Transport | £381,114 |
| S106 Funded Supported Buses* | £435,198 |
| Call Connect | £101,000 |

| | |
|---------------------|--------------------|
| Transport Modelling | £750,000 |
| Contact Centre | £185,273 |
| Total | £16,067,068 |

* there is income from grants, or from contracts with local developers, which pay for these expenditure lines.

2.5 The regulations quoted above allow other provision to be made by the Combined Authority to reduce the Levy it charges. In previous years, the Combined Authority has met the costs for the elements of the powers which it did not delegate from its own budget and so did not include them in the Levy. It is proposed that this treatment is continued for the 2022-23 financial year which, along with the income associated from the Section 106 contracts and the Bus Service Operator Grant, reduces the proposed Levy for the year as follows:

| | | |
|-----|---|--------------------|
| 3. | Total Cost of Transport Act Powers | £16,067,068 |
| | CA Staff Support | -£848,739 |
| | CA Overhead Support Total | -£195,210 |
| | Supported Bus Services | -£196,636 |
| 3.1 | Transport Modelling | -£750,000 |
| | Less BSOG | -£411,492 |
| | Less S106 Supported Bus Routes | -£435,198 |
| | Revised total | £13,229,793 |

Apportionment of the Levy

The Transport Levying Bodies (Amendment) Regulations 2018 sets out how the Combined Authority's transport Levy should be apportioned, which

gives the preferred approach as by agreement of CCC and PCC. The apportionment below was discussed with Finance officers from both CCC and PCC and no objections to the proposed apportionment were raised.

3.2 As the services were delivered by CCC and PCC separately in 2020-21 the apportionment method agreed by both CCC and PCC's S151 officers was to base it on the forecast costs for each area separately i.e. costs associated from services and contracts being transferred from one authority are apportioned to that authority. Having operated the services since 1 April 2021 we are able to be more accurate in our assessment of costs with the results in the levies set out below:

| | CCC | PCC | Total |
|---------------------------------|------------|------------------|--------------|
| Proposed 2022-23 levy | £9,684,976 | £3,544,817 | £13,229,793 |
| Change from 2021-22 levy | £438,960 | -£248,842 | £190,119 |

3.3 Explanation for the variances is :

Concessionary Fares

The forecast costs of concessionary fares have reduced across the board, reflecting reduced patronage on bus services. On instruction from DfT we are currently paying bus operators a flat fee irrespective of actual passenger numbers to provide continued support during the pandemic. As this flat fee is more than the operators would be entitled to based on patronage figures we have assumed that there will be no inflation on these fees in 2022-23.

Supported Bus Services

Inflationary pressures have caused most of the increase in supported bus services – an increase of over £300k for CCC. This is driven by increased petrol prices and reduced patronage on buses.

An asymmetric impact, resulting in an increase of £25k for CCC is due to nearly 70% of the contracts within the CCC area expiring in the 2021-22 financial year (renegotiations were underway when the functions were transferred into the Combined Authority). Considering the COVID impact on passenger numbers, and increased fuel costs, the cost of supporting these routes has increased within year and was not accounted for in the previous levy. As only one of the contracts within the PCC area have been renewed these increased costs have not yet had a significant impact on PCC's element of the 2022-23 levy however it is likely they will have an impact in future years if the situation in the sector does not improve.

Existing contracts

Three of the contracts novated from CCC to the CPCA as part of the transfer of functions in March/April 2021 were inadvertently omitted from the calculation of the 21-22 levy. The total cost of these contracts is £88k per annum.

RTPI

The costs of maintenance of the RTPI system were not included in the PCC element of the levy last year resulting in an increase of £11.5k on that side.

4. Legal Implications

- 4.1 The Transport Levying Bodies (Amendment) Regulations 2018 sets out how the Combined Authority's transport Levy should be apportioned.

5. Financial Implications

- 5.1 The Medium-Term Financial Plan being considered at this Board meeting assumes the levy at the proposed level.

6. Background Documents

- 6.1 [The Transport Levying Bodies \(Amendment\) Regulations 2018 \(legislation.gov.uk\)](https://www.legislation.gov.uk/ukdsi/2018/01/01/5150131000000001/eng/full/text.html)