

**The Region's Transport Authority****Committee: Integrated Transport Authority****Date: 6 February 2012****From: Chief Executive and Treasurer to the Authority****Subject: ITA Revenue Budget and Levy for 2012/13****Lead Member: Councillor Alden - Finance****1. Purpose of Report**

- 1.1 To inform Members of the outcome of discussions held since 12<sup>th</sup> December 2011 regarding the WMITA Levy proposals for 2012/13, and
- 1.2 To make a Levy recommendation for consideration by the Members

**2. Recommendations****2.1 The Authority is recommended to:-**

- (i) agree that in accordance with the Local Government Finance Act 1988 (as amended) and the Transport Levying Bodies regulations 1992, a levy of £147.5m be determined for the year 2012/13,
- (ii) agree that the Treasurer be authorised to issue the levy for 2012/13 to the West Midlands District Councils on the basis of the apportionment set out in Section 5,
- (iii) agree that the amount of levy to be paid to the Authority by the Councils by way of 12 instalments, each to be received on the last banking day of each calendar month during 2012/13,
- (iv) approve the Expenditure Budget of £148.1m for 2012/13 as summarised in paragraph 3.9,
- (v) to note that the full detailed Revenue and Capital Budgets will be considered by TSC at their March meeting,
- (vi) to note that the Authority will receive regular monitoring reports throughout the year.

- (vii) to request that officers present a revised Medium Term Financial Plan to a future ITA meeting setting out the consequences of maintaining the levy at £147.5m for each of the next two years.

### **3. Summary**

- 3.1 This report summarises the budget and levy position as discussed with District Leaders and Cabinet Members during November and subsequent meetings in December and January with the ITA. It explains the scrutiny and consultation process undertaken and the budget assumptions and levy implications on each District.
- 3.2 The ITA Members will therefore need to consider the items raised in this report; along with the Districts own budget discussions.
- 3.3 Centro have again submitted their budget to a full scrutiny process by Birmingham City Council on behalf of the Districts and the Chairman has met each of the Districts to discuss the ITA's budget and levy options.
- 3.4 The ITA Treasurer took an initial report to the District Finance Directors outlining a total expenditure requirement of £152m. The Finance Directors acknowledged that as some £90m or 60% of the budget is fixed in nature, there is limited scope for budget reductions without impacting on front line services.
- 3.5 However the Finance Directors requested that the ITA target a levy of £148m, (which was in line with most Districts medium term financial plans), and present further savings options together with their implications, for consideration. In doing so, it was recognised that it was a matter for the ITA to consider the implications of any such decisions together with their effect on District budgets.
- 3.6 A report was presented to the ITA in December outlining a proposed levy of £147.5m taking into account the current year forecast savings and identifying various additional savings needed to achieve an Expenditure Budget of £148.1m and assuming a forecast using reserves of £0.5m. This was also presented to the Leaders who noted and supported that the proposed levy of £147.5m be presented to the ITA for their approval.
- 3.7 It should be noted that the Expenditure Budget assumes savings in the cost of Concessions of £0.4m but that this remains the subject of ongoing work in respect of the child concession scheme where a special amenity element applies, and the consultation in regard to the application of the generation factor. It is anticipated that this work will be concluded and clarity over achieving these savings will be made by the time the ITA receives its detailed expenditure budget in March 2012.
- 3.8 As noted in para 3.5 the proposed Levy for 2012/13 of £147.5m is better than most Districts Medium Term Financial Plans. However Leaders have asked that the ITA set out what action would be needed to maintain this same level for the next two years. The medium term plan outlined in Section 4 highlights that savings of £3.7m and £7.9m will be required in order to achieve this target. It should be noted that these proposals will be presented to Leaders in the Summer, for their consideration in advance of the usual levy setting cycle.

3.9 The Executive will therefore prepare options for the ITA to consider during the summer of 2012, which will then be taken forward into the levy setting process for the following two years.

### 3.9 Expenditure Summary

	Expected Outturn 2011/12 £'m	Proposed Budget 2012/13 £'m
National Concession	63.5	61.7
Finance Costs	26.2	26.6
	<u>89.7</u>	<u>88.3</u>
Ring and Ride	11.6	11.1
Child and Rail/Metro Concessions	17.0	17.1
Bus Tenders	7.9	8.5
Operations	25.3	23.1
	<u>61.8</u>	<u>59.8</u>
Total Expenditure	<u>151.5</u>	<u>148.1</u>
Use of Reserves	<u>(1.5)</u>	<u>(0.6)</u>
Proposed Levy	<u>150.0</u>	<u>147.5</u>

## 4. Medium Term Plan

	2010/11	2011/12		2012/13		2013/14		2014/15		2015/16		2016/17	
	£'m	£'m	%	£'m	%	£'m	%	£'m	%	£'m	%	£'m	%
<b>National Concessions</b>	<b>61.6</b>	<b>63.5</b>	3.1%	<b>61.7</b>	-2.8%	<b>64.3</b>	4.2%	<b>66.8</b>	3.9%	<b>68.8</b>	3.0%	<b>71.0</b>	3.2%
<b>Finance Costs</b>	<b>26.2</b>	<b>26.2</b>	0.0%	<b>26.6</b>	1.5%	<b>27.3</b>	2.6%	<b>27.3</b>	0.0%	<b>29.2</b>	6.9%	<b>29.9</b>	2.7%
	<b>87.8</b>	<b>89.7</b>	2.2%	<b>88.3</b>	-1.6%	<b>91.5</b>	3.7%	<b>94.0</b>	2.7%	<b>97.9</b>	4.1%	<b>100.9</b>	3.0%
<b>Ring and Ride</b>	<b>12.1</b>	<b>11.6</b>	-4.1%	<b>11.1</b>	-4.5%	<b>10.8</b>	-2.3%	<b>10.8</b>	0.0%	<b>11.0</b>	2.1%	<b>11.3</b>	2.1%
<b>Child and Rail Concessions</b>	<b>15.9</b>	<b>17.0</b>	6.9%	<b>17.1</b>	0.6%	<b>18.1</b>	5.7%	<b>19.3</b>	6.9%	<b>20.0</b>	3.4%	<b>20.6</b>	3.0%
<b>Bus Tenders</b>	<b>8.6</b>	<b>7.9</b>	-8.1%	<b>8.5</b>	7.3%	<b>8.8</b>	3.4%	<b>9.0</b>	3.3%	<b>9.3</b>	3.2%	<b>9.6</b>	3.1%
<b>Operations</b>	<b>29.3</b>	<b>25.3</b>	-13.7%	<b>23.1</b>	-8.5%	<b>21.9</b>	-5.2%	<b>22.1</b>	0.9%	<b>22.5</b>	1.5%	<b>22.9</b>	1.8%
	<b>65.9</b>	<b>61.8</b>	-6.2%	<b>59.8</b>	-3.2%	<b>59.6</b>	-0.3%	<b>61.3</b>	2.9%	<b>62.8</b>	2.5%	<b>64.4</b>	2.4%
<b>Total Expenditure</b>	<b>153.7</b>	<b>151.5</b>	-1.4%	<b>148.1</b>	-2.3%	<b>151.1</b>	2.1%	<b>155.4</b>	2.8%	<b>160.7</b>	3.5%	<b>165.2</b>	2.8%
<b>Use of Reserves</b>	<b>0.0</b>	<b>(1.5)</b>		<b>(0.6)</b>		<b>0.0</b>		<b>(0.0)</b>		<b>0.0</b>		<b>(0.0)</b>	
<b>Forecast Levy</b>	<b>153.7</b>	<b>150.0</b>		<b>147.5</b>		<b>151.1</b>		<b>155.4</b>		<b>160.7</b>		<b>165.3</b>	
% change		-2.47%		-1.69%		2.41%		2.73%		3.34%		2.73%	
<b>Savings target</b>						<b>(3.6)</b>		<b>(7.9)</b>					
<b>Levy target</b>						<b>147.5</b>		<b>147.5</b>					

- 4.1 The 5 year plan above is that which was presented to the ITA and to Leaders in December. It highlights the impact that operator fares policy and patronage levels are forecast to have on the financial requirements of the Authority. The major expenditure areas of English National Concessions Scheme , Child Concessions, Rail and Metro Concessions and the subsidised bus network are all impacted by commercial fares and patronage levels, over which the ITA has no control.
- 4.2 The 5 year forecast assumes that fares will rise by inflation at an average of 5% each year for 2013/14 and 2014/15 and then 3% thereafter. For patronage the assumptions within each area are outlined in paragraphs 4.3 to 4.7.
- 4.3 For the ENCTS it has been assumed that patronage falls by 1% in each of 2013/14 and 2014/15 and then remain static for the final two years. This has been based upon the fact that the age eligibility criteria continues to rise by 6 months each year, which is then offset by the economy returning to growth in 2015/16 which is sufficient to encourage greater travel as discretionary spend levels increase.
- 4.4 For child fares the increase is primarily driven by the increase in school leaving age to 18 by 2014. Based upon demographic analysis it is estimated that there will be approximately 4,600 additional children each year taking up the entitlement to subsidised travel. This will give rise to increased costs of £1m in 2013/14 and a further £1m in 2014/15.
- 4.5 Outside of this policy change the patronage figures have been based upon the birth rate figures which provide a reasonable proxy figures for the net change in number of children entitled to take up the subsidy.
- 4.6 For Metro travel the same assumptions have been used as for the English National Concessionary Scheme with no change in pass entitlement.
- 4.7 For rail travel the assumption is an increase in line with inflation as per the agreement with rail operators.
- 4.8 For the subsidised bus network it has been assumed that the BSOG reduction continues to have an impact in 2013/14 but that thereafter the network remains stable and that the increase is driven by inflation rather than the need for additional routes as a consequence of commercial deregistrations. This is also consistent with the completion of the current network review programme in 2013/14 which provides additional support that the network will remain stable.
- 4.9 It is assumed that additional efficiencies without impacting on service provision can be found from the Ring and Ride Budget during 2013/14 to bring the grant down to £10.8m. Thereafter it is assumed that budget will increase by inflation. This leaves a small net increase in grant requirements of 2.1% per year between 2014/15 and 2016/17.

- 4.10 Over the period from 2010/11 to 2013/14 Operational Expenditure will have reduced from £29.3m to £21.9m in line with the Districts own targets. Thereafter it has been assumed that it increases slightly. The major impact of this reduction to the passenger will be in the infrastructure management programme and speed of rollout of real time information displays. The majority of these savings will be targeted on non passenger facing activities; revenue generation particularly through our Smartcard and concessions expertise; and the development of shared services with the Districts.
- 4.11 The increase in finance charges is as a result of the increase in debt and associated MRP resulting from the Smartcard System, Snow Hill Second Access, Stourbridge Interchange, Wolverhampton Interchange and contribution to New Street Station Redevelopment. The increase in 2015/16 is due to the debt and MRP resulting from the opening of the Metro Extension to New Street and associated trams and depot works. As agreed with the DfT in the business case submission the DfT funding will be front end loaded and that the majority of local borrowing will be undertaken in the last 18 months of the project period.
- 4.12 It is important to note that the 5 year forecast currently assumes no change to one or more of the policy areas determined by the Authority. However following the guidance from Leaders and as outlined in para 3.8 the Executive will review this forecast and present back further options to the ITA, setting out the consequences of maintaining the Levy at its proposed level for a further two years..

## 5. Levy Allocation for 2012/13

- 5.1 The estimated expenditure of £148.1m for 2012/13 and use of reserves of £0.6m would result in the Levy of £147.5m set out in the table below.

2011/12	Authority	Population*	2012/13*		
Levy £000			Proposed Levy £'000	Total (Decrease) £'000	Total (Decrease) %
58,481	Birmingham	1,036,878	57,602	(879)	-1.50%
17,781	Coventry	315,739	17,540	(240)	-1.35%
17,429	Dudley	307,362	17,075	(354)	-2.03%
16,543	Sandwell	292,799	16,266	(277)	-1.67%
11,663	Solihull	206,091	11,449	(215)	-1.84%
14,547	Walsall	256,898	14,271	(275)	-1.89%
13,557	Wolverhampton	239,354	13,297	(260)	-1.92%
150,000	Total	2,655,121	147,500	(2,500)	-1.67%
	*RESIDENT POPULATION PUBLISHED JUNE 11				

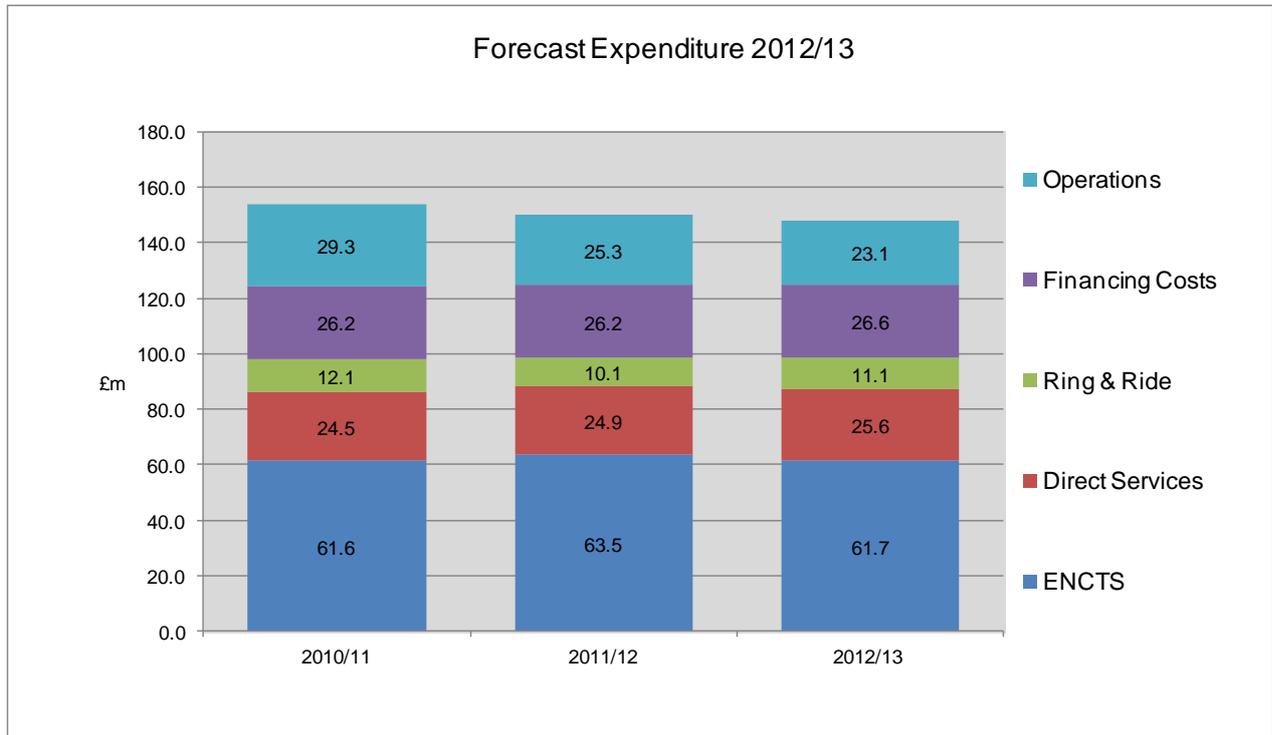
- 5.2 The reason why the levy change per District is not uniform results from the requirement to use the 2011 population figures which have been updated from the 2010 figures which were used at the time the 2011/12 levy was set.
- 5.3 The remainder of this report presents an updated overview of the expenditure areas as outlined in the December report as Appendix 1.

Geoff Inskip  
**Chief Executive and Clerk**

James Aspinall  
**Finance Director and Treasurer**

## 6. Review of Expenditure

### 6.1 Centro's Forecast Expenditure can be categorised under five main areas:-



Each expenditure heading is analysed and explained in detail in the following sections.

## 7. English National Concessionary Travel Scheme - £61.7 (41.7% total expenditure)

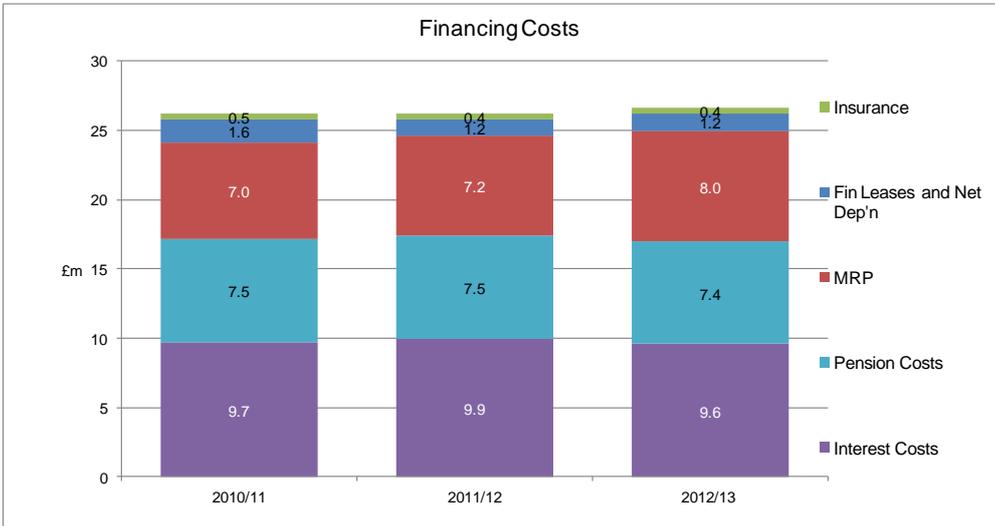
- 7.1 The ENCTS is a statutory free scheme. Under the scheme any eligible person wanting to travel by bus in the West Midlands area is entitled to free travel. Eligibility is set out in Government legislation. By 1 April 2012 anyone older than 61 years and 6 months is entitled to the pass, and registered disabled as defined within the legislation. The age eligibility is increasing to 65 by April 2020 in line with pension entitlement.
- 7.2 Under the scheme Centro has a statutory duty to reimburse operators for all passengers travelling within the West Midlands under the National Scheme. Reimbursement is determined by the level of patronage and by the level of commercial fares charged by operators, neither factor over which Centro have any control. There are some 79 million concessionary journeys each year.
- 7.3 Following the plethora of appeals by bus operators over the last two to three years, the DfT have undertaken extensive research and consultation over new guidelines for reimbursement. These guidelines have been and remain the subject of scrutiny by the bus operators who remain concerned that the scheme does not reimburse them fully for the additional patronage generated by the scheme.

- 7.4 Centro’s scheme of reimbursement therefore complies with the guidelines issued by the DfT which result in a payment per journey made.
- 7.5 Smartcard equipment has been rolled out onto the buses and into depots within the West Midlands to enable electronic data collection and concessionary reimbursement is now based upon this data.
- 7.6 As highlighted last year the Comprehensive Spending Review identified savings in the payment of the Bus Services Operators Grant (BSOG) which will therefore be reducing by 20% as from 1st April 2012.
- 7.7 The Confederation for Passenger Transport have identified that this reduction is likely to result in bus operators increasing their fares by an additional 2% above their usual fare charges. This will therefore impact on the Concessionary Reimbursement.
- 7.8 The key assumptions used for 2012/13 are that concessionary patronage levels reduce by 4.3% reflecting the economic environment and increasing age entitlement, and that there will be a 6% fares increase during the year. This would lead to a decrease in the statutory reimbursement of £1.8m to £61.7m in 2012/13.
- 7.9 In summary reimbursement is based on the following:-
  - (i) strict eligibility
  - (ii) firm guidelines for reimbursement
  - (iii) Smartcard patronage data
  - (iv) assumed reduction in patronage of 4.3% p.a.
  - (x) assumed fares increases of 6%

**8. Financing £26.6m (18.0% total expenditure)**

8.1 This expenditure heading results in the main from borrowing to support the Metropolitan Area’s Capital Programme and is largely fixed and non-discretionary.

The key components of the financing costs are:-



### **Insurance £0.4m**

- 8.2 This relates primarily to Metro, public liability and property insurance. Collaborative procurement with other PTE's and extending the Metro insurance term has resulted in this being maintained at the same level as last year despite the insurance industry increases.

### **Historical Pension Costs £7.4m**

- 8.3 £6.8m of this cost relates to pension liabilities relating to employees who transferred to West Midlands Travel Ltd in 1986. There are approx 5,300 Members for whom Centro continue to have a liability.
- 8.4 The tri-annual pension valuation was undertaken as at 31 March 2010 and has reaffirmed the need for this payment, but at a saving of £60k compared to the previous valuation.
- 8.5 The balance of £600k relates to added years entitlements historically granted in specific circumstances. The addition of added years is no longer possible as a result of changes to the Local Government Pension Scheme in 2008.

### **Interest Costs £9.6m**

- 8.6 Centro have total borrowings of £156m which are on fixed interest deals ranging from 6 years to 45 years. The interest charge relating to these loans is £9.6m. The reduction from 2011/12 reflects a change in the planned programme of expenditure and therefore borrowing not undertaken as initially planned.
- 8.7 The existing borrowings have been reviewed to see if they could be rescheduled but the early termination premiums make this an uneconomic option.

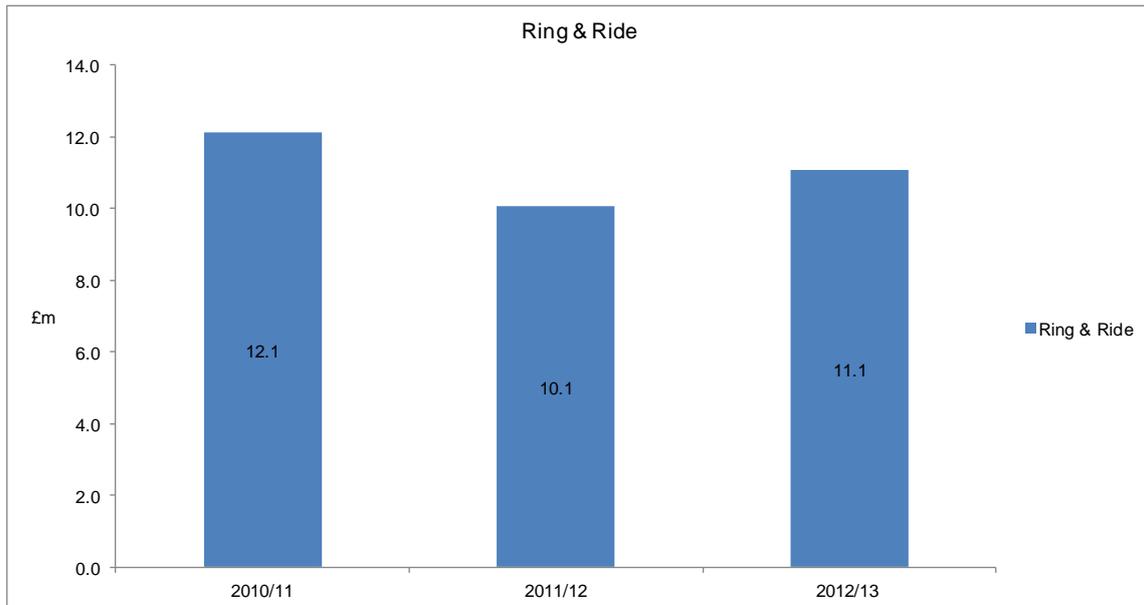
### **Minimum Revenue Provision £8.0m**

- 8.8 This charge relates to the asset base the majority of which is based on historical MRP charge rates of 4%. For assets built or acquired since 31 April 2009, the MRP rate is now set in accordance with the estimated useful economic life of the specific assets. The increase in 2012/13 results from the full year effect of the opening of the Wolverhampton and Stourbridge Bus Interchanges, the conclusion of the on bus rollout of the Smartcard programme and the continued development of Real Time Information. The major impact of these last two is that the economic life of the assets is between 7 and 10 years resulting in a high MRP charge when compared to the historical 4% basis.

### **Finance Lease and Depreciation £1.4m**

- 8.9 £0.5m of these costs relates to the Metro Tram leases which run until 2019. The balance of £0.9m relates to depreciation charges over a variety of assets.

## 9. Community Transport -Ring and Ride - £11.1m (8% total expenditure)



9.1 This covers provision of transport for registered blind and disabled users throughout the West Midlands. During 2011/12 there are 28,000 active users making approximately 1.5m journeys at an average cost of £7.53 per journey. This cost compares to other areas of the country as follows:-

Transport Authority	No of Trips	Cost per Trip
West Midlands	1.50m	£ 7.53
Manchester	1.07m	£6.75
London	1.13m	£27.43

9.2 The West Midlands is one of the leading regions in Western Europe for the provision of this type of service. The service is greatly appreciated by passengers, contributing to social inclusion objectives – it is possible that half of these journeys may not be made at all without it.

9.3 During the Levy discussions last year the Leaders asked for a root and branch review of the Ring and Ride services to be undertaken during 2011/12. The ITA and WMSNT agreed that, for that year only, the grant to West Midlands Special Needs Transport be reduced by £1.46m and that WMSNT consider the use of their reserves to help maintain services levels for 2011/12. Furthermore following an extensive consultation with users, a charge of 60p was introduced.

9.4 The review has now completed and its conclusions were presented to the ITA on 12<sup>th</sup> December 2011. Work is now ongoing during 2012/13 on the action plan particularly regarding eligibility and further efficiencies.

9.5 Following agreement with WMSNT the 2012/13 funding requirement will be based upon:-

- (i) no increase in the charge to users which will continue at the current rate of 60p
- (ii) Increase in £1m in grant to recognise the “one-off” use of reserves by WMSNT during 2011/12.

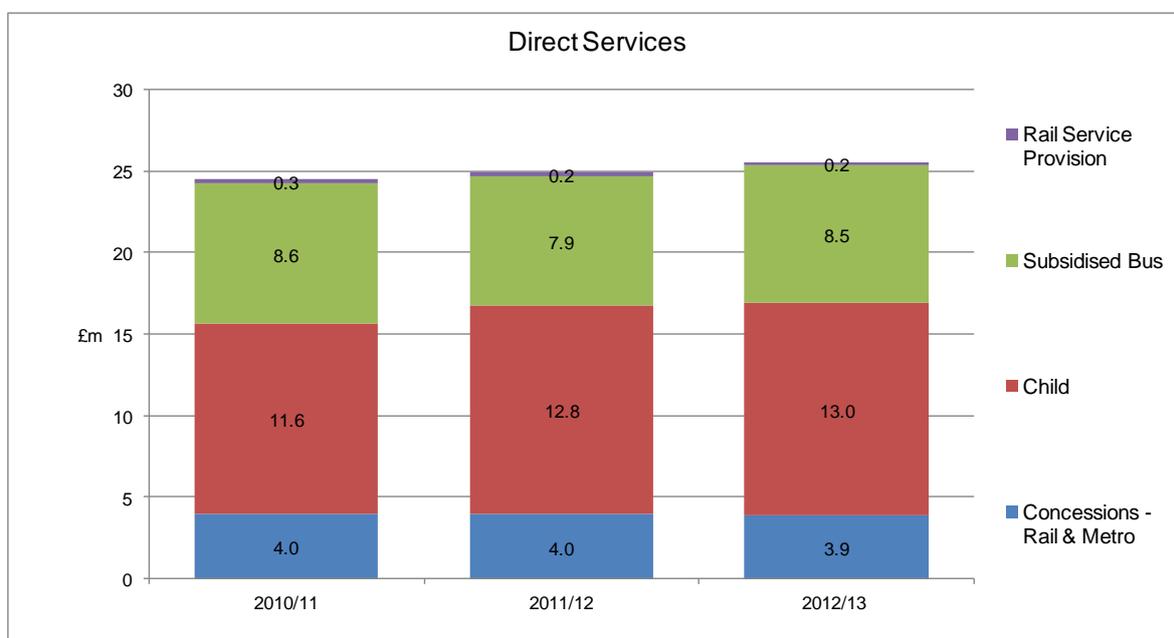
9.6 As a result of the above the ITA budget includes funding of up to £11.1m for 2012/13 which represents an increase of £1m compared to last year for the reason stated in 9.5(ii) above.

9.7 Historically WMSNT have agreed a 3 year business plan and once the current review has been concluded and agreed with WMSNT it is hoped that another 3 year business plan will be considered commencing in 2013/14.

**10. Direct Services - £25.6m (17.3% total expenditure)**

10.1 This section sets out the level of discretionary spend, which has been the subject of major policy initiatives in the West Midlands e.g. child half fare concessions to and from school. These policy initiatives have a significant impact on the daily lives of the residents of the West Midlands as well as keeping cars off the road thereby reducing congestion and reducing carbon emissions. These entitlements have been embedded in previous budgets and would therefore undoubtedly have a significant effect on family budgets and travel patterns should they be reduced or removed.

This expenditure heading can be broken down into four key areas.



**Rail Service Provision £0.2m – 0.2m Journeys**

10.2 This supports various timetable enhancements including for the weekday evening service between Birmingham New Street and Rugeley Trent Valley; half hourly Saturday off peak service on the same line and continuation of 6 trains per hour on the Cross City North line on Saturday daytimes.

### **Subsidised Network £8.5m – 10m Journeys**

- 10.3 The recession has already forced operators to curtail commercial services, and as a consequence Councillors / Leaders / MPs are increasingly receiving complaints about the withdrawal of these services. It is for this reason that this budget is under increasing upward pressure.
- 10.4 In determining whether to subsidise a service, Centro applies the ITA's Access Standards which are designed to ensure that everyone in the conurbation has reasonable access to a bus service, and good interchange opportunities to travel to the major locations.
- 10.5 Subsidised services are generally contracted for a 3 year period and are procured twice a year (October and April). 58% of the 2012/13 budget is therefore already committed. The remaining £3.57m (42%) includes provision for the renewal of existing expiring contracts and for existing levels of deregistration to continue with an increasing number of subsidised routes being offset by increased competition through reduced tender prices.
- 10.6 There are currently 200 subsidised services in operation and in the past 4 months of this year a total of 31 new services had to be provided following operator deregistration to continue to meet the ITA's Access Standards.
- 10.7 The budget proposal for 2012/13 shows an increase of £0.6m, 7.5% which reflects the current level of deregistrations; and the impact of BSOG on the bus operators which reduces by 20% from April 2012; but has assumed that the prices can be maintained at this year's renewals levels

### **Child Concessions £13.0m – 21m Journeys**

- 10.9 The ITA provides a half fare travel concession to children aged 5 to 15 and young adults aged 16-18 in full time education. This concession is available on weekdays before 9:30am and between 15:30 and 18:00.
- 10.10 During 2010/11 there were approximately 21m child journeys undertaken an increase of 10% over the previous year. The uptake continues to exceed expectations and the proposal for 2012/13 reflects this continuing trend.
- 10.11 Following further work on the scheme two proposals are being considered which together are targeted to achieve savings of £400,000.
- 10.12 The first relates to the application of a Generation Factor and is the subject of a consultation which ends on 13 February 2012.
- 10.13 Whilst the existing scheme applies a generation factor to most, but not all, pass prices, it is proposed that a generation factor of 87% be applied both to cash fares and to all passes which is consistent with all other aspects of the scheme. It is anticipated that this will save £200,000 in 2012/13. This is included within the current scheme which is out for consultation.

- 10.14 The second proposal relates to the application of the provision within the scheme relating to services where the Executive consider that the fares include a “special amenity element” and as such participation in the scheme is conditional upon the operators agreeing to appropriate modifications to the reimbursement arrangements. The “appropriate modifications” that have been included within the levy proposal are to treat all children equally by setting a maximum reimbursement level at the nbus term price per pass. The “appropriate modification” remains the subject of further work as reported to the Transport Strategy Committee on 23<sup>rd</sup> January 2012.
10. 15 It is proposed that any changes would come into effect from the start of the academic year in September 2012.
10. 16 One of the Government’s policy proposals is that all children should stay in education until they are 18. The proposal is that this will be introduced from 2013/14. This will have a significant impact on the cost of the current concessionary arrangement for young adults aged 16-18 in full time education. Currently Centro have agreed that these young adults purchase a pass which entitles them to half fare travel, and Centro therefore reimburse the operators the additional 50%. The current number of passes in issue has been compared with the birth rate statistics which indicate that currently there are only approximately 50% of 16-18 year olds using the pass.
- 10.17 If the Government proposals were to achieve its aim of all 16-18 year old children remaining in education then this could result in an increase in this concession of a further £2m by 2014/15. Due to the phased nature of the Government plans half of this increase would be required in 2013/14.
- 1018 Whilst this does not affect next year, it is important to note this change for future planning purposes.

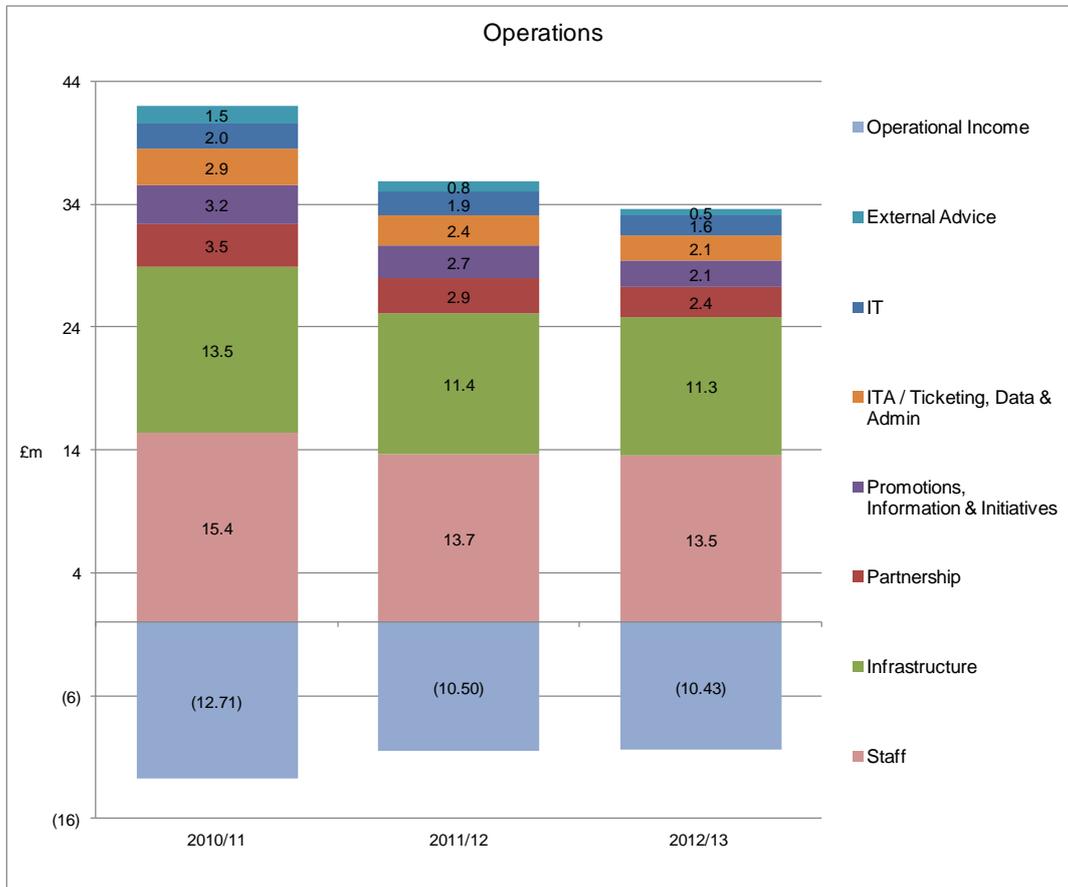
### **Rail and Metro Concessions £3.9m - 5m Journeys**

- 10.19 The ITA has extended the “bus concession” to West Midland’s residents to include local rail and metro services within the region. This entitles card holders to Metro and rail travel after 9:30am up to midnight, seven days a week. This has been built into the franchise assumptions for London Midland, travel Midland Metro and other regional rail operators. There are approximately 50,000 users making 5 million journeys per year.

## **11. Operations - £23.1m (15.6% total expenditure)**

- 11.1 Operations expenditure supports a range of passenger facilities for bus, rail and Metro passengers including 12 bus stations, 6,000 bus shelters and 7,000 bus stops. This includes supervision at bus stations to enhance passenger safety and personal security. Centro charge bus operators for the use of these facilities which covers 37% of the cost of their provision. In addition this expenditure covers Safer Travel Police Team and the provision of information to passengers.
- 11.2 It also covers general organisation support in terms of Finance, HR, Legal, Property and IT requirements.

- 11.3 It should be stressed that these costs have been under continual scrutiny and review and have been reduced in real terms through a fundamental review of services and two major reorganisations over the past 2 years resulting in net savings of over £4.00m already made.
- 11.4 Further savings of £2.2m (8.4%) are being made within this budget heading across all areas, whilst trying to minimise the frontline impact on services and the passengers.



### Staff - £13.5m

- 11.5 Staff costs represent 9% of total expenditure. All staff costs have been identified within this separate budget heading and have not been separately classified across the other expenditure headings. These costs have therefore been cut by £1.93m or 12.5% over the two year period.

### Infrastructure and Partnership - £13.7m

- 11.6 Infrastructure costs cover the management and maintenance of 12 bus stations, 40 rail and Metro station car parks, 23 Metro stops, 13,000 bus shelters and stops. CCTV cameras at all stations and at key core hotspots, and the Safer Travel Police Team. These costs were reduced by 15% (£2.1m) in 2011/12 however it has since become clear that further cuts would adversely affect the passenger facilities. These costs have therefore been maintained and savings identified in the partnership and promotions information initiatives instead.

11.7 The partnership expenditure reflects the commitments made with operators to co-fund various initiatives around the Districts to improve the quality and frequency of travel. This covers the programme of network reviews, carbon reduction initiatives and other commitments made under the current Bus Partnership Agreement. The savings identified reflect the rollout of Smartcard services, provision of electronic information and other streamlined data as a result of the Information Knowledge Database Project. All of this expenditure is funded through the income from advertising on bus shelters.

#### **Other Costs - £6.3m**

11.8 IT costs of £1.6m cover both the external IT infrastructure covering the network ensuring reliable passenger information is available, and the operational needs within Centro. These have been reduced by £0.3m (10.5%) despite the increase in Realtime Information, and Smartcard data now in use on the network.

11.9 Promotions, information and initiatives (£2.1m) covers all of the timetables, poster boards, stop flags, website development, journey planning, mobile network awareness and specific campaign activities. This expenditure has been reduced by a further 22% following from last year's 18% reduction reflecting reduced marketing activity, whilst retaining the provision of information on timetables, maps and service availability.

11.10 External advice (£0.5m) covers the costs of scheme support analysis and external studies, for example to give an evidence base for scheme proposals, LTP3, etc. and so is extremely important given the level of funding available. This is under constant scrutiny and being used on an absolute needs only basis.